



Kent County, Michigan

Annual Financial Report

For the year ended June 30, 2023

KELLOGGSVILLE PUBLIC SCHOOLS
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Year ended June 30, 2023

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

September 18, 2023

The Board of Education
Kelloggsville Public Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kelloggsville Public Schools as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Kelloggsville Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kelloggsville Public Schools, as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kelloggsville Public Schools' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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

Changes in Accounting Principle

As discussed in Note L to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* and No. 101 *Compensated Absences* for the fiscal year June 30, 2023. 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 September 18, 2023, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



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, 2023. 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 assets, 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 Pronouncements Implemented

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement enhances the relevance and consistency of information about governments' subscription-based information technology arrangements. In addition, the District implemented GASB Statement No. 101 *Compensated Absences* during the fiscal year ended June 30, 2023. This Statement will provide a more consistent application for recognizing liability related to compensated absences, which is expected to potentially eliminate comparability issues between governments that offer different types of leave and enhance the relevance and reliability of information for compensated absences. See Note L for additional information.

Condensed District-wide Financial Information

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

	<u>2023</u>	<u>2022</u>
Assets		
Current assets	\$ 22,799,027	\$ 23,338,918
Net capital assets	<u>69,390,183</u>	<u>65,378,508</u>
Total Assets	<u>92,189,210</u>	<u>88,717,426</u>
Deferred Outflows of Resources	<u>22,884,134</u>	<u>14,426,181</u>
Liabilities		
Current liabilities	7,512,775	5,961,413
Long-term liabilities	60,284,440	61,934,526
Net pension liability	60,756,980	37,752,881
Net OPEB liability	<u>3,384,773</u>	<u>2,465,239</u>
Total Liabilities	<u>131,938,968</u>	<u>108,114,059</u>
Deferred Inflows of Resources	<u>7,132,509</u>	<u>21,628,631</u>
Net Position		
Net investment in capital assets	15,367,467	12,823,910
Restricted	1,318,884	1,261,254
Unrestricted (deficit)	<u>(40,684,484)</u>	<u>(40,684,247)</u>
Total Net Position	<u>\$ (23,998,133)</u>	<u>\$ (26,599,083)</u>

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

	<u>2023</u>	<u>2022</u>
Program Revenues		
Charges for services	\$ 381,883	\$ 256,433
Operating grants	17,859,420	16,204,195
General Revenues		
Property taxes	7,460,596	7,140,721
State school aid, unrestricted	16,572,432	15,155,033
Interest and investment earnings	335,276	9,270
Other	114,075	76,829
Total Revenues	<u>42,723,682</u>	<u>38,842,481</u>
Expenses		
Instruction	20,456,083	18,440,441
Supporting services	15,562,441	20,228,378
Community services	156,801	215,579
Food service	2,159,802	1,820,985
Other	-	110,804
Interest on long-term debt	1,787,605	5,358,102
Total Expenses	<u>40,122,732</u>	<u>46,174,289</u>
Increase (decrease) in net position	2,600,950	(7,331,808)
Net Position, Beginning of Year	<u>(26,599,083)</u>	<u>(19,267,275)</u>
Net Position, End of Year	<u><u>\$ (23,998,133)</u></u>	<u><u>\$ (26,599,083)</u></u>

Financial Analysis of the District as a Whole

Total revenues exceeded expenses by \$2,600,950, increasing total net position from a deficit of \$26,599,083 to a deficit of \$23,998,133. Unrestricted net assets decreased by \$237 to a deficit of \$40,684,484 on June 30, 2023. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$3,150,440 during the fiscal year. In addition, the District's net OPEB liability, including deferred outflows and inflows of resources, decreased by \$2,180,882 during the fiscal year.

Property taxes and state aid accounted for most of the District's revenue, contributing about 56.2% of every dollar raised. Another 41.8% 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 (65%).

- Some of the costs were financed by the users of the District's programs totaling \$381,883.
- Federal and state governments subsidized certain programs with grants and contributions of \$17,859,420.
- The balance of the District's costs were financed by District taxpayers, state school aid, interest earnings and other revenue, totaling \$24,482,379.
- These general revenues consisted of \$7,460,596 of property taxes, \$16,572,432 of unrestricted state aid based on the state-wide education aid formula, investment earnings of \$335,276, and other revenues of \$114,075.

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 one kind of fund:

- *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 Schools' funds are described as follows:

Major Funds

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$36,375,013, total financing sources of \$80,000, total expenditures of \$35,494,506, and total other financing uses of \$30,000. It ended the fiscal year with a fund balance of \$8,451,462, up from \$7,520,955 on June 30, 2022.

Capital Projects Fund

The 2022 Construction Capital Projects Fund accounts for bond proceeds and voter approved capital improvement projects. The fund had total revenues of \$311,589 and total expenditures of \$3,054,274. The fund balance at year end was \$7,208,178 down from \$9,950,863 at June 30, 2022.

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 \$2,459,575, total financial sources of \$30,000, total expenditures of \$2,273,993, and total other financing uses of \$80,000. The combined fund balance at year end was \$924,803, up from \$789,221 at June 30, 2022. Of the ending fund balances, \$618,514 is attributed to the Food Service Fund, \$8,941 is attributed to the Child Care Fund, and \$297,348 is attributed to the Student/School Activity Fund.

Debt Service Funds

The District operates four Debt Service Funds. The funds had total revenues of \$3,152,125 and total expenditures of \$3,251,966. The ending fund balance totaled \$438,986 down from \$538,827 at June 30, 2022.

Capital Projects Fund

The District operates two nonmajor Capital Projects Funds to account for funds used to finance capital outlay purchases. During the fiscal year, the funds had total revenues of \$425,380 and total expenditures of \$739,749. The ending fund balance totaled \$264,720 down from \$579,089 at June 30, 2022.

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 three categories:

- Changes made in January to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year.
- Changes made in April to account for added Federal and State funding.
- Changes at the end of June were to increases or decrease in appropriations to prevent budget overruns and/or shortages.
- Actual revenues were \$221,377 over budget than expected which is a result of increased funds that added to the end of the year revenues.
- Final expenditures were \$163,177 less than anticipated due to the decrease in expected payables.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the District had a \$91,784,835 investment in a broad range of capital assets, including school buildings, athletic facilities, furniture and equipment, administrative offices, and vehicles. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.)

Net capital asset purchases totaled \$5,869,943 during the fiscal year, and net accumulated depreciation increased by \$1,858,268. The net book value of capital assets at June 30, 2023 is detailed as follows:

Land	\$ 11,767,057
Construction in progress	4,645,588
Land improvements	1,372,458
Buildings and improvements	50,402,128
Vehicles	575,585
Furniture and equipment	<u>627,367</u>
Net Capital Assets	<u>\$ 69,390,183</u>

Long-term Obligations

At year end, the District had \$61,976,712 in general obligation bonds, financed purchases, and other long-term debt outstanding – a net decrease of \$1,626,056 from last year.

- The District continued to pay down its debt, retiring \$1,440,000 of outstanding bonds and financed purchases.

