

North Muskegon Public Schools

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended June 30, 2021



North Muskegon Public Schools

TABLE OF CONTENTS

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis..... 3

Basic Financial Statements

 District-wide Financial Statements

 Statement of Net Position..... 10

 Statement of Activities 11

 Fund Financial Statements

 Governmental Funds

 Balance Sheet..... 12

 Reconciliation of the Governmental Funds Balance

 Sheet to the Statement of Net Position..... 13

 Statement of Revenues, Expenditures and Changes

 in Fund Balances..... 14

 Reconciliation of the Governmental Funds Statement

 of Revenues, Expenditures and Changes in Fund

 Balances to the Statement of Activities 15

 Notes to Financial Statements 16

Required Supplementary Information

 Budgetary Comparison Schedule—General Fund..... 40

 Schedule of the School District’s Proportionate Share of the Net Pension Liability 41

 Schedule of the School District’s Pension Contributions..... 42

 Schedule of the School District’s Proportionate Share of the Net OPEB Liability..... 43

 Schedule of the School District’s OPEB Contributions 44

 Notes to Required Supplementary Information..... 45

Statistical Data (unaudited)..... 47

INDEPENDENT AUDITOR'S REPORT

Board of Education
North Muskegon Public Schools
North Muskegon, Michigan

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 North Muskegon Public Schools (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Board of Education
North Muskegon Public Schools
Page 2

Emphasis of Matter – Change in Accounting Principle

As described in Note L to the financial statements, North Muskegon Public Schools implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 3 through 9 and 40 through 45 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 North Muskegon Public Schools’ basic financial statements. The statistical data, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of North Muskegon 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 North Muskegon 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 North Muskegon Public Schools’ internal control over financial reporting and compliance.



Muskegon, Michigan
October 15, 2021

North Muskegon Public Schools

Management's Discussion and Analysis

This section of the North Muskegon Public School's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand North Muskegon Public Schools financially as a whole. The District-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the District-wide financial statements by providing information about the District's most significant funds. The basic financial statements are comprised of the following elements:

Management's Discussion and Analysis (MD&A)

(Required Supplementary Information)

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Budgetary Information for Major Funds

(Required Supplementary Information)

Reporting the District as a Whole—District-wide Financial Statements

The District-wide financial statements are designed to provide readers with a broad overview of North Muskegon Public School's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of North Muskegon Public School's assets/deferred outflow of resources and liabilities/deferred inflow of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The District-wide beginning net position and fund financial statement beginning fund balance were restated for the effects of including the student activity beginning fund balance in the special revenue funds as required by GASB 84. The footnotes to the financial statements contain the details. The prior year Statement of Activities was not restated for the effect of GASB Statement 84 as the data is not available.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the District, to assess the overall health of the District.

North Muskegon Public Schools

Management's Discussion and Analysis

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

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

The District's fund financial statements provide detailed information about the most significant funds, not the District as a whole. The governmental funds of the District use the following accounting approach:

Governmental funds—all of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation.

The District as a Whole

The following table provides a summary of the District's net position as of June 30, 2021 and 2020:

Statement of Net Position

	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 5,809,899	\$ 4,726,876
Capital assets	12,390,551	11,589,366
Total assets	18,200,450	16,316,242
Deferred outflows of resources	6,004,931	6,818,077
Total assets and deferred outflow of resources	24,205,381	23,134,319
Liabilities		
Current liabilities	4,225,273	4,834,823
Long-term liabilities	40,050,623	39,056,359
Total liabilities	44,275,896	43,891,182
Deferred inflows of resources	3,163,809	2,996,009
Total liabilities and deferred inflows of resources	47,439,705	46,887,191
Net position		
Net investment in capital assets	3,109,465	3,301,104
Restricted for debt service	602,616	-
Restricted for technology	52,569	18,712
Restricted for capital outlay/maintenance	207,737	1,094,380
Unrestricted	(27,206,711)	(28,167,068)
Total net position	<u>\$ (23,234,324)</u>	<u>\$ (23,752,872)</u>

North Muskegon Public Schools

Management's Discussion and Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole. The significant changes from last year to this year were as follows:

- Current and Other Assets increased primarily due to increase in amounts due from other governmental units
- Capital assets decreased due to normal depreciation exceeding current year capital asset additions.
- Deferred outflow of resources decreased was related to pension costs.
- Current liabilities increased due to decreased a reduction in current maturities of long-term debt.
- Noncurrent liabilities increased due to the OPEB reporting requirements.
- Deferred inflows of resources increased due to an increase in pension and OPEB items.

The previous table focuses on the net position. The change in the net position of the District's governmental activities is discussed below. The District's net position was \$(23,234,324) at June 30, 2021. Net investment in capital assets of \$3,109,465 which compares the original cost (less depreciation) of the District's capital assets to long-term debt used to finance the acquisition of those assets. Net investment in capital assets improved due to repayment of related long-term debt. Some resources are restricted for specific activities. Total restricted net position was \$862,922. The remaining net position of \$(27,206,711) was unrestricted.

The \$(27,206,711) deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund (the District's largest fund) will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the District as a whole are reported in the Statement of Activities, which shows the changes in net assets for fiscal years 2021 and 2020. Charges for services increased due to inclusion of the student activity fund as a special revenue fund. This will reduce the charges for services but increase the operating grant line item. Operating grants revenue increase due to the additional COVID relief grants that were awarded to the District. Grants and contributions not restricted to specific programs increased due to an increase in state funding through the superblend formula. The District's enrollment decreased due to COVID-19 but the superblend allowed the District to retain the majority of the foundation allowance. Property taxes increased from the previous year due to an increase in the District's taxable value. Investment earnings decreased due to lower interest rates and less money to invest throughout the year. Student/School activities were included this year due to GASB 84. If you take the \$203,582 in student/school activities expenses out of the total, the total expenses were less than the previous year. This is due to COVID-19 and the District moving to a hybrid model to keep the students more spread apart. The District also eliminated transportation for the year, which reduced the annual expenses.

North Muskegon Public Schools

Management's Discussion and Analysis

Statement of Activities

	<u>2021</u>	<u>2020</u>
Program Revenues		
Charges for Services	\$ 318,858	\$ 265,611
Operating Grants	2,169,466	1,209,229
General Revenues		
Property taxes	2,071,913	2,030,603
Grants and Contributions Not Restricted to Specific Programs	8,873,110	8,730,912
Investment Earnings	1,799	14,620
Miscellaneous	100,303	95,733
Total Program Revenues and General Revenues	<u>13,535,449</u>	<u>12,346,708</u>
Expenses		
Instruction	8,143,770	8,210,413
Support Services	3,617,974	3,615,719
Community Services	65	2,369
Food Services	466,401	415,140
Athletics	349,202	363,085
Student/school activities	203,582	-
Interest on long-term debt	506,965	567,797
Total Expenses	<u>13,287,959</u>	<u>13,174,523</u>
Change in Net Position	247,490	(827,815)
Net Position at Beginning of Year, as restated	<u>(23,481,814)</u>	<u>(22,925,057)</u>
Net Position at End of Year	<u>\$(23,234,324)</u>	<u>\$(23,752,872)</u>

The District's Funds

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

In the General Fund, our principal operating fund, the fund balance increased by \$410,318 to \$1,380,576. The increase in the fund balance is largely due to the decrease in operating expenses with the change in the school's calendar. With the District receiving additional federal and state grants, the District could shift expenses from the General Fund to the grants; thus, increasing our fund balance.

