FENNVILLE PUBLIC SCHOOLS

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

YEAR ENDED JUNE 30, 2021

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT 1-3

MANAGEMENT'S DISCUSSION AND ANALYSIS 4-12

BASIC FINANCIAL STATEMENTS 13

Government-wide Financial Statements
Statement of Net Position 14
Statement of Activities 15

Fund Financial Statements
Balance Sheet - Governmental Funds 16-17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 18-19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 20

Notes to Financial Statements 21-48

REQUIRED SUPPLEMENTARY INFORMATION 49

Budgetary Comparison Schedule - General Fund 50

Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability 51
Schedule of the Reporting Unit's Pension Contributions 52

Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability 53
Schedule of the Reporting Unit's OPEB Contributions 54

Notes to Required Supplementary Information 55

ADDITIONAL SUPPLEMENTARY INFORMATION 56

Nonmajor Governmental Fund Types
Combining Balance Sheet 57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 58

Long-Term Debt
Bonded Debt 59-62

Schedule of Expenditures of Federal Awards 63-65

Notes to Schedule of Expenditures of Federal Awards 66

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 67-68

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE 69-70

Schedule of Findings and Questioned Costs 71-72

Corrective Action Plan 73

Schedule of Prior Year Audit Findings 74

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Fennville Public Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fennville Public Schools' basic financial statements. The additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary 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 additional supplementary 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 7, 2021 on our consideration of Fennville 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 Fennville 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 Fennville Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

September 7, 2021

Fennville Public Schools, a K-12 school district located in Allegan County, Michigan.

FINANCIAL HIGHLIGHTS

Below is a table showing the fund balances for the past ten years.

Date	General Fund Fund Balance	Change
June 30, 2012	$ 2,773,951	$ 970,841
June 30, 2013	3,017,763	243,812
June 30, 2014	3,267,248	249,485
June 30, 2015	2,911,963	(355,285)
June 30, 2016	2,750,328	(161,635)
June 30, 2017	2,590,921	(159,407)
June 30, 2018	2,536,548	(54,373)
June 30, 2019	2,446,278	(90,270)
June 30, 2020	2,526,754	73,376
June 30, 2021	3,173,683	646,929

* The 2019 fund balance figure has not been updated for the adoption of GASB 84.

In 2020-21 the total general fund revenues were approximately $15.77 million dollars with expenditures of approximately $15.20 million dollars. In 2019-20 the total general fund revenues exceeded $14.09 million dollars with expenditures approximately $14.08 million dollars. General fund revenues increased from the 2019-20 school year due to an increase in revenues from state and federal sources as well as an increasing in funding from the intermediate school district. General fund expenditures increased compared to the previous year due to an increase in spending on instruction and supporting services with the additional state and federal funds received. The State Legislature also allocated additional funds to school districts to put more funds into the school employee pension plan to address the underfunded balance of the retirement fund which also increased expenses and revenues.

The District continues to participate in short-term borrowing and borrowed $1,250,000 dollars during the year that was repaid in April 2021. The reliance on short-term borrowings to finance operations during the school year, especially until the first State Aid payment in October and the receipt of property taxes beginning in December will require state aid borrowing in 2021-22, with approximately $900,000 being projected to be borrowed to meet cash flow needs.

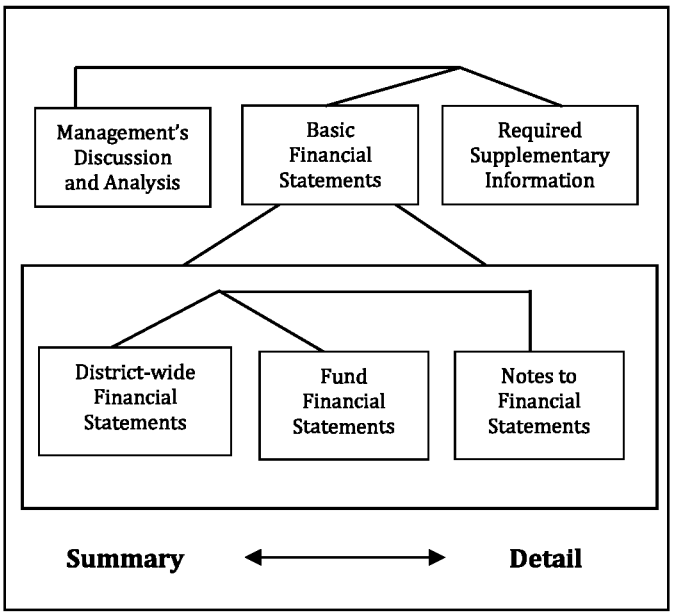
The food service fund finished the fiscal year with an increase in fund balance of approximately $479,000 largely due to an increase in federal revenues to reimburse the District for the seamless summer option meals provided to community students for the entire fiscal year. Food service finished the year with a fund balance of approximately $738,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements 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.
- The *governmental funds* statements tell how *basic* services like general education and supporting services were financed in the *short-term* as well as what remains for future spending.

Figure A-1
Organization of Fennville Public Schools' Annual Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year as well as required schedules related to the net pension and net OPEB liabilities. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2
Major Features of District-wide and Fund Financial Statements

Category	District-wide Statements	Governmental Funds
Scope	* Entire District	* The activities of the District that are not proprietary or fiduciary, such as general education and building maintenance.
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	* Accrual accounting and economic resources focus	* Modified accrual accounting and current financial resources focus
Type of asset/ liability information	* All assets and liabilities, both financial and capital, short-term and long-term	* Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/ outflow information	* All revenues and expenses during year, regardless of when cash is received or paid	* Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE FINANCIAL STATEMENTS

All of the District's assets, deferred outflows of resources, deferred inflows of resources, liabilities, and classifications of net position are reported in the District-wide financial statements and are on a full accrual basis that is similar to those used by private-sector companies. For example, capital assets and long-term obligations of the District are reported in the statement of net position of the District-wide financial statements. The difference between the District's assets, deferred outflows of resources, deferred inflows of resources and liabilities (net position) are one way to measure the District's financial position. However, you need to consider other non-financial factors such as changes in the District's property tax base and the condition and age of the school buildings and other facilities.

The current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. Most of the District's basic services are included here, such as regular education, maintenance, transportation, and administration. These activities are financed through the state foundation grant, property taxes, and various federal and state programs.

The District's combined net position at the beginning of the fiscal year was ($16,436,314) and on June 30, 2021 it is ($16,160,283) which represents an increase of $276,031 as recorded in the statement of activities.

FUND FINANCIAL STATEMENTS

The fund financial statements are reported on a modified accrual basis and consist of governmental funds. Governmental funds include most of the District's basic services 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 on future District programs. Some of these funds are established by State law and by bond restrictions while others can be established for the District to control and manage money for a particular purpose such as food service, community recreation, and student/school activities.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - The District's combined net deficit decreased as of June 30, 2021.