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 Note F 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 post-COVID-19 on K-12 Education programs continues and is critical. The district continues to experience uncertainty of student enrollment, as well as concern for funding of K-12 education programs. 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 ESSER funds continue to provide support in the 22-23 school year. Furthermore, post-COVID-19 will continue to 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.
- With the uncertainty of post-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, 2023

	Governmental Activities
Assets	
Cash	\$ 300
Cash equivalents and investments (Note B)	16,807,699
Accounts receivable	49,937
Due from other governmental units (Note C)	5,924,007
Inventory	17,084
Capital assets not being depreciated (Note E)	16,412,645
Capital assets being depreciated, net (Note E)	52,977,538
Total Assets	92,189,210
Deferred Outflows of Resources	
Deferred pension amounts	17,956,998
Deferred OPEB amounts	4,927,136
Total Deferred Outflows of Resources	22,884,134
Liabilities	
Accounts payable	1,026,938
Due to other governmental units	1,613,749
Accrued interest payable	309,625
Salaries payable	1,649,253
Unearned revenue	1,220,938
Long-term liabilities (Note F):	
Due within one year	1,692,272
Due in more than one year	60,284,440
Net pension liability	60,756,980
Net OPEB liability	3,384,773
Total Liabilities	131,938,968
Deferred Inflows of Resources	
Deferred pension amounts	168,012
Deferred OPEB amounts	6,964,497
Total Deferred Inflows of Resources	7,132,509
Net Position	
Net investment in capital assets	15,367,467
Restricted for:	
Capital projects	264,720
Debt service	129,361
Child care	8,941
Food service	618,514
Student activities	297,348
Unrestricted (deficit)	(40,684,484)
Total Net Position	\$ (23,998,133)

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 20,456,083	\$ 2,250	\$ 14,942,630	\$ (5,511,203)
Supporting services	15,562,441	229,420	792,356	(14,540,665)
Community services	156,801	18,828	-	(137,973)
Food service	2,159,802	131,385	2,124,434	96,017
Interest on long-term debt	1,787,605	-	-	(1,787,605)
Total Governmental Activities	<u>\$ 40,122,732</u>	<u>\$ 381,883</u>	<u>\$ 17,859,420</u>	<u>(21,881,429)</u>
General Revenues				
Taxes:				
				3,896,442
				3,138,774
				425,380
				16,572,432
				335,276
				114,075
				<u>24,482,379</u>
				2,600,950
				<u>(26,599,083)</u>
				<u>\$ (23,998,133)</u>

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2023

	General	2022 Construction	Nonmajor	Total
Assets				
Cash	\$ 300	\$ -	\$ -	\$ 300
Cash equivalents and investments (Note B)	7,459,609	7,763,899	1,584,191	16,807,699
Accounts receivable	49,893	-	44	49,937
Due from other governmental units (Note C)	5,888,716	-	35,291	5,924,007
Inventory	-	-	17,084	17,084
Total Assets	<u>\$ 13,398,518</u>	<u>\$ 7,763,899</u>	<u>\$ 1,636,610</u>	<u>\$ 22,799,027</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 471,217	\$ 555,721	\$ -	\$ 1,026,938
Due to other governmental units	1,613,749	-	-	1,613,749
Salaries payable	1,649,253	-	-	1,649,253
Unearned revenue	1,212,837	-	8,101	1,220,938
Total Liabilities	<u>4,947,056</u>	<u>555,721</u>	<u>8,101</u>	<u>5,510,878</u>
Fund Balances (Note A)				
Nonspendable	-	-	17,084	17,084
Restricted	-	7,208,178	1,584,876	8,793,054
Assigned for subsequent year expenditures	100,538	-	26,549	127,087
Unassigned	8,350,924	-	-	8,350,924
Total Fund Balances	<u>8,451,462</u>	<u>7,208,178</u>	<u>1,628,509</u>	<u>17,288,149</u>
Total Liabilities and Fund Balances	<u>\$ 13,398,518</u>	<u>\$ 7,763,899</u>	<u>\$ 1,636,610</u>	<u>\$ 22,799,027</u>

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total governmental fund balances		\$ 17,288,149
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 \$91,784,835 and accumulated depreciation is \$22,394,652.		69,390,183
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	\$(56,230,000)	
Financed purchases	(1,835,000)	
Bond premium	(3,165,894)	
Severance pay	(186,113)	
Accumulated sick leave	<u>(559,705)</u>	(61,976,712)
Accrued interest is not included as a liability in governmental funds.		(309,625)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(60,756,980)	
Deferred outflows of resources	17,956,998	
Deferred inflows of resources	<u>(168,012)</u>	(42,967,994)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(3,384,773)	
Deferred outflows of resources	4,927,136	
Deferred inflows of resources	<u>(6,964,497)</u>	<u>(5,422,134)</u>
Total net position - governmental activities		<u><u>\$ (23,998,133)</u></u>

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, 2023

	General	2022 Construction	Nonmajor	Total
Revenues				
Local sources	\$ 4,067,595	\$ 311,589	\$ 3,912,646	\$ 8,291,830
State sources	24,974,745	-	67,744	25,042,489
Federal sources	4,391,722	-	2,056,690	6,448,412
Interdistrict sources	2,940,951	-	-	2,940,951
Total Revenues	36,375,013	311,589	6,037,080	42,723,682
Expenditures				
Current:				
Instruction	19,400,943	-	-	19,400,943
Supporting services	13,457,646	-	139,724	13,597,370
Community services	108,468	-	43,198	151,666
Food service	-	-	2,091,071	2,091,071
Capital outlay	2,380,985	3,054,274	739,749	6,175,008
Debt service:				
Principal repayment	120,000	-	1,320,000	1,440,000
Interest and fiscal charges	26,464	-	1,931,966	1,958,430
Total Expenditures	35,494,506	3,054,274	6,265,708	44,814,488
Excess (Deficiency) of Revenues Over Expenditures	880,507	(2,742,685)	(228,628)	(2,090,806)
Other Financing Sources (Uses)				
Transfers in	80,000	-	30,000	110,000
Transfers out	(30,000)	-	(80,000)	(110,000)
Total Other Financing Sources (Uses)	50,000	-	(50,000)	-
Net Change in Fund Balances	930,507	(2,742,685)	(278,628)	(2,090,806)
Fund Balances, Beginning of Year	7,520,955	9,950,863	1,907,137	19,378,955
Fund Balances, End of Year	\$ 8,451,462	\$ 7,208,178	\$ 1,628,509	\$ 17,288,149

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, 2023

Net change in fund balances - total governmental funds	\$(2,090,806)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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.</p>	
Capital outlays	\$ 5,869,943
Depreciation expense	<u>(1,858,268)</u>
	4,011,675
<p>Bond premium is amortized over the life of the new bond issue on the Statement of Activities.</p>	
	147,242
<p>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:</p>	
General obligation bonds	1,320,000
Financed purchases	<u>120,000</u>
	1,440,000
<p>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.</p>	
	23,583
<p>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 paid/used (\$50,206) exceeded the amounts added/earned (\$11,392).</p>	
	38,814
<p>The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.</p>	
	(3,150,440)
<p>The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.</p>	
	<u>2,180,882</u>
Total changes in net position - governmental activities	<u><u>\$ 2,600,950</u></u>

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, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 3,952,912	4,041,390	\$ 4,067,595	\$ 26,205
State sources	21,722,313	24,871,569	24,974,745	103,176
Federal sources	4,978,037	4,369,552	4,391,722	22,170
Interdistrict sources	2,604,800	2,879,642	2,940,951	61,309
Total Revenues	33,258,062	36,162,153	36,375,013	212,860
Expenditures				
Current:				
Instruction:				
Basic programs	13,862,233	15,479,571	15,497,583	(18,012)
Added needs	3,934,005	3,971,630	3,903,360	68,270
Supporting services:				
Pupil services	1,879,300	2,182,979	2,154,975	28,004
Instructional staff services	1,028,808	1,333,565	1,307,764	25,801
General administrative services	483,443	621,678	620,945	733
School administrative services	2,570,020	2,661,876	2,661,773	103
Business services	570,120	686,868	625,588	61,280
Operation and maintenance services	2,789,266	3,048,308	2,970,384	77,924
Pupil transportation services	1,351,535	1,462,906	1,456,266	6,640
Central services	568,671	864,673	923,336	(58,663)
Other support services	670,428	736,005	736,615	(610)
Community services	133,685	108,471	108,468	3
Capital outlay	3,240,084	2,376,961	2,380,985	(4,024)
Debt service:				
Principal repayment	120,000	120,000	120,000	-
Interest expense	26,464	26,464	26,464	-
Total Expenditures	33,228,062	35,681,955	35,494,506	187,449
Excess (Deficiency) of Revenues Over Expenditures	30,000	480,198	880,507	400,309
Other Financing Sources (Uses)				
Transfers in	-	80,000	80,000	-
Transfers out	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	(30,000)	50,000	50,000	-
Net Change in Fund Balances	-	530,198	930,507	400,309
Fund Balances, Beginning of Year	7,520,955	7,520,955	7,520,955	-
Fund Balances, End of Year	\$ 7,520,955	\$ 8,051,153	\$ 8,451,462	\$ 400,309

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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 2,255 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 resources 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 position, and unrestricted net position.