North Muskegon Public Schools

Management's Discussion and Analysis

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information section of these financial statements).

The major revisions made to the 2020/2021 General Fund's original budget were:

Revenues:

- State sources increased due to the movement to the superblend and assuming the foundation allowance would have decreased.
- Federal sources increased due to the increase in federal awards because of COVID-19.
- Incoming transfers and other transactions increased due to the District using an Installment purchase agreement (IPA) to fund a project.

Expenditures:

- Basic programs were increased for the budget as the District did not have to lay off anyone since the foundation allowance did not get reduced.
- Added needs costs decreased as a result of less staff needed as the District had many students go fully remote.
- Instructional Staff increased due to moving technology software and other items from the technology millage to a federal grant to support the District's staff.
- General administration increased to reflect the updated superintendent contract and additional legal services provided throughout the year.
- School Administration increased due to the additional hours the staff had to work to get the school year started.
- Operations and maintenance increased because the District added a dayporter on the cleaning contract.
- Transportation costs increased due to adding athletic transportation in the winter and spring.
- Capital Outlay increased because the District added O2 Prime to the HVAC system. The IPA explained above paid for this.

Final budget to actual variances

Revenues:

- State revenues came in higher than expected due to the state giving the District move MPSERS offset funding. This does not influence the General Fund balance, as there is a corresponding expenditure to offset the revenue. The District also received the summer school grant when the District assumed it would come in the next fiscal year.
- Property taxes were lower than expected due to the allocation of the taxes once the county settlement was received.

Expenditures:

- Throughout all line items, ORS cost came in higher because of the 147c increase in our allocation as noted above.
- If you take the 147c increases out of the calculation, the District spent \$14,352 less than our budget.

North Muskegon Public Schools

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the District had \$12,390,551 (after accumulated depreciation) invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$801,185 from last year. This year's increase was the result of the roof being partially replaced along with the capital projects happening this year. The District added HVAC improvements, LED lighting, and other energy saving projects. We present more detailed information about our capital assets in the notes to the financial statements.

	<u>2021</u>	<u>2020</u>
Buildings and Land	\$ 20,317,607	\$ 19,040,332
Furniture and Equipment	2,146,948	2,529,578
Vehicles	254,013	254,013
Total Capital Assets	22,718,568	21,823,923
Less Accumulated Depreciation	10,328,017	10,234,557
Total Capital Assets, Net	<u>\$ 12,390,551</u>	<u>\$ 11,589,366</u>

Long-term Obligations

At June 30, 2021, the School District had \$18,042,138 in outstanding long-term obligations. During the year, the outstanding bond balance decreased because the District continued to pay off the past bonds. The District borrowed additional funds from state aid revolving loan fund to assist with the bond payments noted below.

	<u>2021</u>	<u>2020</u>
Bonds	\$ 14,696,992	\$ 16,906,973
Notes from direct borrowings and direct placements	3,236,298	1,108,383
Compensated absences	63,265	59,578
Early retirement obligations	45,583	19,583
Total long-term obligations	<u>\$ 18,042,138</u>	<u>\$ 18,094,517</u>

North Muskegon Public Schools

Management's Discussion and Analysis

Economic Factors and Next Year's Budget

Our appointed officials and administration considered many factors when setting the District's 2022 fiscal year budget. One of the most important factors affecting the budget is our student count and the State's budget. As of June 30, 2021, the State has not released the budget for the upcoming school year. On top of not knowing the revenue, the District is trying to determine the enrollment level for the upcoming year. The District is working on determining the amount of school of choice students that will come back along with how many students will go fully remote. Without fully knowing the foundation allowance and the District's enrollment, it is tough to determine the programing that is needed for the District. The original 2022 budget was adopted in June 2021, anticipating enrollment going back to what is normal (pre COVID). With a lot of uncertainty of not knowing what the 2021-22 school would look like, the budget was adopted for the 2020-2021 projecting an increase of fund balance by \$4,885.

The District obtained a state aid anticipation note in the amount of \$750,000 for the 2021-2022 school year.

Request for Information

This financial report is designed to provide a general overview of North Muskegon Public School's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to North Muskegon Public Schools, 1600 Mills Avenue, Muskegon, MI 49445 or by calling (231) 719-4100.

North Muskegon Public Schools
STATEMENT OF NET POSITION
June 30, 2021

	Governmental activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 3,788,432
Receivables	11,278
Due from other governmental units	1,911,892
Inventories	2,973
Prepaid items	95,324
Total current assets	5,809,899
Noncurrent assets	
Capital assets, net	
Nondepreciable	420,000
Depreciable	11,970,551
Total noncurrent assets	12,390,551
Total assets	18,200,450
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	1,517,859
Related to pensions	4,487,072
Total deferred outflows of resources	6,004,931
Total assets and deferred outflows of resources	24,205,381
LIABILITIES	
Current liabilities	
State aid loan	1,200,000
Accounts payable and accrued liabilities	1,518,156
Due to other governmental units	24,569
Unearned revenue	422,262
Bonds and other obligations, due within one year	1,060,286
Total current liabilities	4,225,273
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	16,981,852
Net other postemployment benefits liability	3,102,294
Net pension liability	19,966,477
Total noncurrent liabilities	40,050,623
Total liabilities	44,275,896
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	2,336,745
Related to pensions	827,064
Total deferred inflows of resources	3,163,809
Total liabilities and deferred inflows of resources	47,439,705
NET POSITION	
Net investment in capital assets	3,109,465
Restricted	
Debt service	602,616
Technology	52,569
Capital outlay/maintenance	207,737
Unrestricted	(27,206,711)
Total net position	\$(23,234,324)

The accompanying notes are an integral part of this statement.