Table A-3
Fennville Public Schools' Net Position

	2021	2020
Current assets	$ 8,704,580	$ 19,776,086
Capital assets	42,500,887	31,749,455
Total assets	51,205,467	51,525,541
Deferred outflows of resources	8,819,983	10,558,537
Long-term debt outstanding	39,823,911	41,040,833
Net pension liability	25,609,962	24,844,132
Net other postemployment benefits liability	3,977,121	5,430,848
Other liabilities	2,555,566	3,345,092
Total liabilities	71,966,560	74,660,905
Deferred inflows of resources	4,219,173	3,859,487
Net position		
Net investment in capital assets	4,479,275	4,185,013
Restricted for debt service	710,685	795,254
Restricted for capital projects (sinking fund)	636,995	483,988
Unrestricted	(21,987,238)	(21,900,569)
Total net position	$ (16,160,283)	$ (16,436,314)

Table A-4
Changes in Fennville Public Schools' Net Position

	2021	2020
Revenues		
Program revenues		
Charges for services	$ 96,528	$ 159,944
Operating grants and contributions	5,736,531	4,387,808
General revenues		
Property taxes	5,682,860	5,389,975
Investment earnings	38,316	415,714
State sources	7,770,749	7,483,773
Intermediate sources	1,137,448	630,980
Gain on sale of capital assets	12,708	3,001
Other	163,131	168,263
Total revenues	20,638,271	18,639,458
Expenses		
Instruction	10,483,145	10,424,687
Support services	6,613,954	5,902,743
Community services	254,262	182,570
Student / school activities	210,641	209,286
Food services	1,343,819	1,197,734
Interest on long-term debt	1,456,419	1,585,350
Total expenses	20,362,240	19,502,370
Change in net position	$ 276,031	$ (862,912)

STATE OF MICHIGAN UNRESTRICTED AID (State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

a. The Michigan State Aid Act per student foundation allowance which was established under Proposal A has increased from $4,754 per student in 1995 to $8,111 per student in 2020-21. The per student State foundation allowance remained unchanged in the current year when compared to 2019-20. The current year remaining unchanged followed the previous year increase in foundation allowance paid to the districts from $7,871 in 2018-19 to $8,111 in 2019-20.

b. The District's non-homestead levy for 2020-21 was 18.0000 mills which the voters approved in August of 2020.

Student Enrollment

Student enrollment remained relatively consistent, decreasing from 1,299 in 2019-20 to 1,297 in 2020-21. For the 2021-22 school year it is hopeful that enrollment will remain the same as 2020-21. For conservative budgeting purposes, the 2021-22 budget projects a decrease in enrollment of 30 students.

GOVERNMENTAL FUNDS

Results of Operations

For the fiscal years ended June 30, 2021 and 2020, the total fund-level results of operations were:

	2021	2020
REVENUES		
Local sources		
Property taxes	$ 5,682,860	$ 5,389,975
Investment earnings	38,316	415,714
Food sales, athletics, tuition, student/ school activities, and transportation	216,864	283,278
Other	224,535	220,594
Total local sources	6,162,575	6,309,561
State sources	10,300,850	9,991,430
Federal sources	3,159,397	1,719,575
Intermediate sources	1,137,448	630,980
TOTAL REVENUES	$ 20,760,270	$ 18,651,546
EXPENDITURES		
Current		
Instruction	$ 9,094,184	$ 8,655,028
Supporting services	6,078,261	5,298,159
Food service activities	1,266,908	1,138,576
Student/school activities	210,641	209,286
Community service activities	151,232	73,369
Debt service		
Principal	997,000	974,577
Interest expense	1,480,884	1,619,753
Payment to refunded bond escrow agent	195,000	-
Other	11,729,462	9,176,531
TOTAL EXPENDITURES	$ 31,203,572	$ 27,145,279

The following summarizes the revenues and expenses by comparing fiscal year 2021 to 2020 as shown in the above table.

- State sources increased despite the foundation allowance remaining in the same in the current year due to the previous year 11d shortfall of $175 per pupil which came in August 2020.

- Federal sources increased due to increases in the Child Nutrition Cluster funding for reimbursement of the seamless summer option meals provided to community students as well as the new Coronavirus Relief Funds that were used for expenditures in response to the COVID-19 pandemic.

- Expenses increased from $27.1 million in 2020 to $31.2 million in the current year, an increase of $4,058,293. The increase in expenditures was due to an increase in capital outlay expenditures in the 2018 building and site fund with the current year activity on the bond projects and an increase in spending in the general fund on instruction and supporting service mainly in response to the pandemic and offering both in-person and virtual options for community students.

The Fennville Public School District voters approved the 18-mill renewal in August 2020. The State of Michigan allows each school district to levy 18 mills on Non-PRE property, formally known as non-homestead property, and the foundation grant is calculated after the 18 mills. The approval of this renewal resulted in over $2.76 million in revenue for the District in fiscal year 2020-21.

Following is a table showing the past ten years of property taxes collected on Non-PRE property, formerly known non-homestead property.

Fiscal Year	Levy	Mills
2020 - 2021	$ 2,764,912	18.0000
2019 - 2020	2,752,326	18.0000
2018 - 2019	2,648,310	18.0000
2017 - 2018	2,533,700	18.0000
2016 - 2017	2,457,607	18.0000
2015 - 2016	2,400,365	18.0000
2014 - 2015	2,336,483	18.0000
2013 - 2014	2,337,769	18.0000
2012 - 2013	2,324,439	18.0000
2011 - 2012	2,344,947	18.0000

GENERAL FUND AND BUDGET HIGHLIGHTS

Original vs. Final Budget

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The original 2020-21 budget was approved in June 2020.

The 2020-21 budget was revised two times throughout the fiscal year, with the final revision approved in June 2021. The final budget revision anticipated higher revenues and higher expenses than was expected in June 2020 when the original budget was approved. The increase in budgeted revenues and expenditures was due to significantly more favorable funding received during the current year than was original anticipated at the time that the original budget was approved in June of 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021, the District had invested $59.6 million in a broad range of capital assets.

Table A-5
Fennville Public Schools' Capital Assets

	2021			2020
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 337,337	$ -	$ 337,337	$ 337,337
Construction in progress	4,516,708	-	4,516,708	5,578,739
Buildings and additions	48,192,822	12,856,123	35,336,699	23,907,989
Land improvements	1,816,030	1,291,218	524,812	615,614
Computer and office equipment	2,890,784	2,050,260	840,524	517,819
Outdoor equipment	771,487	400,970	370,517	224,772
Transportation equipment	1,121,378	547,088	574,290	567,185
Total	$ 59,646,546	$ 17,145,659	$ 42,500,887	$ 31,749,455

LONG-TERM DEBT

The 2004 construction and remodeling bond was approved by the voters on June 14, 2004 in the amount of $25,760,000. The bond debt was refinanced in 2007 and again in the summer of 2012 which reduced the debt obligations of the taxpayers. During 2016-17, the 2007 refinancing was refunded again which further reduced the debt obligation to the taxpayers. On December 18, 2017, the board of education approved the issuance $21,935,000 in building and site bonds to help fund facility and site upgrades. This issuance was approved by the voters on November 7, 2017. During 2020-21, the 2012 refunding bonds were refinanced resulting, yet again, in a reduction to the District's debt service obligations. The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. See Note 6 for more information.

Table A-6
Fennville Public Schools
Outstanding Long-Term Debt

	2021	2020
General obligation bonds - net	$ 39,768,757	$ 40,981,701
Compensated absences	55,154	52,132
Notes from direct borrowings and direct placements	-	7,000
	$ 39,823,911	$ 41,040,833

FACTORS BEARING ON THE DISTRICT'S FUTURE

There are several factors that could significantly affect the financial health of the District in the future.

- Fennville Public School has a new transportation contract that changes the pay scale model from a flat hourly rate for all non-probationary drivers to an hourly pay rate scale based on years of service. The hope was moving to a more robust hourly pay rate scale by rolling in driver longevity will help current drivers that drive longer routes and to recruit drivers with a higher starting wage. During 2020-21, Fennville experienced a shortage in drivers due to turnover, a lack of applicants wanting to drive school busses, and the COVID pandemic. This driver shortage is not felt in just Fennville but in many other districts throughout the state. Moving to the new pay scale structure has helped align Fennville Public Schools to a similar pay scale other school districts use and will be less confusing in recruiting new drivers.