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*.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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 2022 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 separately.

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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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
Notes to Basic Financial Statements
June 30, 2023

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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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, 2023 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, 2023, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for severance pay and accumulated sick leave amounted to \$186,113 and \$559,705, respectively.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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 two such items that qualify for reporting in this category: the deferred outflows of resources relating to the recognition of net pension liability on the financial statements and the deferred outflows of resources 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 an 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 deferred outflows of resources and liabilities and deferred inflows of resources. 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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

- 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, 2023, \$100,538 of the General Fund and \$26,549 of the Food Service Special Revenue Fund balances have 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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

- 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, 2023 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	<u>\$ 16,807,699</u>

Cash Equivalents

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

1. Lake Michigan Credit Union

Cash equivalents consist of bank interest earning LMCU Analysis Checking accounts and non-interest earning Business Checking accounts.

June 30, 2023 balances are detailed as follows:

Cash equivalents	<u>\$ 9,239,069</u>
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Custodial Credit Risk as Related to Bank Deposits

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 deposits is provided by the National Credit Union Administration. At year end, the carrying amount of the District’s cash equivalents was \$9,239,069 and the bank balance was \$9,478,541. Of the bank balance, \$689,149 was covered by federal depository insurance and \$8,789,392 was uninsured and uncollateralized.

Investments

As of June 30, 2023, the District had the following investment:

Michigan Liquid Asset Fund Plus (MILAF+) – Cash Management	<u>\$ 7,568,630</u>
------------------------------------------------------------	---------------------

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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the type of securities allowed by State statute.

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 2022 and October 2022. The 2022-23 "Foundation Allowance" for Kelloggsville Public Schools was \$9,150 for 2,250 "Full Time Equivalent" students, generating \$25,492,327 in State aid payments to the District, of which \$5,112,225 was paid to the District in July and August 2023 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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
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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 an operating millage extension in May 2021 for the 18 mill non-homestead property tax. The District levied 7.32 mills for debt service purposes and 0.9923 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 NPRES.

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 (NPRES) 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, 2023, the District’s property tax revenues were reduced by approximately \$163,615 under these agreements.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

Note D –Interfund Receivables/Payables and Transfers

The District did not have interfund receivables/payables as of June 30, 2023.

Operating transfers between funds during the year ended June 30, 2023 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
General Fund:		
Special Revenue Funds:		
Food Service Fund	\$ 80,000	\$ -
Child Care Fund	-	30,000
	<u> </u>	<u> </u>
Total Major Funds	<u>80,000</u>	<u>30,000</u>
Nonmajor Funds		
Special Revenue Funds:		
Food Service Fund:		
General Fund	-	80,000
Child Care Fund:		
General Fund	30,000	-
	<u> </u>	<u> </u>
Total Nonmajor Funds	<u>30,000</u>	<u>80,000</u>
Total All Funds	<u>\$ 110,000</u>	<u>\$ 110,000</u>

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balances July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 11,767,057	\$ -	\$ -	\$ 11,767,057
Construction in progress	2,711,883	5,881,942	3,948,237	4,645,588
Totals capital assets not being depreciated	<u>14,478,940</u>	<u>\$ 5,881,942</u>	<u>\$ 3,948,237</u>	<u>16,412,645</u>
Capital assets being depreciated:				
Land improvements	3,438,422	\$ -	\$ -	3,438,422
Buildings and improvements	63,125,930	3,806,948	-	66,932,878
Furniture and equipment	2,916,684	98,245	-	3,014,929
Vehicles	1,954,916	31,045	-	1,985,961
Totals capital assets being depreciated	<u>71,435,952</u>	<u>\$ 3,936,238</u>	<u>\$ -</u>	<u>75,372,190</u>
Less accumulated depreciation for:				
Land improvements	1,977,577	\$ 88,387	\$ -	2,065,964
Buildings and improvements	15,079,956	1,450,794	-	16,530,750
Furniture and equipment	2,265,949	121,613	-	2,387,562
Vehicles	1,212,902	197,474	-	1,410,376
Total accumulated depreciation	<u>20,536,384</u>	<u>\$ 1,858,268</u>	<u>\$ -</u>	<u>22,394,652</u>
Total capital assets being depreciated	<u>50,899,568</u>			<u>52,977,538</u>
Net Capital Assets	<u>\$ 65,378,508</u>			<u>\$ 69,390,183</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 708,581
Supporting services	1,123,746
Food service	25,941
	<u>\$ 1,858,268</u>

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2023 are summarized as follows:

	Debt Outstanding July 01, 2022	Debt Added	Debt Retired	Debt Outstanding June 30, 2023
General obligation bonds:				
June 3, 2015	\$ 2,235,000	\$ -	\$ 710,000	\$ 1,525,000
February 4, 2019	17,480,000	-	450,000	17,030,000
August 17, 2021	27,840,000	-	160,000	27,680,000
March 22, 2022	9,995,000	-	-	9,995,000
Financed purchases	1,955,000	-	120,000	1,835,000
Bond premium, net	3,313,136	-	147,242	3,165,894
Severance pay	174,721	11,392	-	186,113
Accumulated sick leave	609,911	-	50,206	559,705
	<u>\$ 63,602,768</u>	<u>\$ 11,392</u>	<u>\$ 1,637,448</u>	<u>\$ 61,976,712</u>

Long-term bonds, financed purchases, and other obligations at June 30, 2023 are comprised of the following:

	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 \$745K to \$780K	May 1, 2025	5.00%	\$ 1,525,000	\$ 745,000
\$18,320K 2019 Building and Site February 4, 2019:				
Annual maturities of \$465K to \$805K	May 1, 2048	3.75 - 5.00	17,030,000	465,000
\$28,230K 2021 Refunding August 17, 2021:				
Annual maturities of \$160K to \$1,795K	May 1, 2045	0.34 - 2.98	27,680,000	160,000
\$9,995K 2022 Building and Site March 22, 2022:				
Annual maturities of \$65K to \$845K	May 1, 2043	4.00	9,995,000	-
Bond premium			3,165,894	147,272
Financed Purchases				
\$2,088K Turf Field August 11, 2021:				
Annual maturities of \$125K to \$160K	May 1, 2036	0.78 - 1.74	1,835,000	125,000
Other Obligations				
Severance pay			186,113	-
Accumulated sick leave			559,705	50,000
			<u>\$61,976,712</u>	<u>\$ 1,692,272</u>

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
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The annual requirements to pay principal and interest on long-term bonds and installment purchase agreements outstanding are as follows:

June 30	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,370,000	\$ 1,832,102	\$ 3,202,102	\$ 125,000	\$ 25,648	\$ 150,648
2025	1,545,000	1,775,278	3,320,278	125,000	24,674	149,674
2026	1,680,000	1,710,906	3,390,906	130,000	23,562	153,562
2027	1,820,000	1,675,510	3,495,510	135,000	22,248	157,248
2028	1,965,000	1,629,213	3,594,213	135,000	20,656	155,656
2029	2,125,000	1,574,874	3,699,874	140,000	18,928	158,928
2030	2,205,000	1,512,026	3,717,026	140,000	16,982	156,982
2031	2,270,000	1,444,622	3,714,622	145,000	14,924	159,924
2032	2,350,000	1,373,464	3,723,464	145,000	12,704	157,704
2033	2,420,000	1,296,912	3,716,912	150,000	10,384	160,384
2034	2,495,000	1,223,150	3,718,150	150,000	7,940	157,940
2035	2,575,000	1,144,788	3,719,788	155,000	5,434	160,434
2036	2,655,000	1,063,000	3,718,000	160,000	2,784	162,784
2037	2,740,000	977,256	3,717,256	-	-	-
2038	2,830,000	886,274	3,716,274	-	-	-
2039	2,925,000	791,754	3,716,754	-	-	-
2040	3,025,000	693,380	3,718,380	-	-	-
2041	3,125,000	590,846	3,715,846	-	-	-
2042	3,230,000	484,434	3,714,434	-	-	-
2043	3,340,000	373,754	3,713,754	-	-	-
2044	2,545,000	257,476	2,802,476	-	-	-
2045	2,590,000	173,508	2,763,508	-	-	-
2046	795,000	90,188	885,188	-	-	-
2047	805,000	60,375	865,375	-	-	-
2048	805,000	30,188	835,188	-	-	-
	<u>\$ 56,230,000</u>	<u>\$ 24,665,277</u>	<u>\$ 80,895,277</u>	<u>\$ 1,835,000</u>	<u>\$ 206,868</u>	<u>\$ 2,041,868</u>

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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 (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 at www.michigan.gov/orsschools.