North Muskegon Public Schools
STATEMENT OF ACTIVITIES
For the year ended June 30, 2021

<i>Functions/Programs</i>	Program Revenue			Net (Expense) Revenue and Changes in Net Position
<i>Functions/Programs</i>	Expenses	Charges for services	Operating grants and contributions	Governmental activities
Governmental activities				
Instruction	\$ 8,143,770	\$ -	\$ 1,199,917	\$ (6,943,853)
Support services	3,617,974	54,263	373,869	(3,189,842)
Community services	65	-	3	(62)
Food services	466,401	21,625	595,677	150,901
Student/school activities	203,582	194,082	-	(9,500)
Athletics	349,202	48,888	-	(300,314)
Interest on long-term debt	506,965	-	-	(506,965)
Total governmental activities	\$ 13,287,959	\$ 318,858	\$ 2,169,466	(10,799,635)
General revenues				
Property taxes				2,071,913
Grants and contributions not restricted to specific programs				8,873,110
Investment earnings				1,799
Miscellaneous				100,303
Total general revenues				11,047,125
Change in net position				247,490
Net position at beginning of year, as restated				(23,481,814)
Net position at end of year				\$ (23,234,324)

The accompanying notes are an integral part of this statement.

North Muskegon Public Schools
BALANCE SHEET
 Governmental Funds
 June 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,590,828	\$ 581,911	\$ 615,693	\$ 3,788,432
Receivables	11,213	-	65	11,278
Due from other governmental units	1,859,291	-	52,601	1,911,892
Due from other funds	-	96,052	9,618	105,670
Inventories	-	-	2,973	2,973
Prepaid items	89,576	-	5,748	95,324
Total assets	\$ 4,550,908	\$ 677,963	\$ 686,698	\$ 5,915,569
LIABILITIES				
State aid loan	\$ 1,200,000	\$ -	\$ -	\$ 1,200,000
Accounts payable	75,276	-	7,856	83,132
Accrued liabilities	1,355,840	-	3,837	1,359,677
Due to other governmental units	24,569	-	-	24,569
Due to other funds	105,670	-	-	105,670
Unearned revenue	408,977	-	13,285	422,262
Total liabilities	3,170,332	-	24,978	3,195,310
FUND BALANCES				
Nonspendable				
Inventories	-	-	2,973	2,973
Prepaid items	89,576	-	5,748	95,324
Restricted				
Debt service	157,732	677,963	-	835,695
Food service	-	-	147,386	147,386
Technology	-	-	52,569	52,569
Capital outlay/maintenance	-	-	191,487	191,487
Committed for student/school activities	-	-	261,557	261,557
Unassigned	1,133,268	-	-	1,133,268
Total fund balances	1,380,576	677,963	661,720	2,720,259
Total liabilities and fund balances	\$ 4,550,908	\$ 677,963	\$ 686,698	\$ 5,915,569

The accompanying notes are an integral part of this statement.

North Muskegon Public Schools
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 June 30, 2021

Total fund balance—governmental funds \$ 2,720,259

Amounts reported for governmental activities in the Statement of
 Net Position are different because:

Capital assets used in governmental activities are not current
 financial resources and are not reported in the governmental funds.

Cost of capital assets	\$ 22,718,568	
Accumulated depreciation	<u>(10,328,017)</u>	12,390,551

Deferred inflows and outflows of resources related to pensions and
 other postemployment benefits are not reported in the governmental funds.

Deferred outflows of resources - related to other postemployment benefits	1,517,859	
Deferred inflows of resources - related to other postemployment benefits	(2,336,745)	
Deferred outflows of resources - related to pensions	4,487,072	
Deferred inflows of resources - related to pensions	<u>(827,064)</u>	2,841,122

Accrued interest in governmental activities is not reported in the
 governmental funds.

(75,347)

Long-term obligations in governmental activities are not due and
 payable in the current period and are not reported in the
 governmental funds.

(41,110,909)

Net position of governmental activities

\$ (23,234,324)

The accompanying notes are an integral part of this statement.

North Muskegon Public Schools
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended June 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
REVENUES				
Local sources				
Property taxes	\$ 570,044	\$ 1,255,434	\$ 236,627	\$ 2,062,105
Investment earnings	533	33	1,233	1,799
Fees and charges	48,888	-	21,625	70,513
Student/school activity income	-	-	194,082	194,082
Other	416,045	-	207,017	623,062
Total local sources	1,035,510	1,255,467	660,584	2,951,561
State sources	9,390,522	9,808	16,525	9,416,855
Federal sources	590,594	-	576,439	1,167,033
Total revenues	11,016,626	1,265,275	1,253,548	13,535,449
EXPENDITURES				
Current				
Instruction	7,098,441	-	-	7,098,441
Support services	3,437,458	-	181,750	3,619,208
Community services	65	-	-	65
Food services	-	-	448,950	448,950
Student/school activities	-	-	203,582	203,582
Principal repayment	59,827	2,100,000	-	2,159,827
Interest and other charges	26,241	483,906	-	510,147
Capital outlay	167,888	-	1,123,753	1,291,641
Total expenditures	10,789,920	2,583,906	1,958,035	15,331,861
Excess (deficiency) of revenues over (under) expenditures	226,706	(1,318,631)	(704,487)	(1,796,412)
OTHER FINANCING SOURCES (USES)				
Transfers in	25,880	-	-	25,880
Transfers out	-	-	(25,880)	(25,880)
Loan proceeds	157,732	1,937,703	-	2,095,435
Total other financing sources (uses)	183,612	1,937,703	(25,880)	2,095,435
Net change in fund balances	410,318	619,072	(730,367)	299,023
Fund balances at beginning of year, as restated	970,258	58,891	1,392,087	2,421,236
Fund balances at end of year	\$ 1,380,576	\$ 677,963	\$ 661,720	\$ 2,720,259

The accompanying notes are an integral part of this statement.

North Muskegon Public Schools
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
 For the year ended June 30, 2021

Net change in fund balances—total governmental funds \$ 299,023

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities these costs are depreciated over their estimated useful lives.

Depreciation expense	\$ (481,593)	
Capital outlay	<u>1,282,778</u>	801,185

Debt proceeds are other financing sources in the governmental funds, but the proceeds increase long-term debt in the Statement of Net Position. (2,142,742)

Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. 2,224,808

Interest expense on long-term obligations is recorded in the Statement of Activities when incurred, but is not reported in governmental funds until paid. 15,195

Compensated absences and early retirement incentives reported in the Statement of Activities do not require the use of current financial resources. They are reported as expenditures when financial resources are used in the governmental funds. (29,687)

Some other postemployment benefit related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 508,580

Some pension related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (1,428,872)

Change in net position of governmental activities \$ 247,490

The accompanying notes are an integral part of this statement.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The School District is governed by an elected seven-member Board of Education (Board), which has responsibility and control over all activities related to public school education within the School District. The School District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities.

Generally accepted accounting principles require that if the School District is considered to be financially accountable for other organizations, those organizations should be included as component units in the School District's financial statements. Since no organizations met this criterion, none are included in the financial statements.