- Fennville Public Schools will continue to address the COVID pandemic in the 2021-22 school year. The State has provided additional federal funds to the school, but all of those restricted funds are for costs associated with COVID related items (address learning loss, summer school, remote learning, educational technology, cleaning supplies, masks, proper air handling, etc.) and should not be used for other general purchases. It is hopeful that the student enrollment will not be drastically different than 2020-21. We provided multiple learning options to students last year as an emergency response to the pandemic so we anticipate that most of our students will return.

- Fennville will be receiving an increase of $589 in per pupil state aid for the 2021-22 school year. This increase will finally eliminate the equity gap in state aid funding for school districts. This increase has helped us to re-align the bottom of our teacher's pay scale, along with the pay scale minimums for our support staff to a more competitive wage. This will help us to retain the staff that we currently have and allow us to recruit new employees. This is especially important with our teacher recruiting because the pool of new teachers is shrinking at a rapid pace and it is getting more difficult to attract new teachers.

- The construction projects started during the 2018-19 school year with the middle school roof and phone system upgrades being completed. The new bus garage project was completed in 2019-20, along with most of the extensive renovations to the high school building, the community athletic center entryway, and the high school parking lot. Some of the 2020-21 school year projects were delayed due to the COVID-19 pandemic but we were able to finish the above-mentioned projects, along with the football field, stands, and press box by the end of the school year. The remaining bond projects will be finished in the 2021-22 school year, this includes a reconfigured secured entryway for the elementary school,

- In the 2018-19 school year, Fennville was approved by the state for the community eligibility provision for food service which makes the district 100% free lunch. This helped the food service program funding in that families will no longer need to file applications for free or reduced lunches for their children but made it more difficult to obtain household income information, which could have a potential impact on federal funding. The district continues to request household income surveys be completed by families by doing mass mailings and reminders on the district communications systems so that the district continues to receive federal funds at the same or higher levels than in the past.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the revenues it receives. If you have any questions about this report or need any additional information, please contact Business Services Office, Fennville Public Schools, Fennville, Michigan 49408, phone 269-722-3350.

BASIC FINANCIAL STATEMENTS

FENNVILLE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 4,375,952
Investments	23,878
Receivables	
Accounts receivable	42,191
Intergovernmental	2,571,926
Inventories	99,667
Prepaids	51,569
Restricted cash and cash equivalents - 2018 Building and Site fund	266,778
Restricted investments - 2018 Building and Site fund	1,272,619
Capital assets not being depreciated	4,854,045
Capital assets, net of accumulated depreciation	37,646,842
TOTAL ASSETS	51,205,467
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,018,629
Related to pensions	5,758,331
Related to other postemployment benefits	2,043,023
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,819,983
LIABILITIES	
Payables	
Accounts payable	73,435
Construction and retainage payable	810,881
Accrued interest	228,034
Accrued salaries and related items	844,490
Accrued retirement	462,000
Unearned revenue	136,726
Noncurrent liabilities	
Due within one year	1,239,596
Due in more than one year	38,584,315
Net pension liability	25,609,962
Net other postemployment benefits liability	3,977,121
TOTAL LIABILITIES	71,966,560
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	181,759
Related to other postemployment benefits	3,068,635
Related to state aid funding for pension	968,779
TOTAL DEFERRED INFLOWS OF RESOURCES	4,219,173
NET POSITION	
Net investment in capital assets	4,479,275
Restricted for debt service	710,685
Restricted for capital projects (sinking fund)	636,995
Unrestricted	(21,987,238)
TOTAL NET POSITION	$ (16,160,283)

See notes to financial statements.

FENNVILLE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 10,483,145	$ -	$ 1,522,817	$ (8,960,328)
Support services	6,613,954	32,288	2,268,606	(4,313,060)
Community services	254,262	-	15,954	(238,308)
Food services	1,343,819	64,240	1,747,414	467,835
Student / school activities	210,641	-	181,740	(28,901)
Interest on long-term debt	1,456,419	-	-	(1,456,419)
Total governmental activities	$ 20,362,240	$ 96,528	$ 5,736,531	(14,529,181)
General revenues				
Property taxes, levied for general purposes				2,746,900
Property taxes, levied for debt service				2,531,244
Property taxes, levied for capital projects (sinking fund)				200,640
Property taxes, levied for community recreation				204,076
Investment earnings				38,316
State sources				7,770,749
Intermediate sources				1,137,448
Gain on sale of capital assets				12,708
Other				163,131
Total general revenues				14,805,212
CHANGE IN NET POSITION				276,031
NET POSITION, beginning of year				(16,436,314)
NET POSITION, end of year				$ (16,160,283)

See notes to financial statements.

FENNVILLE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	2018 Building and Site Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,091,060	$ -	$ 940,512	$ 1,344,380	$ 4,375,952
Investments	23,878	-	-	-	23,878
Receivables					
Accounts receivable	41,345	-	-	846	42,191
Intergovernmental	2,151,489	-	-	420,437	2,571,926
Due from other funds	209,511	-	-	1,793	211,304
Inventories	86,497	-	-	13,170	99,667
Prepaids	51,569	-	-	-	51,569
Restricted cash and cash equivalents	-	266,778	-	-	266,778
Restricted investments	-	1,272,619	-	-	1,272,619
TOTAL ASSETS	$ 4,655,349	$ 1,539,397	$ 940,512	$ 1,780,626	$ 8,915,884
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 58,313	$ -	$ -	$ 15,122	$ 73,435
Construction and retainage payable	-	810,881	-	-	810,881
Due to other funds	-	-	1,793	209,511	211,304
Accrued salaries and related items	844,490	-	-	-	844,490
Accrued retirement	452,649	-	-	9,351	462,000
Unearned revenue	126,214	-	-	10,512	136,726
TOTAL LIABILITIES	1,481,666	810,881	1,793	244,496	2,538,836
FUND BALANCES					
Nonspendable					
Inventories	86,497	-	-	13,170	99,667
Prepaids	51,569	-	-	-	51,569

See notes to financial statements.

	General Fund	2018 Building and Site Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES (continued)					
Restricted for:					
Debt service	$ -	$ -	$ 938,719	$ -	$ 938,719
Food service	-	-	-	725,288	725,288
Community recreation	-	-	-	76,939	76,939
Capital projects (2018 building and site)	-	728,516	-	-	728,516
Capital projects (sinking fund)	-	-	-	636,995	636,995
Committed for student/school activities	-	-	-	83,738	83,738
Assigned for subsequent years' expenditures	281,654	-	-	-	281,654
Unassigned	2,753,963	-	-	-	2,753,963
TOTAL FUND BALANCES	3,173,683	728,516	938,719	1,536,130	6,377,048
TOTAL LIABILITIES AND FUND BALANCES	$ 4,655,349	$ 1,539,397	$ 940,512	$ 1,780,626	$ 8,915,884

Total governmental fund balances		$ 6,377,048
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - deferred changes on refunding		1,018,629
Deferred outflows of resources - related to pensions		5,758,331
Deferred inflows of resources - related to pensions		(181,759)
Deferred outflows of resources - related to other postemployment benefits		2,043,023
Deferred inflows of resources - related to other postemployment benefits		(3,068,635)
Deferred inflows of resources - related to state aid funding for pensions		(968,779)
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
The cost of the capital assets is	$ 59,646,546	
Accumulated depreciation is	(17,145,659)	
		42,500,887
Long-term liabilities are not due and payable in the current period and are not reported in the funds		
General obligation bonds		(39,768,757)
Compensated absences		(55,154)
Accrued interest		(228,034)
Net pension liability		(25,609,962)
Net other postemployment benefits liability		(3,977,121)
Net position of governmental activities		$ (16,160,283)

See notes to financial statements.