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. Depending on the plan option selected, member retirement benefits 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 based on when the employee became a member. The age and service requirements range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years. Early retirement is computed in the same manner as a regular pension but is permanently reduced by .50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age. Certain employees have the option to participate in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

The System also provides disability and survivor benefits to DB plan members.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

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 if applicable. 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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year ended September 30, 2022.

Plan Name	Pension Contribution Rates:		
	Plan Status	Member	District
Basic	Closed	0.0 – 4.0 %	20.14%
Member Investment Plan (MIP)	Closed	3.0 – 7.0%	20.14%
Pension Plus	Closed	3.0 – 6.4 %	17.22%
Pension Plus 2	Open	6.2%	19.93%
Defined Contribution	Open	0.0%	13.73%

The District’s contributions to MPSERS under all pension plans for the year ended June 30, 2023, inclusive of the MSPERS UAAL Stabilization, totaled \$5,522,672.

Proportionate Share of Reporting Unit’s Net Pension Liability

At June 30, 2023, the District reported a liability of \$60,756,980 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. 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, 2022, the District’s proportion was 0.16155025% which was an increase from 0.15946029% at September 30, 2021.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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

For the year ended June 30, 2023, the District recognized pension expense of \$8,588,163. At June 30, 2023, 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	\$ 607,782	\$ 135,846
Changes of assumptions	10,440,226	—
Net difference between projected and actual earnings on pension plan investments	142,475	—
Changes in proportion and differences between District contributions and proportionate share of contributions	1,605,182	32,166
District contributions subsequent to the measurement date*	5,161,333	—
Total	\$ 17,956,998	\$ 168,012

* 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, 2024.

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

Years ending June 30	Amount
2024	\$ 3,984,374
2025	2,843,281
2026	2,255,445
2027	3,544,553

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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.00% net of investment expenses
Pension Plus Plan (Hybrid):	6.00% 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, 2018 valuation. The total pension liability as of September 30, 2022 is based on the results of an actuarial valuation date of September 30, 2021 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: [4.3922 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at (www.michigan.gov/orsschools).

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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, 2022 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Oppportunistic Pools	10.0%	5.8%
Short-term Investment Pools	2.0%	(0.5)%
Total	100.0%	

*Long-term rates of return are net of administrative expenses and 2.2% inflation.

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.18)%. 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 6.0% was used to measure the total pension liability (6.0% for the Pension Plus Plan , 6.0% for the Pension Plus 2 Plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0% (6.0% 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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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 6.0%, 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 5.0%	Current Single Discount Rate Assumption 6.0%	1% Increase 7.0%
District’s proportionate share of the net pension liability	\$ 80,176,642	\$ 60,756,980	\$ 44,754,304

Michigan Public School Employees’ Retirement System (MPERS) 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, 2022 Annual Comprehensive Financial Report, available here: (www.michigan.gov/orsschools).

Payables to the Michigan Public School Employees’ Retirement System (MPERS)

Payables to the pension plan totaling \$811,406 at June 30, 2023 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 (MPERS 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.

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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, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2022:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0 %	7.23%

Required contributions to the OPEB plan from the District were \$1,253,095 for the year ended June 30, 2023.

Proportionate Share of Reporting Unit's Net OPEB Liability

At June 30, 2023, the District reported a liability of \$3,384,773 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. 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, 2022, the District's proportion was 0.15980515%, which was a decrease from 0.16150910% at September 30, 2021.

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

For the year ended June 30, 2023, the District recognized OPEB credit of \$979,802. At June 30, 2023, 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	\$ —	\$ 6,629,474
Changes of assumptions	3,016,957	245,658
Net difference between projected and actual earnings on OPEB plan investments	264,547	—
Changes in proportion and differences between District contributions and proportionate share of contributions	557,097	89,365
District contributions subsequent to the measurement date*	1,088,535	—
Total	\$ 4,927,136	\$ 6,964,497

* 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, 2024.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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

Years ending June 30	Amount
2024	\$ (1,013,533)
2025	(1,011,052)
2026	(960,997)
2027	(63,562)
2028	(73,651)
Thereafter	(3,101)

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, 2021
Actuarial Cost Method:	Entry Age, Normal
Asset Valuation Method:	Fair Value
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65 - 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
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.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

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, 2018 valuation. The total OPEB liability as of September 30, 2022 is based on the results of an actuarial valuation date of September 30, 2021 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: [6.2250 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive 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 were for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short-term Investment Pools	2.0%	(0.5)%
Total	100.0%	

* Long-term rates of return are net of administrative expenses and 2.2% inflation.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (4.99)%. 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 6.0% 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 6.0%. 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 6.00 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 5.0%	Current Discount Rate 6.0%	1% Increase 7.0%
District's proportionate share of the net OPEB liability	\$ 5,677,631	\$ 3,384,773	\$ 1,453,902

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	\$ 1,417,381	\$ 3,384,773	\$ 5,593,210

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2023

Payables to the OPEB Plan

Payables to the OPEB plan totaling \$128,545 at June 30, 2023 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 Employee 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 2022-23, and as of year ended June 30, 2023, there were no material pending claims against the District.

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of \$40,684,484 and a total net position deficit of \$23,998,133, as of June 30, 2023. These deficit net position results primarily from the net pension liability of \$42,967,994 and the net OPEB liability of \$5,422,134 (net of deferred outflows and inflows of resources related to the pension and OPEB plans, respectively).

Note K – Commitments

On March 22, 2022, the District issued \$9,995,000 of General Obligation 2022 Building and Site Construction bonds, for which proceeds are being used for land improvements, building renovations, additions and furniture and equipment purchases. At June 30, 2023, unspent balances committed to these construction projects totaled \$7,208,178 and are expected to be fully expended by the year ended June 30, 2024.

Note L – New Accounting Pronouncements Adopted

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* was adopted by the District during the fiscal year ending June 30, 2023. This statement enhances the relevance and consistency of information about governments' SBITAs by requiring recognition of right-to-use subscription assets and a corresponding subscription liability. Upon implementation, The District was not required to recognize a right-to-use subscription asset or subscription liability as of July 1, 2022.

Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* was adopted by the District during the fiscal year ended June 30, 2023. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

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, 2023

	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
District's proportion of the net pension liability	0.16155025%	0.15946029%	0.15603095%
District's proportionate share of the net pension liability	\$ 60,756,980	\$ 37,752,881	\$ 53,598,329
District's covered-employee payroll	\$ 15,477,966	\$ 14,779,223	\$ 14,137,436
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	392.54%	255.45%	379.12%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	72.60%	59.72%

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.