Basis of Presentation—Government-wide and Fund 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 School District. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The fund financial statements provide information about the School 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 School District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligations.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-wide and Fund Financial Statements —Continued

Additionally, the School District reports the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The School District accounts for its food service activities, student/school activities, and technology millage activities in special revenue funds.

The capital projects funds account for the financial resources to be used for the acquisition of capital assets or construction of major capital projects.

During the course of operations the School District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, 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 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 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 School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement obligations, 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.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

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 school districts. For the current fiscal, the foundation allowance was based on pupil membership counts taken in October and February.

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. 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 School 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 considered to be measurable and available only when cash is received by the government.

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

Cash and Investments

The School 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.

Investments for the School District are reported at fair value (generally based on quoted market prices). Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the School District intends to hold the investment until maturity.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Cash and Investments—Continued

State statutes authorize the School District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The School District is also authorized to invest in U. S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The School District's deposits and investments are in accordance with statutory authority.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. 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 government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes.

As the School District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment, of the School District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Buildings and improvements	15-50
Furniture and equipment	5-20
Vehicles	8-10

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses 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.

Defined Benefit Plan

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until that time.

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.

Net Position Flow Assumption

Sometimes the government 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 of net position to report as restricted and unrestricted 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 School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the computation of net investment in capital assets, School Bond Loan Fund and School Loan Revolving Fund debt is not considered to be capital related debt.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Fund Balance Flow Assumptions

Sometimes the School 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 School 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 government 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 School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School 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.

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 or capital 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 School District are collected by various municipalities and periodically remitted to the School District. The taxes are levied as of 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 date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

Compensated Absences

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

For fund financial statements, no compensated absence liability is reported for current employees and a compensated absence liability is reported for terminated employees only when the termination date is on or before year end.

Early Retirement Obligations

For government-wide financial statements, the liability for early retirement obligations is reported when legally enforceable. For fund financial statements, the liability for early retirement obligations is reported either 1) on the due date when there is a specified due date or 2) on the retirement date if it is before year end, when there is not a specified legally enforceable due date.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and special revenue funds. All annual appropriations lapse at year end.

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

1. 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.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by Board of Education resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). 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.
4. The Superintendent is authorized to transfer budgeted amounts within 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 Board of Education.
5. Formal budgetary integration is employed as a management control device during the year.
6. The budget is amended during the year with supplemental appropriations, the last one approved prior to June 30, 2021.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY—Continued

Sinking Fund Compliance

The Sinking Fund Capital Project Fund records capital project activities funded with a Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212 of the Revised School Code.

NOTE C—DEPOSITS AND INVESTMENTS

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

Investment Type	Fair value	Weighted average maturity (Days)	Standard & Poor's rating	Percent
Money Market Funds	\$ 562,682	31	not rated	91%
External investment pool	56,429	55	AAAm	9%
Total fair value	<u>\$ 619,111</u>			<u>100%</u>

The School voluntarily invests certain excess funds in an external investment pool (Pool). The Pool is an external investment pool of “qualified” investments for Michigan municipalities. The Pool is not regulated nor registered with the SEC. The fair value of the School’s investments is the same as the value of the Pool shares.

Interest rate risk

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

State law limits investments in commercial paper and corporate bonds to the three highest classifications issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk

The School District does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the School District 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.

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2021, \$2,688,686 of the School’s bank balance of \$3,188,686 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments

The School District does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk

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

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE D—FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School District the ability to access.

- Level 2 Inputs to the valuation methodology include the following:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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	\$ 528,822
MILAF External Investment pool - MAX Class	56,429
	\$585,251

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE D—FAIR VALUE MEASUREMENTS—Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Money market and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the School District's assets at fair value on a recurring basis as of June 30, 2021:

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 33,860	\$ -	\$ 33,860

NOTE E—CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 420,000	\$ -	\$ -	\$ 420,000
Capital assets, being depreciated:				
Buildings and improvements	18,620,332	1,277,275	-	19,897,607
Furniture and equipment	2,529,578	5,503	388,133	2,146,948
Vehicles	254,013	-	-	254,013
Total capital assets, being depreciated	21,403,923	1,282,778	388,133	22,298,568
Less accumulated depreciation:				
Buildings and improvements	8,057,171	378,856	-	8,436,027
Furniture and equipment	1,932,770	100,260	388,133	1,644,897
Vehicles	244,616	2,477	-	247,093
Total accumulated depreciation	10,234,557	481,593	388,133	10,328,017
Total capital assets, being depreciated, net	11,169,366	801,185	-	11,970,551
Capital assets, net	\$ 11,589,366	\$ 801,185	\$ -	\$ 12,390,551

Depreciation

Depreciation expense has been charged to functions as follows:

Instruction	\$ 372,178
Support services	88,409
Athletics	19,415
Food services	1,591
	\$ 481,593

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Debt Service	General Fund	\$ 96,052
Other governmental Funds	General Fund	9,618
		<u><u>\$ 105,670</u></u>

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.

Interfund Transfers

The Food Service Fund transferred \$25,880 to the General Fund for indirect costs.

NOTE G—SHORT-TERM DEBT

The School District issues State of Michigan school aid anticipation notes to provide short-term operating funds. The notes are obligations of the General Fund, which received the note proceeds, and are backed by the full faith, credit and resources of the School District. In the event of default, the State of Michigan can withhold future state aid payments. The short-term debt activity for the year ended June 30, 2021 follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
	<u>July 1, 2020</u>			<u>June 30, 2021</u>
State aid anticipation note				
2019/2020 2.08% due August 2020	\$ 1,300,000	\$ -	\$ 1,300,000	\$ -
2020/2021 .25% due August 2021	-	1,200,000	-	1,200,000
	<u><u>\$ 1,300,000</u></u>	<u><u>\$1,200,000</u></u>	<u><u>\$1,300,000</u></u>	<u><u>\$ 1,200,000</u></u>

NOTE H—LONG-TERM OBLIGATIONS

The School District issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Notes from direct borrowings and direct placements include the Installment Purchase obligations and School Loan Revolving Fund.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE H—LONG-TERM OBLIGATIONS—Continued

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Bonds	\$ 16,060,000	\$ -	\$ 2,145,000	\$ 13,915,000	\$ 1,025,000
Premiums	866,435	-	66,538	799,897	-
Discounts	(19,462)	-	(1,557)	(17,905)	-
Notes from direct borrowings and direct placements	1,108,383	2,142,742	14,827	3,236,298	14,286
Compensated absences	59,578	4,915	1,228	63,265	4,000
Early retirement incentives	19,583	37,083	11,083	45,583	17,000
	<u>\$ 18,094,517</u>	<u>\$ 2,184,740</u>	<u>\$ 2,237,119</u>	<u>\$ 18,042,138</u>	<u>\$ 1,060,286</u>

In the previous schedule, the additions from direct borrowings and direct placements represent \$157,732 installment purchase, \$47,217 of accrued interest on the School Bond Loan Fund, and \$1,937,703 of additional draws on the School Loan Revolving Fund.