FENNVILLE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	2018 Building and Site Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	$ 2,746,900	$ -	$ 2,531,244	$ 404,716	$ 5,682,860
Investment earnings	653	36,777	365	521	38,316
Food sales	-	-	-	3,819	3,819
Athletics	13,448	-	-	-	13,448
Transportation	17,857	-	-	-	17,857
Student/school activities	-	-	-	181,740	181,740
Other	164,069	-	-	60,466	224,535
Total local sources	2,942,927	36,777	2,531,609	651,262	6,162,575
State sources	10,178,287	-	13,598	108,965	10,300,850
Federal sources	1,515,828	-	-	1,643,569	3,159,397
Intermediate school districts	1,137,448	-	-	-	1,137,448
TOTAL REVENUES	15,774,490	36,777	2,545,207	2,403,796	20,760,270
EXPENDITURES					
Current					
Instruction	9,094,184	-	-	-	9,094,184
Supporting services	6,078,261	-	-	-	6,078,261
Food service activities	-	-	-	1,266,908	1,266,908
Student / school activities	-	-	-	210,641	210,641
Community service activities	20,824	-	-	130,408	151,232

See notes to financial statements.

	General Fund	2018 Building and Site Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)					
Capital outlay	$ -	$ 11,561,048	$ -	$ 53,512	$ 11,614,560
Debt service					
Principal repayment	7,000	-	990,000	-	997,000
Interest	-	-	1,480,884	-	1,480,884
Payment to refunded bond escrow agent	-	-	195,000	-	195,000
Bond issuance cost	-	-	111,208	-	111,208
Other	-	750	1,298	1,646	3,694
TOTAL EXPENDITURES	15,200,269	11,561,798	2,778,390	1,663,115	31,203,572
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	574,221	(11,525,021)	(233,183)	740,681	(10,443,302)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	12,708	-	-	-	12,708
Transfers in	60,000	-	-	-	60,000
Transfers out	-	-	-	(60,000)	(60,000)
Bond proceeds	-	-	7,800,000	-	7,800,000
Payment to refunded bond escrow agent	-	-	(7,687,510)	-	(7,687,510)
TOTAL OTHER FINANCING SOURCES (USES)	72,708	-	112,490	(60,000)	125,198
NET CHANGE IN FUND BALANCES	646,929	(11,525,021)	(120,693)	680,681	(10,318,104)
FUND BALANCES					
Beginning of year	2,526,754	12,253,537	1,059,412	855,449	16,695,152
End of year	$ 3,173,683	$ 728,516	$ 938,719	$ 1,536,130	$ 6,377,048

See notes to financial statements.

FENNVILLE PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances Total Governmental Funds	$ (10,318,104)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	(1,215,655)
Capital outlay	11,967,087
Proceeds on sale of capital assets	(12,708)
Gain (loss) on disposal of capital assets, net	12,708
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid	
Accrued interest payable, beginning of the year	264,158
Accrued interest payable, end of the year	(228,034)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Proceeds from bonded debt	(7,800,000)
Payments to refunded bond escrow agent	7,882,510
Payments on bonded debt	990,000
Payments on notes from direct borrowings and direct placement	7,000
Amortization of deferred charges on refunding	(108,589)
Amortization of bond premium	96,930
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds	
Accrued compensated absences, beginning of the year	52,132
Accrued compensated absences, end of the year	(55,154)
Some revenues and expenses reported in the statement of activities do not require the the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Pension related items	(1,748,896)
Other postemployment benefits related items	625,353
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147c pension contributions subsequent to the measurement period	
State aid funding for pension, beginning of the year	834,072
State aid funding for pension, end of the year	(968,779)
Change in net position of governmental activities	$ 276,031

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities, if any, are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

Reporting Entity

The Fennville Public Schools (the "District") is governed by the Fennville Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *major governmental funds*:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2018 Building and Site Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The 2018 Building and Site Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Revised School Code. The bonds were considered substantively completed as of June 30, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the 2018 building and site fund activity:

Revenues and other financing sources	$ 24,753,981
Expenditures and other financing uses	$ 24,025,465

The above revenue and other financing sources figure does include the total 2018 bond proceeds and premium of $23,679,270.

The D*ebt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other Nonmajor Funds

The S*pecial Revenue Funds* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, community recreation, and student/school activities in the special revenue funds.

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

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

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

Measurement Focus and Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The budget was amended twice during the year. The final budget was approved prior to the June 30, 2021 year-end with more than originally expected revenues and appropriations due to previous uncertainty in state and federal funding when the original budget was adopted. Although the district does consider these amendments to be significant, they were deemed necessary due to considerable uncertainty at the time the original budget was adopted.

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

Cash and Cash Equivalents

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers' acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

Capital assets, which include land, construction in progress, building and additions, land improvements, computer and office equipment, outdoor equipment, and transportation equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress, if any, are not depreciated. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Building and Additions	20 - 50 years
Land Improvements	5 - 20 years
Computer and Office Equipment	5 - 10 years
Outdoor Equipment	5 - 20 years
Transportation Equipment	10 years

Defined Benefit Plans

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

Deferred Outflows

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund balance Flow Assumptions

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

Fund Balance Policies

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the general fund, the goal of the District shall be to maintain a minimum unassigned fund balance of no less than 15% of the preceding year's expenditures.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2021, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General Fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property (CPP)	6.0000
Debt Service Fund	
PRE, Industrial Personal Property, Non-PRE, CPP	6.2000
Community Recreation Fund	
PRE, Industrial Personal Property, Non-PRE, CPP	0.5000
Capital Projects Sinking Fund	
PRE, Industrial Personal Property, Non-PRE, CPP	0.4912

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee leaves, resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2021 the District had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, $4,099,069 of the District's bank balance of $5,036,077 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $4,642,730.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (Years)
MILAF External Investment pool - CMC	$ 2,699	N/A
MILAF External Investment pool - MAX	21,179	N/A
Federated Government Obligations	1,272,619	0.0027
Total fair value	$ 1,296,497	
Portfolio weighted average maturity		0.0027

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment pool - CMC	$ 2,699	AAAm	Standard & Poor's
MILAF External Investment pool - MAX	21,179	AAAm	Standard & Poor's
Federated Government Obligations	1,272,619	AAAm	Standard & Poor's
Total	$ 1,296,497		

Foreign Currency Risk

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

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

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

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	Level 1	Level 2	Level 3	Balance at June 30, 2021
Investments by fair value level				
Federated Government Obligations	$ -	$ 1,272,619	$ -	$ 1,272,619

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment pool - CMC	$ 2,699
MILAF External Investment pool - MAX	21,179
	$ 23,878

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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

The following summarizes the categorization of these amounts as of June 30, 2021:

	Primary Government
Cash and cash equivalents	$ 4,375,952
Investments	23,878
Restricted cash and cash equivalents - 2018 Building and Site Fund	266,778
Restricted investments - 2018 Building and Site Fund	1,272,619
	$ 5,939,227

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2021 consist of the following:

	Government-wide
State aid	$ 1,900,443
Federal revenue	648,388
Other	23,095
	$ 2,571,926

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2020	Additions/ Reclassification	Deletions/ Reclassification	Balance June 30, 2021
Assets not being depreciated				
Land	$ 337,337	$ -	$ -	$ 337,337
Construction in progress	5,578,739	4,516,708	5,578,739	4,516,708
Total assets not being depreciated	5,916,076	4,516,708	5,578,739	4,854,045
Capital assets being depreciated				
Building and additions	35,991,921	12,261,816	60,915	48,192,822
Land improvements	1,816,030	-	-	1,816,030
Computer and office equipment	2,870,414	474,431	454,061	2,890,784
Outdoor equipment	713,613	191,172	133,298	771,487
Transportation equipment	1,313,678	101,699	293,999	1,121,378
Subtotal	42,705,656	13,029,118	942,273	54,792,501
Accumulated depreciation				
Building and additions	12,083,932	833,106	60,915	12,856,123
Land improvements	1,200,416	90,802	-	1,291,218
Computer and office equipment	2,352,595	151,726	454,061	2,050,260
Outdoor equipment	488,841	45,427	133,298	400,970
Transportation equipment	746,493	94,594	293,999	547,088
Total accumulated depreciation	16,872,277	1,215,655	942,273	17,145,659
Net capital assets being depreciated	25,833,379	11,813,463	-	37,646,842
Net governmental capital assets	$ 31,749,455	$ 16,330,171	$ 5,578,739	$ 42,500,887