<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
0.15203240%	0.14516137%	0.13871700%	0.13275085%	0.13240497%	0.13435766%
\$ 50,348,019	\$ 43,638,128	\$ 35,947,472	\$ 33,120,251	\$ 32,339,949	\$ 29,594,294
\$ 13,644,834	\$ 12,819,008	\$ 11,872,440	\$ 11,254,090	\$ 10,855,140	\$ 11,397,274
368.99%	340.42%	302.78%	294.30%	297.92%	259.73%
60.31%	62.12%	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, 2023

	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
District's proportion of the net OPEB liability	0.15980515%	0.16150910%	0.15824201%
District's proportionate share of the net OPEB liability	\$ 3,384,773	\$ 2,465,239	\$ 8,477,447
District's covered-employee payroll	\$ 15,477,966	\$ 14,779,223	\$ 14,137,436
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	21.87%	16.68%	59.96%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%

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.

<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
0.15529148%	0.15019308%	0.13853797%
\$ 11,146,431	\$ 11,938,776	\$ 12,268,190
\$ 13,644,834	\$ 12,819,008	\$ 11,872,440
81.69%	93.13%	103.33%
48.46%	43.10%	36.53%

KELLOGGSVILLE PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District Pension Contributions
MPERS Cost-sharing Multiple-employer Plan
June 30, 2023

	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
Contractually required contribution	\$ 5,522,672	\$ 5,629,808	\$ 4,792,512
Contributions in relation to the contractually required contribution	<u>5,522,672</u>	<u>5,629,808</u>	<u>4,792,512</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 15,480,653	\$ 15,876,659	\$ 14,266,656
Contributions as a percentage of covered employee payroll	35.67%	35.46%	33.59%

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.

<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
\$ 4,343,294	\$ 4,055,632	\$ 3,702,200	\$ 3,646,455	\$ 3,401,365	\$ 3,485,798
<u>4,343,294</u>	<u>4,055,632</u>	<u>3,702,200</u>	<u>3,646,455</u>	<u>3,401,365</u>	<u>3,485,798</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,172,662	\$ 13,433,002	\$ 12,526,480	\$ 11,768,883	\$ 11,246,480	\$ 10,708,777
30.65%	30.19%	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, 2023

	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
Contractually required contribution	\$ 1,253,095	\$ 1,284,904	\$ 1,184,621
Contributions in relation to the contractually required contribution	<u>1,253,095</u>	<u>1,284,904</u>	<u>1,184,621</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 15,480,653	\$ 15,876,659	\$ 14,266,656
Contributions as a percentage of covered employee payroll	8.09%	8.09%	8.30%

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.

<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
\$ 1,152,032	\$ 1,082,382	\$ 948,001
<u>1,152,032</u>	<u>1,082,382</u>	<u>948,001</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,172,662	\$ 13,433,002	\$ 12,526,480
8.13%	8.06%	7.57%

KELLOGGSVILLE PUBLIC SCHOOLS
Notes to Required Supplementary Information
June 30, 2023

Note A - Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2022-23.

Changes of assumptions: There were no changes of benefit assumptions in 2022-23.

Note B - Net OPEB Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2022-23.

Changes of assumptions: There were no changes of benefit assumptions in 2022-23.

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, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 300	\$ 300
Cash equivalents, deposits and investments	7,459,609	6,001,972
Accounts receivable	49,893	48,097
Due from other funds	-	8,288
Due from other governmental units	5,888,716	4,858,609
Total Assets	\$ 13,398,518	\$ 10,917,266
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 471,217	\$ 255,293
Due to other funds	-	56,962
Due to other governmental units	1,613,749	1,338,401
Salaries payable	1,649,253	1,647,055
Unearned revenue	1,212,837	98,600
Total Liabilities	4,947,056	3,396,311
Fund Balances		
Assigned for subsequent year expenditures	100,538	100,538
Unassigned	8,350,924	7,420,417
Total Fund Balances	8,451,462	7,520,955
Total Liabilities and Fund Balances	\$ 13,398,518	\$ 10,917,266

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2023 and 2022

	2023	2022
Local sources:		
Property taxes:		
Current property taxes	\$ 3,889,167	\$ 3,676,225
Delinquent and other property taxes	3,651	14,100
Interest on delinquent taxes	3,624	3,741
	3,896,442	3,694,066
Summer school tuition	2,250	-
Interest earnings:		
Interest on deposits and investments	10,336	1,917
Revenue from student activities:		
Athletics admissions	36,809	39,301
Tournament fees	2,971	1,680
Other student activity income	2,792	2,998
	42,572	43,979
Other local revenue:		
Rental of school facilities	1,920	-
Sale of fixed assets	300	10,150
Beverage consortium commissions	2,576	2,025
Crossing guard reimbursement	8,223	7,897
Insurance reimbursements	26,957	32,330
Universal service fund	31,421	18,349
Miscellaneous	44,598	6,078
	115,995	76,829
Total local sources	4,067,595	3,816,791
State sources:		
State aid	24,283,300	21,525,450
Bus driver's safety	354	1,582
Early lit	63,884	72,022
Special education - millage incentive	89,503	87,445
Special education - transportation	388,662	140,406
Special education - itinerants	49,558	43,994
ORS forfeiture credit	12,171	18,085
Mental health support	87,313	42,175
Virtual learning support	-	5,345
Total state sources	24,974,745	21,936,504

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Title I	\$ 565,074	\$ 545,895
Title IIA	78,452	100,535
Title III	81,701	95,300
Title IV	38,691	35,035
I.D.E.A. program	694,036	741,686
Medicaid - outreach	9,558	10,285
CARES	2,800,711	2,788,867
Future proud Michigan educator grant	-	9,879
Tech reimbursement	42,749	-
Emergency connectivity grant	80,000	-
Benchmark assessment grant	-	18,400
Promote school health	750	-
Total federal sources	<u>4,391,722</u>	<u>4,345,882</u>
 Interdistrict sources:		
ISD collected millage	2,343,804	2,033,403
Special education - tuition	5,055	2,683
Great Start Readiness Program	117,310	192,584
Medicaid fee for service	314,005	443,005
Other interdistrict sources	160,777	85,015
Total interdistrict sources	<u>2,940,951</u>	<u>2,756,690</u>
 Total Revenues	 <u><u>\$ 36,375,013</u></u>	 <u><u>\$ 32,855,867</u></u>

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 3,566,036	\$ 3,229,272
Employee benefits	3,267,938	2,559,728
Purchased services	53,213	46,668
Supplies	199,138	148,229
Capital outlay	3,870	5,488
Miscellaneous	840	1,965
	<u>7,091,035</u>	<u>5,991,350</u>
Middle school:		
Salaries	1,608,423	1,310,965
Employee benefits	1,526,779	1,062,709
Purchased services	30,444	33,640
Supplies	97,091	63,040
Capital Outlay	-	13,880
Miscellaneous	4,091	1,258
	<u>3,266,828</u>	<u>2,485,492</u>
High school:		
Salaries	2,404,620	2,679,451
Employee benefits	2,310,272	2,074,477
Purchased services	96,520	66,634
Supplies	214,076	223,618
Capital outlay	17,469	60,555
Miscellaneous	24,083	32,530
	<u>5,067,040</u>	<u>5,137,265</u>
Preschool:		
Miscellaneous	4,504	4,456
Summer school:		
Salaries	49,826	280,004
Employee benefits	18,202	84,850
Purchased services	-	71
Supplies	148	24,301
	<u>68,176</u>	<u>389,226</u>
Total basic programs	<u>15,497,583</u>	<u>14,007,789</u>
Added needs:		
Special education:		
Salaries	984,596	888,317
Employee benefits	664,061	647,397
Purchased services	4,391	19,987
Supplies	734	182
Payments to other school districts	477,690	525,851
	<u>2,131,472</u>	<u>2,081,734</u>
Compensatory education:		
Salaries	1,033,256	1,840,668
Employee benefits	553,029	954,470
Purchased services	24,738	-
Supplies	3,069	12,849
	<u>1,614,092</u>	<u>2,807,987</u>