The governmental activities refunding bonds are secured by future state aid and property tax revenues of the School District. If the School District defaults, the bonds are callable.

The governmental activity notes from direct borrowings and direct placements are comprised of notes payable to the State of Michigan under the School Bond Loan Fund and School Loan Revolving Fund which are secured by future state aid and property tax revenues of the School District. In the event of default, the State of Michigan can withhold future state aid payments.

General obligation bonds and notes from direct borrowings and direct placements consist of the following:

	<u>Interest Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance</u>
General obligation bonds			
2016 Refunding General Obligation Bond	4%	May 2033	7,400,000
2019 Refunding General Obligation Bond	1.94-2.63%	May 2030	5,505,000
2020 Energy Conservation Improvement Bonds	2-4%	May 2036	1,010,000
			<u>\$ 13,915,000</u>
Notes from direct borrowings and direct placements			
School Loan Revolving Fund	3%	May 2039	\$ 3,093,394
Installment Purchase Agreement	2.62%	May 2029	\$ 142,904
			<u>\$ 3,236,298</u>

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE H—LONG-TERM OBLIGATIONS—Continued

The annual requirements of principal and interest to amortize the bonds and notes from direct borrowings and direct placements outstanding as of June 30, 2021 follow:

Year ending June 30,	Governmental activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 1,025,000	\$ 452,079	\$ 14,286	\$ 3,801
2023	1,080,000	418,606	14,660	3,421
2024	1,145,000	383,579	15,044	3,031
2025	1,210,000	347,640	15,438	2,631
2026	1,275,000	309,590	15,843	2,220
2027-2031	6,515,000	900,905	67,633	4,544
2031-2035	1,665,000	105,480	3,093,394	-
	\$ 13,915,000	\$ 2,917,879	\$ 3,236,298	\$ 19,648

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at Michigan.gov/ORSSchools.

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. Depending on the plan option selected (Basic, Member Investment Plan (MIP), Pension Plus, Pension Plus 2), member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – Pension—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 who became a member 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 percent of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50 percent (up to 1 percent 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 service 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.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a DC plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Employees in the Pension Plus and DC plans are immediately vested in their own contributions and earnings on those contributions. The employee becomes vested in the employer match contribution at the following rates: 50 percent after two years of service, 75 percent after three years of service, and 100 percent after four years of service. Non-vested contributions are forfeited upon termination of employment. Forfeitures during a plan year are credited to a forfeitures account. Forfeitures are first applied to restore any forfeited amounts that are required to be restored. The remaining amounts in the forfeitures account may be maintained in reserve, used to cover a portion of the plan's administrative expenses or offset future employer contributions, as determined by the plan administrator.

Pension Reform 2017

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

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – Pension—Continued

Regular Retirement

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

Post-Retirement Adjustments

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

Plan Status

The Basic, MIP, and Pension Plus plans are closed to new entrants. The Pension Plus 2 plan and the DC plan are still open to new entrants.

Benefits Provided – 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 healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80 percent beginning January 1, 2013; 90 percent for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – OPEB—Continued

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions – Pension and OPEB

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019, and ending September 30, 2038.

The schedules below summarize the contribution rates in effect for the System’s fiscal year ended September 30, 2020.

Pension Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0 %	19.41 %
Member Investment Plan	3.0 - 7.0	19.41
Pension Plus Plan	3.0 - 6.4	16.46
Pension Plus 2 Plan	6.2	19.59
Defined Contribution	0.0	13.39

OPEB Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.0 %	8.09 %
Personal Healthcare Fund	0.0	7.57

The School District’s pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Pension contributions were approximately \$1,747,000, including Section 147c contributions.

For the year ended June 30, 2021, the School District and employee defined contribution plan contributions were approximately \$30,400 and \$70,600, respectively.

The School District’s OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. OPEB contributions were approximately \$428,800.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the School District reported a liability of \$19,966,477 for its proportionate share of the net pension liability and a liability of \$3,102,294 for its proportionate share of the net OPEB liability.

The net pension and OPEB liabilities were measured as of September 30, 2020, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation rolled forward from September 30, 2019. The School District’s proportion of the net pension and OPEB liabilities was determined by dividing each employer’s statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions, respectively, required from all applicable employers during the measurement period. At September 30, 2020 and 2019, the School District’s pension proportion was 0.05812 and 0.05738 percent, respectfully. At September 30, 2020 and 2019, the School District’s OPEB proportion was 0.05791 and 0.05749 percent, respectively.

For the year ended June 30, 2021, the School District recognized pension expense (benefit) of \$3,068,037 and OPEB expense (benefit) of \$(76,032).

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Pension</u>		<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 305,071	\$ 42,616	\$ -	\$ 2,311,499
Changes of assumptions	2,212,478	-	1,022,888	-
Net difference between projected and actual earnings on plan investments	83,890	-	25,892	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	228,163	35,382	78,363	25,246
State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date	-	749,066	-	-
School District contributions subsequent to the measurement date	1,657,470	-	390,716	-
Total	\$4,487,072	\$ 827,064	\$1,517,859	\$2,336,745

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources—Continued

The School District contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB, in the chart above, will be recognized as a reduction of the net pension liability and the net OPEB liability, respectively, in the year ended June 30, 2022. The State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date reported as deferred inflows of resources will be recognized as revenue in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in expense as follows:

Year ending June 30,	Pension	OPEB
2022	\$ 1,227,117	\$ (333,157)
2023	878,586	(297,259)
2024	489,111	(238,066)
2025	156,790	(185,785)
2026	-	(155,335)

Actuarial Assumptions

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

Summary of Actuarial Assumptions

Valuation date	September 30, 2019
Actuarial cost method	Entry age, Normal
Investment rate of return –	6.8% a year for the MIP and Basic plans 6.8% a year for the Pension Plus plan 6% a year for the Pension Plus 2 plan 6.95% a year for OPEB
Salary increases –	2.75%-11.55%
Inflation –	2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members
Healthcare cost trend rate –	7% Year 1 graded to 3.5% Year 15; 3% Year 120

Mortality Assumptions

The healthy life post-retirement mortality tables used in this valuation of the System were the RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82 percent for males and 78 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience Study

The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Actuarial Assumptions—Continued

Long-Term Expected Rate of Return on Investments

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

Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of September 30, 2020 are summarized in the following table:

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

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

Rate of return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 5.37 percent and 5.24 percent on pension plan and OPEB plan investments, respectively.