Depreciation for the fiscal year ended June 30, 2021 amounted to $1,215,655. The District allocated depreciation to the various activities as follows:

Instruction	$ 645,861
Support services	462,923
Community services	91,738
Food service	15,133
	$ 1,215,655

NOTE 5 - NOTE PAYABLE

In September 2020, the District issued a note payable in the amount of $1,250,000 which had an interest rate of 0.74% and was paid off in April 2021. Proceeds of the note were used to fund school operations. The note was secured by the full faith and credit of the District as well as pledged state aid. In the event of the unavailability or insufficiency of state school aid for any reason, this note is payable from tax levies within the District's constitutional and statutory limitations or from unencumbered funds of the District. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable. Activity for the year ended June 30, 2021 is as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
$ -	$ 1,250,000	$ 1,250,000	$ -

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2021:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences	Total
Balance July 1, 2020	$ 40,981,701	$ 7,000	$ 52,132	$ 41,040,833
Additions	7,800,000	-	3,022	7,803,022
Deletions	(9,012,944)	(7,000)	-	(9,019,944)
Balance June 30, 2021	39,768,757	-	55,154	39,823,911
Due within one year	(1,235,000)	-	(4,596)	(1,239,596)
Due in more than one year	$ 38,533,757	$ -	$ 50,558	$ 38,584,315

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2021 are comprised of the following issues:

General Obligation Bonds	
2018 Building and Site bonds due in annual installments of $130,000 to $1,620,000 through May 1, 2047, with interest ranging from 2.25% to 5.00%.	$ 21,780,000
2017 Serial bonds due in annual installments of $35,000 to $1,540,000 through May 1, 2034, with an interest rate of 4.00%.	7,230,000
2012 Serial bonds due in an annual installment of $930,000 through May 2022, with an interest rate of 3.00%.	930,000
2020 Refunding bonds due in annual installments of $175,000 to $1,200,000 through May 1, 2029, with interest ranging from 0.400% to 1.796%.	7,800,000
Plus issuance premium	2,028,757
Total general obligation bonds	39,768,757
Compensated absences	55,154
Total general long-term obligations	$ 39,823,911

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, $31,365,000 of bonds outstanding are considered defeased.

On December 1, 2020, the District issued a general obligation bond of $7,800,000 with interest rates ranging from 0.400% to 1.796% to advance refund the 2023 through 2029 bond payments of the 2012 Refunding Bond. The bonds mature at various times through May 1, 2029. The general obligation bond was issued at par value. After paying issuance costs of $111,208 the net proceeds were $7,687,510. The net proceeds from the issuance of the general obligation bonds, and a District payment of $195,000, were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's government-wide financial statements. As a result of the advance refunding, the District reduced its total debt service requirements by $370,670, which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of $335,799.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding, including interest of $21,497,703, exclusive of compensated absences payments as of June 30, 2021, are as follows:

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Compensated Absences	Total
2022	$ 1,235,000	$ 1,368,201	$ -	$ 2,603,201
2023	1,275,000	1,336,351	-	2,611,351
2024	1,310,000	1,326,867	-	2,636,867
2025	1,390,000	1,313,217	-	2,703,217
2026	1,200,000	1,294,313	-	2,494,313
2027 - 2031	6,955,000	6,062,967	-	13,017,967
2032 - 2036	7,705,000	4,647,725	-	12,352,725
2037 - 2041	7,210,000	2,913,875	-	10,123,875
2042 - 2046	7,840,000	1,175,463	-	9,015,463
2047	1,620,000	58,724	-	1,678,724
	37,740,000	21,497,703	-	59,237,703
Issuance premium	2,028,757	-	-	2,028,757
Compensated absences	-	-	55,154	55,154
	$ 39,768,757	$ 21,497,703	$ 55,154	$ 61,321,614

Interest expense (all funds) for the year ended June 30, 2021 was approximately $1,481,000.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2021 are as follows:

Receivable Fund		Payable Fund	
General fund	$ 209,511	Food service	$ 82,429
Sinking fund	1,793	Community recreation	127,082
		Debt service	1,793
	$ 211,304		$ 211,304

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

Pension Reform of 2017

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

Pension and OPEB contributions made in the fiscal year ending September 30, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were approximately $2,247,000. Of the total pension contributions approximately $2,203,000 was contributed to fund the Defined Benefit Plan and approximately $44,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were approximately $628,000. Of the total OPEB contributions approximately $586,000 was contributed to fund the Defined Benefit Plan and approximately $42,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

Pension Liabilities

The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2020	September 30, 2019
Total Pension Liability	$ 85,290,583,799	$ 83,442,507,212
Plan Fiduciary Net Position	$ 50,939,496,006	$ 50,325,869,388
Net Pension Liability	$ 34,351,087,793	$ 33,116,637,824
Proportionate Share	0.07455%	0.07502%
Net Pension Liability for the District	$ 25,609,962	$ 24,844,132

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

For the year ended June 30, 2021, the District recognized pension expense of $3,951,980.

At June 30, 2021, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual pension plan investment earnings	$ 107,602	$ -
Differences between expected and actual experience	391,299	(54,661)
Changes in proportion and differences between employer contributions and proportionate share of contributions	353,506	(127,098)
Changes of assumptions	2,837,831	-
Reporting Unit's contributions subsequent to the measurement date	2,068,093	-
	$ 5,758,331	$ (181,759)

$2,068,093, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending	Amount
2021	$ 1,654,792
2022	1,129,219
2023	566,213
2024	158,255

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2020	September 30, 2019
Total other postemployment benefits liability	$ 13,206,903,534	$ 13,925,860,688
Plan fiduciary net position	$ 7,849,636,555	$ 6,748,112,668
Net other postemployment benefits liability	$ 5,357,266,979	$ 7,177,748,020
Proportionate share	0.07424%	0.07566%
Net other postemployment benefits liability for the District	$ 3,977,121	$ 5,430,848

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

For the year ended June 30, 2021, the District recognized OPEB benefit of $39,207.

At June 30, 2021, the Reporting Unit 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
Net difference between projected and actual other postemployment benefits plan investment earnings	$ 33,194	$ -
Differences between expected and actual experience	-	(2,963,327)
Changes in proportion and differences between employer contributions and proportionate share of contributions	171,538	(105,308)
Changes of assumptions	1,311,336	-
Reporting Unit's contributions subsequent to the measurement date	526,955	-
	$ 2,043,023	$ (3,068,635)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

$526,955, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ending	Amount
2021	$ (406,637)
2022	(360,680)
2023	(300,148)
2024	(258,960)
2025	(226,142)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions:

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

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for morality 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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 Comprehensive Annual Financial Report.

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - 7.0% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2020 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 33,147,752	$ 25,609,962	$ 19,362,815

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

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 5,109,064	$ 3,977,121	$ 3,024,120

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.0% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 2,987,632	$ 3,977,121	$ 5,102,544

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2020 Comprehensive Annual Financial Report.

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

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of $500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2021 or any of the prior three years.

NOTE 10 - TRANSFERS

During the year the food service fund transferred $60,000 to the general fund for indirect cost reimbursement.

NOTE 11 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on the state economy, taxpayers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition and results of operations is uncertain.