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2023 and 2022

	2023	2022
Career and technical education:		
Salaries	\$ 88,215	\$ 86,013
Employee benefits	65,580	52,915
Purchased services	1,581	1,204
Miscellaneous	2,420	-
	<u>157,796</u>	<u>140,132</u>
Total added needs	<u>3,903,360</u>	<u>5,029,853</u>
Total instruction	19,400,943	19,037,642
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	631,851	567,865
Employee benefits	378,000	320,042
Purchased services	-	17
	<u>1,009,851</u>	<u>887,924</u>
Occupational therapy services:		
Salaries	83,354	91,554
Employee benefits	61,269	60,179
Purchased services	155,279	127,743
Supplies	3,336	805
Miscellaneous	650	-
	<u>303,888</u>	<u>280,281</u>
Psychological services:		
Salaries	60,073	69,260
Employee benefits	35,099	32,728
Purchased services	3,357	517
Supplies	2,577	1,823
Payments to other school districts	108,336	102,955
	<u>209,442</u>	<u>207,283</u>
Speech pathology services:		
Salaries	47,725	40,669
Employee benefits	27,451	16,948
Purchased services	-	14,340
Supplies	1,207	1,507
Payments to other school districts	313,316	249,483
	<u>389,699</u>	<u>322,947</u>
Social worker services:		
Purchased services	162	199
Payments to other school districts	203,004	195,120
	<u>203,166</u>	<u>195,319</u>
Other pupil services:		
Salaries	21,491	21,980
Employee benefits	7,531	7,635
Purchased services	9,907	7,888
	<u>38,929</u>	<u>37,503</u>
Total pupil services	<u>2,154,975</u>	<u>1,931,257</u>

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2023 and 2022

	2023	2022
Improvement of instruction:		
Salaries	\$ 73,692	\$ 820
Employee benefits	43,377	287
Purchased services	-	17,350
Supplies	-	470
	<u>117,069</u>	<u>18,927</u>
Library:		
Salaries	138,836	161,237
Employee benefits	89,819	63,607
Purchased services	5,615	600
Supplies	51,234	60,217
Miscellaneous	701	-
	<u>286,205</u>	<u>285,661</u>
Audio - visual:		
Supplies	-	1,716
Instruction related technology:		
Purchased services	-	4,305
Supplies	-	11,804
	<u>-</u>	<u>16,109</u>
Supervision of instruction:		
Salaries	448,171	423,229
Employee benefits	330,398	255,694
Purchased services	36,572	26,376
Supplies	85,485	148,106
Miscellaneous	3,864	1,638
	<u>904,490</u>	<u>855,043</u>
Total instructional staff services	<u>1,307,764</u>	<u>1,177,456</u>
General administrative services:		
Board of education:		
Salaries	103,535	58,948
Employee benefits	8,938	16,018
Purchased services	62,854	107,806
Supplies	1,630	175
Miscellaneous	5,569	5,611
	<u>182,526</u>	<u>188,558</u>
Executive administration:		
Salaries	239,726	223,630
Employee benefits	191,490	78,795
Purchased services	5,053	1,720
Miscellaneous	2,150	2,385
	<u>438,419</u>	<u>306,530</u>
Total general administrative services	<u>620,945</u>	<u>495,088</u>
School administrative services:		
Office of the principal:		
Salaries	1,389,051	1,404,701
Employee benefits	1,251,770	1,117,028
Purchased services	17,842	23,213
Supplies	-	17,980
Miscellaneous	3,110	2,500
Total school administrative services	<u>2,661,773</u>	<u>2,565,422</u>

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2023 and 2022

	2023	2022
Business services:		
Fiscal services:		
Salaries	\$ 247,203	\$ 227,871
Employee benefits	220,162	175,272
Purchased services	24,953	19,715
Supplies	25,930	27,010
Capital outlay	-	5,032
Miscellaneous	25,901	10,442
	<u>544,149</u>	<u>465,342</u>
Other business services:		
Purchased services	40,150	23,870
Miscellaneous	41,289	27,299
	<u>81,439</u>	<u>51,169</u>
Total business services	<u>625,588</u>	<u>516,511</u>
Operation and maintenance services:		
Operation and maintenance:		
Salaries	784,795	866,429
Employee benefits	740,652	706,930
Purchased services	528,953	431,762
Supplies	793,496	745,738
Capital outlay	49,267	67,659
Miscellaneous	2,329	2,479
	<u>2,899,492</u>	<u>2,820,997</u>
Security services		
Purchased services	70,892	146,538
Total operation and maintenance services	<u>2,970,384</u>	<u>2,967,535</u>
Pupil transportation services:		
Pupil transportation:		
Salaries	443,023	438,123
Employee benefits	311,467	297,997
Purchased services	114,186	89,601
Supplies	74,202	72,224
Capital outlay	-	1,770
Miscellaneous	2,706	2,750
Payments to other school districts	510,682	433,350
Total pupil transportation services	<u>1,456,266</u>	<u>1,335,815</u>
Technology services:		
Salaries	273,135	248,939
Employee benefits	244,593	201,978
Purchased services	169,726	168,095
Supplies	14,379	214,522
Capital outlay	160,899	193,738
Miscellaneous	-	330
	<u>862,732</u>	<u>1,027,602</u>

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2023 and 2022

	2023	2022
Pupil accounting services:		
Salaries	\$ 60,604	\$ 59,580
Total central services	923,336	1,087,182
Other supporting services:		
Athletics:		
Salaries	361,572	355,741
Employee benefits	221,050	151,613
Purchased services	61,491	69,340
Supplies	20,801	21,857
Capital outlay	49,292	61,266
Miscellaneous	22,409	20,220
Total other supporting services	736,615	680,037
Total supporting services	13,457,646	12,756,303
Community services:		
Community activities:		
Salaries	4,817	4,486
Employee benefits	1,754	1,599
Purchased services	15,590	8,985
Supplies	6,889	9,096
	29,050	24,166
Nonpublic school pupils:		
Purchased services	5,049	2,717
Payments to other school districts	4,171	757
	9,220	3,474
Community relations/special projects:		
Salaries	24,631	67,155
Employee benefits	9,081	24,315
Purchased services	21,699	34,636
Supplies	14,787	15,870
	70,198	141,976
Total community services	108,468	169,616
Facilities acquisition, construction and improvements:		
Purchased services	186,894	118,010
Capital outlay	2,194,091	-
	2,380,985	118,010
Debt service:		
Principal repayment	120,000	132,760
Interest and fiscal charges	26,464	19,715
Total debt service	146,464	152,475
Total Expenditures	\$ 35,494,506	\$ 32,234,046

NONMAJOR GOVERNMENTAL FUNDS

KELLOGGSVILLE PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Special Revenue			Debt Service
	Food Service	Child Care	Student/School Activity	2015
Assets				
Cash equivalents and investments	\$ 574,196	\$ 8,941	\$ 297,348	\$ 61,781
Accounts receivable	44	-	-	-
Due from other governmental units	35,291	-	-	-
Inventory	17,084	-	-	-
Total Assets	\$ 626,615	\$ 8,941	\$ 297,348	\$ 61,781
Liabilities and Fund Balances				
Liabilities				
Unearned revenue	\$ 8,101	\$ -	\$ -	\$ -
Fund Balances				
Nonspendable	17,084	-	-	-
Restricted	574,881	8,941	297,348	61,781
Assigned for subsequent year expenditures	26,549	-	-	-
Total Fund Balances	618,514	8,941	297,348	61,781
Total Liabilities and Fund Balances	\$ 626,615	\$ 8,941	\$ 297,348	\$ 61,781

2019	2021 Refunding	2022	Building and Site Sinking	2022 Financed Purchases	Total
\$245,153	\$ 67,591	\$ 64,461	\$ 264,720	\$ -	\$1,584,191
-	-	-	-	-	44
-	-	-	-	-	35,291
-	-	-	-	-	17,084
<u>\$245,153</u>	<u>\$ 67,591</u>	<u>\$ 64,461</u>	<u>\$ 264,720</u>	<u>\$ -</u>	<u>\$1,636,610</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,101</u>
-	-	-	-	-	17,084
245,153	67,591	64,461	264,720	-	1,584,876
-	-	-	-	-	26,549
<u>245,153</u>	<u>67,591</u>	<u>64,461</u>	<u>264,720</u>	<u>-</u>	<u>1,628,509</u>
<u>\$245,153</u>	<u>\$ 67,591</u>	<u>\$ 64,461</u>	<u>\$ 264,720</u>	<u>\$ -</u>	<u>\$1,636,610</u>