Discount rate

In the current year, the discount rates used to measure the total pension and OPEB liabilities were 6.8 percent (6.8 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), and 6.95 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2020 were 6.8 percent (6.8 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), and 6.95 percent, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plans’ 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 and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Sensitivity of the net pension liability to changes in the discount rate

The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 6.8 percent (6.8 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower (5.8% / 5.8% / 5%)	Discount Rate (6.8% / 6.8% / 6%)	1% Higher (7.8% / 7.8% / 7%)
\$ 25,843,217	\$ 19,966,477	\$ 15,095,969

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the School District’s proportionate share of the net OPEB liability calculated using the discount rate of 6.95 percent, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower (5.95%)	Discount Rate (6.95%)	1% Higher (7.95%)
\$ 3,985,249	\$ 3,102,294	\$ 2,358,920

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the School District’s proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower	Current Healthcare Cost Trend Rate	1% Higher
\$ 2,330,457	\$ 3,102,294	\$ 3,980,163

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plans’ fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System Comprehensive Annual Financial Report available at www.michigan.gov/orsschools.

Payable to the pension and OPEB plan

At year end the School District is current on all required pension and OPEB payments. Accruals for July and August deferred payroll and for July and August Section 147c amounts are not considered payables for this purpose.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE J—COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Operating leases

The School District has a lease agreement for the use of copiers expiring in March 2022. Expense for the year ended June 30, 2021 was approximately \$42,000. The following is a schedule of future minimum rental payments required under the lease.

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2022	<u>\$ 27,888</u>

NOTE K—OTHER INFORMATION

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The School 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 School 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 School 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.

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE L—CHANGE IN ACCOUNTING PRINCIPLE

The net position of the governmental activities and other governmental funds were restated effective July 1, 2020 to reflect the implementation of GASB Statement No. 84, *Fiduciary Activities*.

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and is effective for the District's 2021 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

The restatement of the net position at the beginning of the year and fund balance at the beginning of the year is as follows:

	Fund balances	
	Other governmental Funds	Total governmental funds
Fund balances at beginning of year, as previously stated	\$ 1,121,029	\$ 2,150,178
Adoption of GASB Statement 84	271,058	271,058
Fund balances at beginning of year, as restated	\$ 1,392,087	\$ 2,421,236
		Governmental activities
Net position at beginning of year, as previously stated		\$ (23,752,872)
Adoption of GASB Statement 84		271,058
Net position at beginning of year, as restated		\$ (23,481,814)

North Muskegon Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE M—SUBSEQUENT EVENT

In August 2021, the School District received the proceeds of a \$750,000 State of Michigan (State) school aid anticipation notes payable. The note payable is not subject to redemption prior to its maturity in August 2021 and bears interest at the rate of 0.12 percent per annum. The School District pledged for payment of the note payable, the amount of State school aid to be received plus the full faith, credit, and resources of the School District.

NOTE N—RISKS AND UNCERTAINTIES

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully understand the impact it will have on the economy and on the School District's operations. As of June 30, 2021, the School District continues to implement risk mitigation tactics including all aspects of the School District's activities related to public school education, relationships with local, state, and federal government funding sources, compliance with the requirements of these funding sources and with business transactions with customers, vendors and human interaction within and outside of the School District.

NOTE O—UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the School District's 2022 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases 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 an 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.

GASB Statement 96—*Subscription-Based Information Technology Arrangements* was issued by the GASB in May 2020 and will be effective for the School District's 2023 fiscal year. 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.

REQUIRED SUPPLEMENTARY INFORMATION

North Muskegon Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
 General Fund
 For the year ended June 30, 2021

	Budgeted amounts		Actual	Variance with
	Original	Final		final budget- positive (negative)
REVENUES				
Local sources	\$ 1,036,287	\$ 1,006,397	\$ 1,035,510	\$ 29,113
State sources	8,658,928	9,183,082	9,390,522	207,440
Federal sources	203,845	600,017	590,594	(9,423)
Incoming transfers and other transactions	18,000	187,732	183,612	(4,120)
Total revenues	9,917,060	10,977,228	11,200,238	223,010
EXPENDITURES				
Current				
Instruction				
Basic programs	5,536,478	5,744,543	5,871,309	(126,766)
Added needs	1,233,167	1,179,519	1,191,213	(11,694)
Adult and continuing education	15,411	42,000	35,919	6,081
Support services				
Pupil	770,273	739,852	730,746	9,106
Instructional staff	284,092	437,298	446,403	(9,105)
General administration	402,102	439,636	431,767	7,869
School administration	439,602	468,891	469,515	(624)
Business	189,300	171,480	154,319	17,161
Operations and maintenance	721,608	753,999	728,084	25,915
Pupil transportation services	34,054	68,293	67,036	1,257
Central	133,061	104,170	109,098	(4,928)
Athletics	318,578	302,892	300,490	2,402
Other	2,500	5,000	-	5,000
Community services	35,000	-	65	(65)
Debt service	70,943	86,069	86,068	1
Capital outlay	10,000	172,731	167,888	4,843
Total expenditures	10,196,169	10,716,373	10,789,920	(73,547)
Excess (deficiency) of revenues over (under) expenditures	\$ (279,109)	\$ 260,855	410,318	\$ 149,463
Fund balance at beginning of year			970,258	
Fund balance at end of year			\$ 1,380,576	

North Muskegon Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employee Retirement System
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
School District's proportion of the net pension liability (%)	0.05812%	0.05738%	0.05695%	0.05722%	0.05693%	0.05414%	0.05280%	-	-	-
School District's proportionate share of the net pension liability	\$ 19,966,477	\$ 19,002,602	\$ 17,120,520	\$ 14,827,842	\$ 14,203,988	\$ 13,224,254	\$ 11,629,192	\$ -	\$ -	\$ -
School District's covered payroll	\$ 5,059,372	\$ 4,927,110	\$ 4,806,505	\$ 4,744,579	\$ 4,740,389	\$ 4,508,615	\$ 4,494,154	\$ -	\$ -	\$ -
School District's proportionate share of the net pension liability as a percentage of its covered payroll	394.64%	385.67%	356.19%	312.52%	299.64%	293.31%	258.76%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

North Muskegon Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's Pension Contributions
Michigan Public School Employee Retirement System
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 998,304	\$ 974,785	\$ 871,034	\$ 852,040	\$ 894,450	\$ 1,044,474	\$ 1,104,841	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	998,304	974,785	871,034	852,040	894,450	1,044,474	1,104,841	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 5,099,588	\$ 5,055,787	\$ 4,911,425	\$ 4,771,844	\$ 4,739,013	\$ 4,658,940	\$ 4,504,273	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	19.58%	19.28%	17.73%	17.86%	18.87%	22.42%	24.53%	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

North Muskegon Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employee Retirement System
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
School District's proportion of the net OPEB liability (%)	0.05791%	0.05749%	0.05674%	0.05724%	-	-	-	-	-	-
School District's proportionate share of the net OPEB liability	\$ 3,102,294	\$ 4,126,823	\$ 4,510,448	\$ 5,069,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 5,059,372	\$ 4,927,110	\$ 4,806,505	\$ 4,744,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	61.32%	83.76%	93.84%	106.84%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%	42.95%	36.39%	-	-	-	-	-	-

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

North Muskegon Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's OPEB Contributions
Michigan Public School Employee Retirement System
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 428,821	\$ 417,310	\$ 399,365	\$ 355,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	428,821	417,310	399,365	355,351	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 5,099,588	\$ 5,055,787	\$ 4,911,425	\$ 4,771,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	8.41%	8.25%	8.13%	7.45%	-	-	-	-	-	-

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

North Muskegon Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information
For the year ended June 30, 2021

Pension Information

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

Changes of assumptions: There were no changes of assumptions in 2020.