NOTE 12 - COMMITMENTS

The District has active capital projects outstanding at June 30, 2021. Approximately $729,000 is restricted and recorded as fund balance in the 2018 building and site fund.

NOTE 13 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77 (*Tax Abatements*). For the year ended June 30, 2021, the District did not receive reduced property tax revenues as a result of tax abatements from taxing authorities within its district boundaries. Additionally, there are no abatements made by the District.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

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

REQUIRED SUPPLEMENTARY INFORMATION

FENNVILLE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 2,986,506	$ 2,989,745	$ 2,942,927	$ (46,818)
State sources	8,585,092	10,173,713	10,178,287	4,574
Federal sources	664,802	1,586,723	1,515,828	(70,895)
Intermediate school districts	603,472	1,127,569	1,137,448	9,879
TOTAL REVENUES	12,839,872	15,877,750	15,774,490	(103,260)
EXPENDITURES				
Current				
Instruction				
Basic programs	6,429,208	7,208,698	7,163,097	45,601
Added needs	2,169,124	2,188,330	1,931,087	257,243
Total instruction	8,598,332	9,397,028	9,094,184	302,844
Supporting services				
Pupil	551,889	503,753	494,397	9,356
Instructional staff	138,120	321,561	334,974	(13,413)
General administration	382,748	408,727	399,864	8,863
School administration	883,904	950,031	938,519	11,512
Business	320,033	322,353	313,842	8,511
Operation/maintenance	1,625,026	1,764,288	1,671,800	92,488
Pupil transportation	829,553	880,809	865,649	15,160
Central	343,586	841,915	729,617	112,298
Athletics	324,576	335,358	329,599	5,759
Total supporting services	5,399,435	6,328,795	6,078,261	250,534
Community services	75,174	22,373	20,824	1,549
Debt service	-	-	7,000	(7,000)
TOTAL EXPENDITURES	14,072,941	15,748,196	15,200,269	547,927
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,233,069)	129,554	574,221	444,667
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	12,708	12,708
Transfers in	32,500	60,000	60,000	-
Transfers out	(21,000)	(21,000)	-	21,000
TOTAL OTHER FINANCING SOURCES (USES)	11,500	39,000	72,708	33,708
NET CHANGE IN FUND BALANCE	$ (1,221,569)	$ 168,554	646,929	$ 478,375
FUND BALANCE				
Beginning of year			2,526,754	
End of year			$ 3,173,683	

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.07445%	0.07502%	0.07346%	0.07249%	0.07048%	0.06980%	0.06975%
Reporting Unit's proportionate share of net pension liability	$ 25,609,962	$ 24,844,132	$ 22,082,082	$ 18,786,332	$ 17,584,141	$ 17,049,773	$ 15,364,096
Reporting Unit's covered-employee payroll	$ 6,600,355	$ 6,611,266	$ 6,300,482	$ 6,129,596	$ 5,986,908	$ 5,823,844	$ 5,919,126
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	388.01%	375.78%	350.48%	306.49%	293.71%	292.76%	259.57%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED OF THE YEAR ENDED JUNE 30)

	2021	2020	2019	2018	2017	2016	2015
Statutorily required pension contributions	$ 2,203,084	$ 2,026,897	$ 1,959,015	$ 1,930,758	$ 1,682,925	$ 1,558,887	$ 1,240,979
Pension contributions in relation to statutorily required contributions	2,203,084	2,026,897	1,959,015	1,930,758	1,682,925	1,558,887	1,240,979
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (pension)	$ 6,747,485	$ 6,582,348	$ 6,570,775	$ 6,233,679	$ 6,307,919	$ 5,947,143	$ 5,812,325
Pension contributions as a percentage of covered-employee payroll	32.65%	30.79%	29.81%	30.97%	26.68%	26.21%	21.35%

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

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (%)	0.07424%	0.07566%	0.07410%	0.07238%
Reporting Unit's proportionate share of net other post employment benefits liability	$ 3,977,121	$ 5,430,848	$ 5,889,900	$ 6,409,259
Reporting Unit's covered-employee payroll	$ 6,600,355	$ 6,611,266	$ 6,300,482	$ 6,129,596
Reporting Unit's proportionate share of net other postemployment benefits liability as a percentage of its covered-employee payroll	60.26%	82.15%	93.48%	104.56%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers)	59.44%	48.48%	42.95%	36.39%

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

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED OF THE YEAR ENDED JUNE 30)

	2021	2020	2019	2018
Statutorily required other postemployment benefits contributions	$ 586,147	$ 563,485	$ 543,982	$ 546,701
Other postemployment benefits contributions in relation to statutorily required contributions	586,147	563,485	543,982	546,701
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 6,747,485	$ 6,582,348	$ 6,570,775	$ 6,233,679
Other post employment benefit contributions as a percentage of covered-employee payroll	8.69%	8.56%	8.28%	8.77%

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

FENNVILLE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - PENSION INFORMATION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - there were no changes of assumptions in 2020.

NOTE 2 - OPEB INFORMATION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - the assumption changes for 2020 were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

ADDITIONAL SUPPLEMENTARY INFORMATION

FENNVILLE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2021

	Special Revenue			Capital Projects	
	Food Service	Community Recreation	Student/ School Activities	Sinking Fund	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	$ 419,435	$ 204,021	$ 85,722	$ 635,202	$ 1,344,380
Accounts receivable	846	-	-	-	846
Intergovernmental receivable	419,400	1,037	-	-	420,437
Due from other funds	-	-	-	1,793	1,793
Inventories	13,170	-	-	-	13,170
TOTAL ASSETS	$ 852,851	$ 205,058	$ 85,722	$ 636,995	$ 1,780,626
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 13,138	$ -	$ 1,984	$ -	$ 15,122
Accrued retirement	8,314	1,037	-	-	9,351
Due to other funds	82,429	127,082	-	-	209,511
Unearned revenue	10,512	-	-	-	10,512
TOTAL LIABILITIES	114,393	128,119	1,984	-	244,496
FUND BALANCES					
Nonspendable					
Inventories	13,170	-	-	-	13,170
Restricted	725,288	76,939	-	636,995	1,439,222
Committed	-	-	83,738	-	83,738
TOTAL FUND BALANCES	738,458	76,939	83,738	636,995	1,536,130
TOTAL LIABILITIES AND FUND BALANCES	$ 852,851	$ 205,058	$ 85,722	$ 636,995	$ 1,780,626

FENNVILLE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2021

	Special Revenue			Capital Projects	
	Food Service	Community Recreation	Student/ School Activities	Sinking Fund	Total Nonmajor Funds
REVENUES					
Property taxes	$ -	$ 204,076	$ -	$ 200,640	$ 404,716
Sales	3,819	-	-	-	3,819
Student/school activities	-	-	181,740	-	181,740
State sources	103,845	3,327	-	1,793	108,965
Federal sources	1,643,569	-	-	-	1,643,569
Investment earnings	69	-	377	75	521
Other	60,466	-	-	-	60,466
TOTAL REVENUES	1,811,768	207,403	182,117	202,508	2,403,796
EXPENDITURES					
Current					
Salaries	320,466	35,041	-	-	355,507
Benefits	227,218	17,141	-	-	244,359
Purchased services	24,141	49,994	-	-	74,135
Supplies and materials	53,670	28,232	-	-	81,902
Food purchases	578,779	-	-	-	578,779
Donated commodities	62,634	-	-	-	62,634
Student/school activities	-	-	210,641	-	210,641
Capital outlay	4,123	-	-	49,389	53,512
Other	1,478	56	-	112	1,646
TOTAL EXPENDITURES	1,272,509	130,464	210,641	49,501	1,663,115
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	539,259	76,939	(28,524)	153,007	740,681
OTHER FINANCING USES					
Transfers out	(60,000)	-	-	-	(60,000)
NET CHANGE IN FUND BALANCES	479,259	76,939	(28,524)	153,007	680,681
FUND BALANCES					
Beginning of year	259,199	-	112,262	483,988	855,449
End of year	$ 738,458	$ 76,939	$ 83,738	$ 636,995	$ 1,536,130

FENNVILLE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021

$21,935,000 Building and Site bonds issued February 8, 2018.