KELLOGGSVILLE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2023

	Special Revenue			Debt Service
	Food Service	Child Care	Student/School Activity	2015
Revenues				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ 802,273
Interest earnings	-	-	-	3,378
Sales and admissions	131,385	-	-	-
Other local sources	-	16,908	186,848	-
Total local sources	131,385	16,908	186,848	805,651
State sources	67,744	-	-	-
Federal sources	2,056,690	-	-	-
Total Revenues	2,255,819	16,908	186,848	805,651
Expenditures				
Current:				
Food service	2,091,071	-	-	-
Supporting services	-	-	139,724	-
Community services	-	43,198	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	710,000
Interest and fiscal charges	-	-	-	112,250
Total Expenditures	2,091,071	43,198	139,724	822,250
Excess (Deficiency) of Revenues Over Expenditures	164,748	(26,290)	47,124	(16,599)
Other Financing Sources (Uses)				
Transfers in	-	30,000	-	-
Transfers out	(80,000)	-	-	-
Total Other Financing Sources (Uses)	(80,000)	30,000	-	-
Net Change in Fund Balances	84,748	3,710	47,124	(16,599)
Fund Balances, Beginning of Year	533,766	5,231	250,224	78,380
Fund Balances, End of Year	\$ 618,514	\$ 8,941	\$ 297,348	\$ 61,781

Debt Service			Capital Projects		Total
2019	2021 Refunding	2022	Building and Site Sinking	2022 Financed Purchases	
\$1,120,896	\$ 789,919	\$ 425,686	\$ 425,380	\$ -	\$ 3,564,154
4,820	3,337	1,816	-	-	13,351
-	-	-	-	-	131,385
-	-	-	-	-	203,756
1,125,716	793,256	427,502	425,380	-	3,912,646
-	-	-	-	-	67,744
-	-	-	-	-	2,056,690
1,125,716	793,256	427,502	425,380	-	6,037,080
-	-	-	-	-	2,091,071
-	-	-	-	-	139,724
-	-	-	-	-	43,198
-	-	-	427,074	312,675	739,749
450,000	160,000	-	-	-	1,320,000
724,051	651,553	444,112	-	-	1,931,966
1,174,051	811,553	444,112	427,074	312,675	6,265,708
(48,335)	(18,297)	(16,610)	(1,694)	(312,675)	(228,628)
-	-	-	-	-	30,000
-	-	-	-	-	(80,000)
-	-	-	-	-	(50,000)
(48,335)	(18,297)	(16,610)	(1,694)	(312,675)	(278,628)
293,488	85,888	81,071	266,414	312,675	1,907,137
\$ 245,153	\$ 67,591	\$ 64,461	\$ 264,720	\$ -	\$ 1,628,509

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 114,501	\$ 131,385	\$ 16,884
State sources	67,721	67,744	23
Federal sources	1,988,218	2,056,690	68,472
Total Revenues	<u>2,170,440</u>	<u>2,255,819</u>	<u>85,379</u>
Expenditures			
Current:			
Food service	<u>2,133,788</u>	<u>2,091,071</u>	<u>42,717</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>36,652</u>	<u>164,748</u>	<u>42,662</u>
Other Financing Sources (Uses)			
Transfers out	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(43,348)</u>	<u>84,748</u>	<u>128,096</u>
Fund Balances, Beginning of Year	<u>533,766</u>	<u>533,766</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 490,418</u></u>	<u><u>\$ 618,514</u></u>	<u><u>\$ 128,096</u></u>

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 16,908	\$ 16,908	\$ -
Expenditures			
Current:			
Community services	43,198	43,198	-
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,290)</u>	<u>(26,290)</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	30,000	30,000	-
Net Change in Fund Balances	3,710	3,710	-
Fund Balances, Beginning of Year	<u>5,231</u>	<u>5,231</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 8,941</u></u>	<u><u>\$ 8,941</u></u>	<u><u>\$ -</u></u>

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 184,605	\$ 186,848	\$ 2,243
Expenditures			
Current:			
Other supporting services	141,624	139,724	1,900
Net Change in Fund Balances	42,981	47,124	4,143
Fund Balances, Beginning of Year	250,224	250,224	-
Fund Balances, End of Year	<u>\$ 293,205</u>	<u>\$ 297,348</u>	<u>\$ 4,143</u>

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, 2023 and 2022

	2023	2022
Assets		
Cash equivalents, deposits and investments	\$ 574,196	\$ 495,042
Accounts receivable	44	115
Due from other governmental units	35,291	44,167
Inventory	17,084	6,597
Total Assets	\$ 626,615	\$ 545,921
Liabilities and Fund Balances		
Liabilities		
Unearned revenue	\$ 8,101	\$ 12,155
Fund Balances		
Nonspendable	17,084	6,597
Restricted	574,881	500,620
Assigned for subsequent year expenditures	26,549	26,549
Total Fund Balances	618,514	533,766
Total Liabilities and Fund Balances	\$ 626,615	\$ 545,921

KELLOGGSVILLE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2023 and 2022

	2023	2022
Revenues		
Local sources:		
Food sales:		
Children's lunches	\$ 70,500	\$ 5,838
Adult lunches	1,018	1,060
Ala carte	11,580	11,062
Catering	43,368	24,848
Vending machine	1,351	809
Other	3,568	4,445
Total local sources	131,385	48,062
State sources	67,744	100,577
Federal sources	2,056,690	2,200,520
Total Revenues	2,255,819	2,349,159
Expenditures		
Current:		
Food service:		
Salaries	655,892	644,386
Employee benefits	295,139	296,039
Purchased services	70,208	43,588
Supplies	1,043,943	916,476
Equipment and furniture	19,847	6,687
Miscellaneous	6,042	4,669
Total Expenditures	2,091,071	1,911,845
Excess (Deficiency) of Revenues Over Expenditures	164,748	437,314
Other Financing Sources (Uses)		
Transfers out	(80,000)	(80,000)
Net Change in Fund Balances	84,748	357,314
Fund Balances, Beginning of Year	533,766	176,452
Fund Balances, End of Year	\$ 618,514	\$ 533,766

KELLOGGSVILLE PUBLIC SCHOOLS
Child Care Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash equivalents	\$ 8,941	\$ 5,231
Liabilities and Fund Balance		
Liabilities	\$ -	\$ -
Fund Balance		
Restricted	8,941	5,231
Total Liabilities and Fund Balance	\$ 8,941	\$ 5,231

KELLOGGSVILLE PUBLIC SCHOOLS
Child Care Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Local sources:		
Other local sources:		
Child care fees	\$ 16,908	\$ 18,407
Expenditures		
Current:		
Child care:		
Salaries	31,617	30,066
Employee benefits	7,588	9,395
Purchased services	3,993	14,866
Supplies	-	148
Miscellaneous	-	130
Total Expenditures	<u>43,198</u>	<u>54,605</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,290)</u>	<u>(36,198)</u>
Other Financing Sources (Uses)		
Transfers In	<u>30,000</u>	<u>30,000</u>
Net Change in Fund Balances	3,710	(6,198)
Fund Balances, Beginning of Year	<u>5,231</u>	<u>11,429</u>
Fund Balances, End of Year	<u><u>\$ 8,941</u></u>	<u><u>\$ 5,231</u></u>

KELLOGGSVILLE PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash equivalents	\$ 297,348	\$ 250,224
Liabilities and Fund Balance		
Liabilities	\$ -	\$ -
Fund Balance		
Restricted	297,348	250,224
Total Liabilities and Fund Balance	\$ 297,348	\$ 250,224