OPEB Information

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

Changes of assumptions – There were no changes of assumptions in 2020.

STATISTICAL DATA (UNAUDITED)

North Muskegon Public Schools
STATISTICAL DATA
 June 30, 2021

HISTORICAL PROPERTY VALUATIONS

In accordance with Act No. 539, Public Acts of Michigan, 1982, and Article IX, Section 3 of the Michigan Constitution, the ad valorem State Equalized Valuation (SEV) represents 50% of true cash value. SEV does not include any value of tax exempt property (e.g. churches, governmental property) or property granted tax abatements under Act No. 198, Public Acts of Michigan, 1974, as amended. As a result of Proposal A, ad valorem property taxes are assessed on the basis of taxable value, which is subject to assessment caps. SEV is used in the calculation of debt margin and true cash value.

Taxable property in the School District is assessed by the local municipal assessor, and is subject to review by the County Equalization Department.

<u>Year</u>	<u>Homestead</u>	<u>Non-homestead</u>	<u>Taxable value</u>
2021	\$ 131,889,293	\$ 33,819,713	\$ 165,709,006
2020	127,769,270	33,628,816	161,398,086
2019	123,957,667	33,215,758	157,173,425
2018	117,786,762	32,546,696	150,333,458
2017	112,029,811	33,990,412	146,020,223
2016	108,956,852	34,214,142	143,170,994
2015	108,164,728	34,536,641	142,701,369
2014	106,310,690	33,330,634	139,641,324
2013	107,443,856	32,234,758	139,678,614
2012	102,520,088	36,806,336	139,326,424
2011	104,857,918	34,791,806	139,649,724
2010	105,863,975	36,050,618	141,914,593
2009	112,526,926	33,962,757	146,489,683
2008	112,148,267	33,766,455	145,914,722
2007	109,248,677	35,257,211	144,505,888
2006	104,928,454	33,142,008	138,070,462
2005	100,300,658	31,752,512	132,053,170
2004	95,840,566	29,676,337	125,516,903
2003	93,678,598	26,313,763	119,992,361
2002	90,024,640	26,294,951	116,319,591

North Muskegon Public Schools
STATISTICAL DATA
 June 30, 2021

MAJOR TAXPAYERS

The top ten taxpayers in the School District and their 2020 Taxable Valuation and Industrial Facilities Tax Valuation are as follows:

<u>Taxpayer</u>	<u>Product/service</u>	<u>Taxable value</u>
Beverly Hills Apartments	Apartments	\$ 1,798,800
Consumer's Energy	Utility	1,734,639
Peterson, Aaron & Jenny	Residential	1,482,464
DTE Energy Company	Utility	1,191,900
MPLX Terminals LLC	Oil Refinery	1,170,915
Bayer Cropscience	Industrial	923,300
Witham, Christopher & Stephanie	Residential	921,222
Pointe Marine Association	Marine	835,855
Newcorp Inc.	Heavy Eqpt/trucking	819,156
Dat Properties LLC	Assisted Living	732,500
		<u>\$ 11,610,751</u>

The taxable values of the above taxpayers represent 7.19 percent of the School District's 2020 taxable value of \$161,398,086.

North Muskegon Public Schools
STATISTICAL DATA
 June 30, 2021

TAX RATES (Per \$1,000 of Valuation)

Each school district, county, township, special authority and city has a geographical definition which constitutes a tax district. Since local school districts and the county overlap either a township or a city, and intermediate school districts overlap local school districts and county boundaries, the result is many different tax rate districts.

North Muskegon Public Schools

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Voted (non-homestead)	17.8776	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	7.8200	7.8200	7.8200	7.8200	7.8200	7.8200	7.8200	7.8200	7.7300	7.7300
Sinking Fund	1.4619	1.4728	1.4785	1.4925	1.4920	1.5000	-	-	-	-
TOTAL HOMESTEAD	9.2819	9.2928	9.2985	9.3125	9.3120	9.3200	7.8200	7.8200	7.7300	7.7300
TOTAL NON-HOMESTEAD	27.1595	27.2928	27.2985	27.3125	27.3120	27.3200	25.8200	25.8200	25.7300	25.7300

The School District's voted non-homestead millage expires with the December 1, 2020 levy.

Other Major Taxing Units

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
State Education Fund ¹	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Muskegon County	6.8490	6.8947	6.8957	6.8957	6.8957	6.6357	6.6557	6.6957	6.6957	6.6957
City of North Muskegon	13.0263	12.0883	12.0883	12.8850	12.1379	12.1380	12.1849	12.1849	12.1849	12.9339
Muskegon County I/S/D	4.7541	4.7541	4.7580	4.7580	4.7580	4.7580	4.7580	3.7580	3.7580	3.7580
Muskegon Community College	2.5434	2.5437	2.5437	2.5437	2.5437	2.5437	2.5437	2.2037	2.2037	2.2037

¹Pursuant to school finance reform legislation which became effective in March 1994, the State of Michigan levies 6.00 mills for school operating purposes on all homestead and non-homestead property located within the School District. The School District levies 18 mills of voted operating millage on non-homestead property and authorized debt millage on all homestead and non-homestead property located within the School District.

Source: Muskegon County

North Muskegon Public Schools
STATISTICAL DATA
 June 30, 2021

STATE AID PAYMENTS

The School District's primary source of funding for operating costs is the State aid foundation allowance per pupil. The foundation guarantee was set at \$8,111 per pupil for the fiscal year 2020/21. In future years, this allowance may be adjusted by an index based upon the change in revenues to the state school aid fund and the change in the total number of pupils statewide.