Principal Due May 1,	Interest Due May 1,	Interest Due November 1,	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 130,000	$ 479,987	$ 479,988	2022	$ 1,089,975
155,000	478,362	478,363	2023	1,111,725
185,000	476,425	476,426	2024	1,137,851
190,000	474,112	474,113	2025	1,138,225
200,000	470,312	470,313	2026	1,140,625
205,000	466,312	466,313	2027	1,137,625
215,000	462,212	462,213	2028	1,139,425
225,000	457,912	457,913	2029	1,140,825
165,000	452,287	452,288	2030	1,069,575
170,000	448,162	448,163	2031	1,066,325
180,000	443,912	443,913	2032	1,067,825
190,000	439,412	439,413	2033	1,068,825
195,000	434,662	434,663	2034	1,064,325
1,340,000	429,787	429,788	2035	2,199,575
1,365,000	396,287	396,288	2036	2,157,575
1,390,000	362,162	362,163	2037	2,114,325
1,415,000	327,413	327,414	2038	2,069,827
1,440,000	292,037	292,038	2039	2,024,075
1,470,000	256,037	256,038	2040	1,982,075
1,495,000	219,287	219,287	2041	1,933,574
1,520,000	181,913	181,913	2042	1,883,826
1,545,000	143,912	143,912	2043	1,832,824
1,570,000	115,909	115,909	2044	1,801,818
1,595,000	87,453	87,453	2045	1,769,906
1,610,000	58,544	58,544	2046	1,727,088
1,620,000	29,362	29,362	2047	1,678,724
$ 21,780,000	$ 8,884,172	$ 8,884,191		$ 39,548,363

The bonds were approved by the Board of Education at the December 18, 2017 meeting to be used for school building and site purposes. The bonds will carry interest rates ranging from 2.25% to 5.00%.

FENNVILLE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021

$7,230,000 Refunding bonds issued January 12, 2017.

Principal Due May 1,	Interest Due May 1,	Interest Due November 1,	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ -	$ 144,600	$ 144,600	2022	$ 289,200
-	144,600	144,600	2023	289,200
-	144,600	144,600	2024	289,200
-	144,600	144,600	2025	289,200
-	144,600	144,600	2026	289,200
35,000	144,600	144,600	2027	324,200
40,000	143,900	143,900	2028	327,800
45,000	143,100	143,100	2029	331,200
1,310,000	142,200	142,200	2030	1,594,400
1,365,000	116,000	116,000	2031	1,597,000
1,420,000	88,700	88,700	2032	1,597,400
1,475,000	60,300	60,300	2033	1,595,600
1,540,000	30,800	30,800	2034	1,601,600
$ 7,230,000	$ 1,592,600	$ 1,592,600		$ 10,415,200

The bonds were approved by the Board of Education at the October 17, 2016 meeting to refinance $7,745,000 of the 2007 bond issuance. The bonds will refinance the 2027 through 2034 payments. The bonds will carry an interest rate at 4.00%

FENNVILLE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021

$14,095,000 Refunding bonds issued August 28, 2012.

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
$ 930,000	$ 13,950	$ 13,950	2022	$ 957,900

The bonds were approved by the Board of Education at the May 21, 2012 meeting to refinance $14,095,000 of the 2004 bond issuance. The bonds will refinance the 2013 through 2029 payments. The bonds will carry interest rates from 3.00% to 5.00%. The 2012 bond payments from 2023 through 2029 where refinanced by the 2020 Refunding bond.

FENNVILLE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021

$7,800,000 Refunding bonds issued December 1, 2020

Principal Due May 1,	Interest Due May 1,	Interest Due November 1,	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 175,000	$ 45,563	$ 45,563	2022	$ 266,126
1,120,000	45,213	45,213	2023	1,210,426
1,125,000	42,408	42,408	2024	1,209,816
1,200,000	37,896	37,896	2025	1,275,792
1,000,000	32,244	32,244	2026	1,064,488
1,025,000	25,999	25,999	2027	1,076,998
1,045,000	18,829	18,829	2028	1,082,658
1,110,000	9,968	9,968	2029	1,129,936
$ 7,800,000	$ 258,120	$ 258,120		$ 8,316,240

The bonds were approved by the Board of Education at the October 19, 2020 meeting to refinance $7,800,000 of the 2012 bond issuance. The bonds will refinance the 2023 through 2029 payments. The bonds will carry interest rates from 0.400% to 1.796%.

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2021
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
Entitlement Donated Foods	10.555	N/A	$ 62,607	$ -	$ -	$ -	$ 62,607	$ 62,607	$ -
Entitlement Donated Foods - Bonus		N/A	27	-	-	-	27	27	-
Total non-cash assistance (donated foods)			62,634	-	-	-	62,634	62,634	-
Cash Assistance									
COVID-19 - National School Lunch Program	10.555	200902	471,259	123,853	471,259	-	-	123,853	-
Total CFDA #10.555			533,893	123,853	471,259	-	62,634	186,487	-
COVID-19 - Summer Food Service Program for Children	10.559	200900	425,647	-	-	-	425,647	425,647	-
COVID-19 - Summer Food Service Program for Children	10.559	210904	751,564	-	-	-	1,155,288	751,564	403,724
Total CFDA #10.559			1,177,211	-	-	-	1,580,935	1,177,211	403,724
Total cash assistance			1,648,470	123,853	471,259	-	1,580,935	1,301,064	403,724
Total Child Nutrition Cluster			1,711,104	123,853	471,259	-	1,643,569	1,363,698	403,724
Total U.S. Department of Agriculture			1,711,104	123,853	471,259	-	1,643,569	1,363,698	403,724

The accompanying notes are an integral part of this schedule.

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2021
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	211530-2021	$ 409,831	$ -	$ -	$ -	$ 347,045	$ 266,273	$ 80,772
Title I Grants to Local Educational Agencies	84.010	201530-1920	356,721	123,128	328,584	-	18,097	141,225	-
Total CFDA #84.010			766,552	123,128	328,584	-	365,142	407,498	80,772
Migrant Education State Grant Program	84.011	211890-2021	33,721	-	-	-	19,325	10,829	8,496
Migrant Education State Grant Program	84.011	201890-1920	35,404	9,845	29,931	-	395	10,240	-
Migrant Education State Grant Program	84.011	211830-2021	51,907	-	-	-	10,972	-	10,972
Migrant Education State Grant Program	84.011	201830-1920	50,481	126	126		46,012	46,138	-
Total CFDA #84.011			171,513	9,971	30,057	-	76,704	67,207	19,468
English Language Acquisition State Grants	84.365	210580-2021	32,045	-	-	-	21,868	6,602	15,266
English Language Acquisition State Grants	84.365	200580-1920	36,255	13,003	32,556	-	2,624	15,627	-
Total CFDA #84.365			68,300	13,003	32,556	-	24,492	22,229	15,266
Supporting Effective Instruction State Grants	84.367	210520-2021	83,255	-	-	-	28,805	22,146	6,659
Supporting Effective Instruction State Grants	84.367	200520-1920	107,042	36,102	93,793	-	5,516	41,618	-
Total CFDA #84.367			190,297	36,102	93,793	-	34,321	63,764	6,659
Student Support and Academic Enrichment	84.424	210750-2021	21,383	-	-	-	18,216	18,216	-
Education Stabilization Fund									
COVID-19 Governor's Emergency Education Relief Funds (GEER)	84.425C	201200-2021	115,981	-	-	-	79,590	62,941	16,649
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I Formula Funds)	84.425D	203710-1920	241,518	-	-	21,644	194,272	206,520	9,396
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	510,357	-	-	-	96,454	-	96,454
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER Education Equity Funds)	84.425D	203720-1920	48,304	-	-	-	48,304	48,304	-
Total CFDA #84.425 and Education Stabilization Fund			916,160	-	-	21,644	418,620	317,765	122,499

The accompanying notes are an integral part of this schedule.