KELLOGGSVILLE PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Local sources:		
Revenue from student activities	<u>\$ 186,848</u>	<u>\$ 145,985</u>
Expenditures		
Current:		
Other student/school activity	<u>139,724</u>	<u>164,504</u>
Net Change in Fund Balances	47,124	(18,519)
Fund Balances, Beginning of Year	<u>250,224</u>	<u>268,743</u>
Fund Balances, End of Year	<u><u>\$ 297,348</u></u>	<u><u>\$ 250,224</u></u>

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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, 2023

	2015	2019	2021 Refunding
Assets			
Cash equivalents	\$ 61,781	\$ 245,153	\$ 67,591
Liabilities and Fund Balances			
Liabilities	\$ -	\$ -	\$ -
Fund Balances			
Restricted	61,781	245,153	67,591
Total Liabilities and Fund Balances	\$ 61,781	\$ 245,153	\$ 67,591

2022	Totals	
	2023	2022
\$ 64,461	\$ 438,986	\$ 538,827
\$ -	\$ -	\$ -
64,461	438,986	538,827
\$ 64,461	\$ 438,986	\$ 538,827

KELLOGGSVILLE PUBLIC SCHOOLS
Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2023

	2015	2019	2021 Refunding
Revenues			
Local sources:			
Property taxes:			
Current property taxes	\$ 794,406	\$ 1,109,756	\$ 782,176
Industrial facilities taxes	6,835	9,761	6,746
Delinquent and other property taxes	335	470	319
Interest on delinquent taxes	697	909	678
Other	-	-	-
	<u>802,273</u>	<u>1,120,896</u>	<u>789,919</u>
Interest earnings:			
Interest on deposits and investments	3,378	4,820	3,337
	<u>805,651</u>	<u>1,125,716</u>	<u>793,256</u>
State sources	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>805,651</u>	<u>1,125,716</u>	<u>793,256</u>
Expenditures			
Supporting services:			
Other business services:			
Bond premium insurance	-	-	-
Debt service:			
Principal repayment	710,000	450,000	160,000
Interest and fiscal charges:			
Interest expense	111,750	723,550	651,053
Paying agent fees	500	501	500
Bond issuance costs	-	-	-
Underwriter's discount	-	-	-
	<u>822,250</u>	<u>1,174,051</u>	<u>811,553</u>
Total Expenditures	<u>822,250</u>	<u>1,174,051</u>	<u>811,553</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,599)</u>	<u>(48,335)</u>	<u>(18,297)</u>
Other Financing Sources (Uses)			
Proceeds from refinancing debt	-	-	-
Transfers in	-	-	-
Payments to escrow agent	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(16,599)	(48,335)	(18,297)
Fund Balances, Beginning of Year	<u>78,380</u>	<u>293,488</u>	<u>85,888</u>
Fund Balances, End of Year	<u>\$ 61,781</u>	<u>\$ 245,153</u>	<u>\$ 67,591</u>

2022	Totals	
	2023	2022
\$ 421,648	\$ 3,107,986	\$ 2,918,824
3,686	27,028	30,120
31	1,155	7,259
321	2,605	3,758
-	-	163
<u>425,686</u>	<u>3,138,774</u>	<u>2,960,124</u>
1,816	13,351	3,614
<u>427,502</u>	<u>3,152,125</u>	<u>2,963,738</u>
-	-	19,055
<u>427,502</u>	<u>3,152,125</u>	<u>2,982,793</u>
-	-	58,430
-	1,320,000	1,680,000
443,112	1,929,465	1,350,252
1,000	2,501	1,499
-	-	135,345
-	-	105,863
<u>444,112</u>	<u>3,251,966</u>	<u>3,331,389</u>
<u>(16,610)</u>	<u>(99,841)</u>	<u>(348,596)</u>
-	-	28,230,000
-	-	231,814
-	-	<u>(28,271,609)</u>
-	-	190,205
<u>(16,610)</u>	<u>(99,841)</u>	<u>(158,391)</u>
<u>81,071</u>	<u>538,827</u>	<u>697,218</u>
<u>\$ 64,461</u>	<u>\$ 438,986</u>	<u>\$ 538,827</u>

CAPITAL PROJECTS FUNDS

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

2022 Financed Purchases Capital Projects Fund – to account for funds allocated for building improvements under installment purchase agreements.

2022 Construction – to account for bond proceeds to finance building improvements.

KELLOGGSVILLE PUBLIC SCHOOLS
Building and Site Sinking Capital Projects Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash equivalents	\$ 264,720	\$ 209,452
Due from other funds	-	56,962
	Total Assets	Total Assets
	\$ 264,720	\$ 266,414
Liabilities and Fund Balance		
Liabilities	\$ -	\$ -
Fund Balance		
Restricted	264,720	266,414
	Total Liabilities and Fund Balance	Total Liabilities and Fund Balance
	\$ 264,720	\$ 266,414

KELLOGGSVILLE PUBLIC SCHOOLS
Building and Site Sinking Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 421,474	\$ 482,066
Industrial facilities taxes	3,664	4,087
Interest on delinquent taxes	242	378
	<u>425,380</u>	<u>486,531</u>
Total Revenues		
Expenditures		
Supporting services:		
Support services business:		
Fiscal services	-	57
Capital outlay:		
Building improvements	427,074	260,518
	<u>427,074</u>	<u>260,575</u>
Total Expenditures		
	<u>427,074</u>	<u>260,575</u>
Net Change in Fund Balances	(1,694)	225,956
Fund Balances, Beginning of Year	<u>266,414</u>	<u>40,458</u>
Fund Balances, End of Year	<u>\$ 264,720</u>	<u>\$ 266,414</u>

KELLOGGSVILLE PUBLIC SCHOOLS
2022 Financed Purchases Capital Projects Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash equivalents	\$ -	\$ 705,268
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ -	\$ 392,593
Fund Balance		
Restricted	-	312,675
Total Liabilities and Fund Balance	\$ -	\$ 705,268

KELLOGGSVILLE PUBLIC SCHOOLS
2022 Installment Purchase Agreement Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>
Expenditures		
Supporting services:		
Support services business:		
Fiscal services	-	10
Capital outlay:		
Building improvements	<u>312,675</u>	<u>1,775,075</u>
Total Expenditures	<u>312,675</u>	<u>1,775,085</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(312,675)</u>	<u>(1,775,085)</u>
Other Financing Sources (Uses)		
Proceeds from financed purchases	<u>-</u>	<u>2,087,760</u>
Net Change in Fund Balances	<u>(312,675)</u>	<u>312,675</u>
Fund Balances, Beginning of Year	<u>312,675</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 312,675</u></u>

KELLOGGSVILLE PUBLIC SCHOOLS
2022 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash equivalents and investments	\$ 7,763,899	\$ 10,163,470
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 555,721	\$ 204,319
Due to other funds	-	8,288
Total Liabilities	555,721	212,607
Fund Balance		
Restricted	7,208,178	9,950,863
Total Liabilities and Fund Balance	\$ 7,763,899	\$ 10,163,470

KELLOGGSVILLE PUBLIC SCHOOLS
2022 Construction Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Interest earnings:		
Interest on investments	\$ 311,589	\$ 2,988
Expenditures		
Supporting services:		
Pupil transportation services:		
Pupil transportation:		
New buses	-	201,942
Capital outlay:		
Architect fees	280,912	264,224
Construction manager fees	85,118	10,692
Building improvements	2,516,477	726,548
Other facilities acquisition	171,767	67,145
Debt service:		
Bond issuance costs	-	105,562
Underwriter's discount	-	42,479
Total Expenditures	<u>3,054,274</u>	<u>1,418,592</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,742,685)</u>	<u>(1,415,604)</u>
Other Financing Sources (Uses)		
Proceeds from issuance of bonds	-	9,995,000
Bond premium	-	1,452,524
Transfers in	-	14
Transfers out	-	(81,071)
Total Other Financing Sources (Uses)	<u>-</u>	<u>11,366,467</u>
Net Change in Fund Balances	(2,742,685)	9,950,863
Fund Balances, Beginning of Year	<u>9,950,863</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 7,208,178</u>	<u>\$ 9,950,863</u>