The following table shows a ten year history of the School District's total state aid revenues, including categorical and other amounts, and the per pupil state aid foundation allowance, which reflects the changes in sources of school operating revenue described herein:

<u>Year</u>	<u>Total</u>	<u>State Amount Received per Pupil</u>	<u>Foundation Allowance per Pupil</u>
2020/21 ¹	\$9,784,639	\$ 7,556.00	\$ 8,111.00
2019/20 ²	9,401,968	7,555.00	8,111.00
2018/19 ⁹	8,778,309	7,313.05	7,871.00
2017/18 ⁸	8,646,326	7,073.27	7,631.00
2016/17 ⁷	8,229,706	6,939.30	7,511.00
2015/16 ⁶	7,945,890	6,798.17	7,391.00
2014/15 ⁵	7,627,781	6,541.90	7,126.00
2013/14 ⁴	7,453,068	6,450.20	7,026.00
2012/13 ³	7,197,887	6,400.53	6,966.00
2011/12	6,864,583	6,319.01	6,965.00

¹2020/2021, \$749,066 in 147c funds for the MPSERS UAAL Rate stability, \$203,265 in MPSERS offset.

²2019/2020, the school received \$630,633 in section 147C funds for the MPSERS UAAL Rate stability, \$173,543 in MPSERS cost offset.

³2012/2013, the school received \$86,782 in section 147c funds for the MSPERS UAAL Rate Stability, \$91,622 in MSPERS cost offset, \$51,822 in Best Practice funds, and \$39,863 in Performance based funding.

⁴2013/2014, the school received \$230,004 in section 147C funds for the MPSERS UAAL Rate stability, \$62,163 in MPSERS cost offset, \$55,445 in Best Practice funds, and \$50,542 in foundation equity.

⁵2014/2015, the school received \$381,989 in section 147C and \$11,104 in section 147D funds for the MPSERS UAAL Rate stability, \$62,204 in MPSERS cost offset, \$50,555 in Best Practice funds, \$126,380 in foundation equity and \$60,524 in Performance based funding.

⁶2015/2016, the school received \$518,005 in section 147C funds for the MPSERS UAAL Rate stability, \$64,135 in MPSERS cost offset.

⁷2016/2017, the school received \$612,668 in section 147C funds for the MPSERS UAAL Rate stability, \$69,136 in MPSERS cost offset.

⁸2017/2018, the school received \$699,804 in section 147C funds for the MPSERS UAAL Rate stability, \$97,329 in MPSERS cost offset.

⁹2018/2019, the school received \$625,211 in section 147C funds for the MPSERS UAAL Rate stability, \$120,867 in MPSERS cost offset.

Source: Michigan Department of Education and School District

North Muskegon Public Schools
STATISTICAL DATA
 June 30, 2021

TAX LEVIES AND COLLECTIONS

The School District’s fiscal year begins July 1 and ends June 30. School District property taxes are due December 1 of each fiscal year and are payable without interest or penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurer for collection. Muskegon County annually pays from its Tax Payment Fund delinquent taxes on real property to all taxing units in the County, including the School District, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payment from this fund has resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible.

A history of tax levies and collections for the School District is as follows:

<u>Levy Year</u>	<u>Operating tax levy</u>	<u>Collections to March 1 of Following Year</u>		<u>Collections plus funding to June 30 each year</u>	
2020	\$ 577,626	\$ 285,158	49.40 %	\$ 570,044	98.70 %
2019	579,087	556,775	96.15	564,307	97.45
2018	572,897	515,378	89.96	572,556	99.94
2017	574,440	566,147	98.56	574,365	99.99
2016	585,964	584,042	99.67	585,964	100.00
2015	608,944	589,014	96.73	608,944	100.00
2014	584,474	554,288	94.84	584,414	99.99
2013	573,983	550,690	95.94	573,101	99.85
2012	553,311	553,299	100.00	553,303	100.00
2011	628,326	588,472	93.66	624,459	99.38

The Tax Payment Fund is financed through the issuance of General Obligation Limited Tax Notes (GOLTNs) by the County. Although the School District anticipates the continuance of this program by the County, the ability of the County to issue such GOLTNs is subject to market conditions at the time of offering. In addition, Act 206 of 1893, as amended, provides in part that: “The primary obligation to pay to the county the amount of taxes and interest thereon shall rest with the local taxing units, and if the delinquent taxes which are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit to recover the amount thereof and interest thereon...” On the first Tuesday in May in each year, a tax sale is held by the County at which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years.

Source: *School District*

North Muskegon Public Schools
STATISTICAL DATA
 June 30, 2021

PENSION FUND

For the period from October 1 through September 30, the School District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement System ("MPERS") which is administered by the State of Michigan. These contributions are required by law and are calculated by using the contribution rates and periods provided in the table below of the employees' wages. The School District's estimated contribution to MPERS for the 2020/21 fiscal year and the contributions for the previous nine years are shown below.

<u>Contribution Period</u>	<u>Contribution Rate</u>
October 1, 2020—September 30, 2021	35.47-42.72 %
October 1, 2019—September 30, 2020	33.37-39.91
October 1, 2018—September 30, 2019	33.17-39.37
October 1, 2017—September 30, 2018	32.28-36.88
October 1, 2016—September 30, 2017	32.66-36.64
October 1, 2015—September 30, 2016	31.49-36.31
October 1, 2014—September 30, 2015	29.72-34.54
October 1, 2013—September 30, 2014	25.52-29.35
October 1, 2012—September 30, 2013	26.96-27.37
October 1, 2011—September 30, 2012	19.16-24.66

<u>Fiscal year ending June 30</u>	<u>Contributions to MPERS</u>
2021	\$ 2,216,556
2020	2,068,060
2019	1,845,850
2018	1,902,436
2017	1,903,852
2016	1,697,348
2015	1,588,279
2014	1,332,286
2013	1,164,003
2012	1,079,986

North Muskegon Public Schools
STATISTICAL DATA
 June 30, 2021

DEBT STATEMENT

Direct Debt

<u>Dated</u>	<u>Purpose/Type</u>	<u>Interest spread</u>	<u>Date of Maturity</u>	<u>Amount outstanding</u>
11/21/2019	Building & Site/Refunding	2%	May 2030	\$ 5,505,000
3/30/2016	Building & Site/Refunding	4%	May 2033	7,400,000
4/29/2020	Energy conservation	2.46%	May 2030	1,010,000
8/11/2020	Installment Purchase Agreement	2.62%	August 2030	142,904
				<u>\$ 14,057,904</u>

Source: Municipal Advisory Council of Michigan

School Bond Loan Fund

As of June 30, 2021, the School District has a School Bond Loan Fund borrowing balance of \$3,093,394.

Source: State of Michigan Department of Treasury

North Muskegon Public Schools
STATISTICAL DATA
June 30, 2021

SCHOOL ENROLLMENT - HISTORICAL ENROLLMENT

The School District's historical enrollment (Fall Pupil Count Day) is as follows:

<u>School Year</u>	<u>Enrollment</u>
2020/21	977
2019/20	1,041
2018/19	1,047
2017/18	1,041
2016/17	1,034
2015/16	1,037
2014/15	1,012
2013/14	1,012
2012/13	996
2011/12	997