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2021
U.S. Department of Education (continued)									
Passed through Allegan Area Education Service Agency									
Special Education Cluster									
Special Education Preschool Grants	84.173	210460-2021	$ 11,832	$ -	$ -	$ -	$ 11,832	$ 11,832	$ -
Total U.S. Department of Education			2,146,037	182,204	484,990	21,644	949,327	908,511	244,664
U.S. Department of Health and Human Services									
Passed through Allegan Area Education Service Agency									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	1,046	-	-	-	1,046	1,046	-
Total U.S. Department of Health and Human Services			1,046	-	-	-	1,046	1,046	-
U.S. Department of Treasury									
Passed through Michigan Department of Education									
COVID-19 Coronavirus Relief Funds	21.019	11(p)	454,444	-	-	-	454,443	454,443	-
COVID-19 Coronavirus Relief Funds		103(2)	15,996	-	-	-	15,996	15,996	-
Total Passed through Michigan Department of Education			470,440	-	-	-	470,439	470,439	-
Passed through Gun Lake Casino									
COVID-19 Coronavirus Relief Funds	21.019	N/A	25,000	-	-	-	25,000	25,000	-
Passed through MAISA/Copper County ISD									
COVID-19 Coronavirus Relief Funds -									
MiConnect Connectivity Funding	21.019	N/A	48,372	-	-	-	48,372	48,372	-
Total CFDA #21.019			543,812	-	-	-	543,811	543,811	-
Total U.S. Department of Treasury			543,812	-	-	-	543,811	543,811	-
TOTAL FEDERAL AWARDS			$ 4,401,999	$ 306,057	$ 956,249	$ 21,644	$ 3,137,753	$ 2,817,066	$ 648,388

The accompanying notes are an integral part of this schedule.

FENNVILLE PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Fennville Public Schools under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Fennville Public Schools, it is not intended to and does not present the financial position or changes in net position of Fennville Public Schools.

The District qualifies for low-risk auditee status. Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Fennville Public Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements June 30, 2021:

General fund	$ 1,515,828
Other nonmajor governmental funds	1,643,569
Total federal revenue in the fund financial statements	3,159,397
Less: Prior year federal expenditures incurred but not reported on SEFA	(21,644)
Expenditures per schedule of expenditures of federal awards	$ 3,137,753

NOTE 4 - ADJUSTMENTS

Adjustments were made for CFDA #84.425 ($21,644) for prior year federal expenditures incurred but not reported on the prior year SEFA.

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

To the Board of Education
Fennville Public Schools

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fennville Public Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fennville Public Schools' basic financial statements and have issued our report thereon dated September 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fennville Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fennville Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Fennville Public Schools' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fennville Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Maner Costerisan PC

September 7, 2021

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

To the Board of Education
Fennville Public Schools

Report on Compliance for Each Major Federal Program

We have audited Fennville Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fennville Public Schools' major federal programs for the year ended June 30, 2021. Fennville Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fennville Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fennville Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for major federal programs. However, our audit does not provide a legal determination of Fennville Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Fennville Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Fennville Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fennville Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fennville Public Schools' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

Fennville Public Schools' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Fennville Public Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Maner Costerisan PC

September 7, 2021

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:	*Unmodified*			
Internal control over financial reporting:				
➢ Material weakness(es) identified?	____	Yes	X	None
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____	Yes	X	None reported
Noncompliance material to financial statements noted?	____	Yes	X	None

Federal Awards

Internal control over major programs:				
➢ Material weakness(es) identified:	____	Yes	X	None
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?	X	Yes	____	None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*			
Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?	X	Yes	____	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555 and 10.559	Child Nutrition Cluster

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

Section II - Financial Statement Findings

None

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Section III - Federal Award Findings and Question Costs

Finding 2021-001: Considered a significant deficiency in internal control over compliance.

Federal Program:	Child Nutrition Cluster
CFDA #:	10.555 and 10.559
Federal agency:	U.S. Department of Agriculture
Pass-through entity:	Michigan Department of Education
Pass-through number:	200902, 200900, and 210904

Criteria: In order to comply with Michigan Department of Education requirements, the District's food service fund balance cannot exceed three months of operating expenditures.

Condition: Fennville Public Schools currently has more than the allowable fund balance in the non-profit food service fund. As a result, the District will be required to develop a spending plan to reduce the balance to an acceptable level during the 2021-2022 school year. The plan must be submitted to the Michigan Department of Education prior to implementation. Excess funds cannot be transferred to the general fund except to the extent of the allowable indirect costs transfer.

Questioned costs: None

Cause: The District's received more funding than anticipated through the seamless summer option meals and was unable to reduce the fund balance before year end.

Effect: The District has an excess fund balance in the non-profit food service fund.

Recommendation: The District should submit and implement a spend down plan for the 2021-2022 school year that will adequately reduce the food service fund balance to an acceptable level in accordance with MDE guidelines.

District's Response: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

FENNVILLE PUBLIC SCHOOLS
"Educational Excellence, Community Atmosphere, Global Vision"
FIVE MEMORIAL DRIVE
FENNVILLE, MICHIGAN 49408

FENNVILLE PUBLIC SCHOOLS
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021

Fennville Public Schools respectfully submits the following corrective action plan for the year ended June 30, 2021.

Auditor: Maner Costerisan
2425 E. Grand River Avenue, Suite 1
Lansing, Michigan 48912

Audit Period: Year ended June 30, 2021

District contact person: John Solomon, Business Office Manager

The findings from the June 30, 2021 schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding - Federal Award Findings and Question Costs

Finding 2021-001: Considered a significant deficiency in internal control over compliance.

Recommendation: The District should submit and implement a spend down plan for the 2021-2022 school year that will adequately reduce the food service fund balance to an acceptable level in accordance with MDE guidelines.

Action to be taken: Management agrees with the finding and we are in the process of developing a plan to spend down the food service fund balance to an acceptable level in accordance with MDE guidelines.

FENNVILLE PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Financial Statement Finding

Finding 2020-001: Considered to be a significant deficiency in internal control over financial reporting.

Criteria: Compliance with the Uniform Budgeting and Accounting Act. MCL (Michigan Compile Laws) 141.437 states that if it becomes apparent during the year that the probable revenues will be less than the budgeted revenues an amendment should be adopted to prevent expenditures from exceeding revenues by more than the budgeted amount.

Condition: The District's budget reflects estimated revenues higher than actual which resulted in an estimated net increase in fund balance more than the actual net increase in fund balance.

Effect: At June 30, 2020 the District's final budget anticipated adding $335,679 to the District's fund balance. The actual result has the District adding only $73,376 to fund balance. This created a negative budget to actual variance of $262,303.

Cause: The primary reason for the negative budget to actual variance was due to estimated state revenues exceeding the actual results. The reason for actual revenues being less than estimated was due to a revenue funding adjustment made by the state after the final budget amendment was passed in June 2020 which reduced unrestricted state aid revenue by $175 per pupil for the year ended June 30, 2020. This adjustment resulted in the District receiving approximately $227,000 less unrestricted state revenue than anticipated by the District at the time the final budget amendment was approved.

Recommendation: The District should implement budgeting procedures to budget more conservatively for revenues.

District's Response: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

Status: As of the fiscal year ended June 30, 2021, this finding has been resolved.