New Haven Community Schools

Financial Statements

June 30, 2021

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New Haven Community Schools
Members of the Board of Education and Administration
June 30, 2021

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Independent Auditors' Report

Management and the Board of Education
New Haven Community Schools
New Haven, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Haven Community Schools, 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.

Auditors' 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 auditors' 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 New Haven Community 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.

Adoption of New Accounting Standard

As described in Note 1 to the financial statements, during the year ended June 30, 2021, the School District adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Haven Community Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of New Haven Community 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 New Haven Community 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 New Haven Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
October 29, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Continued)

This section of New Haven Community Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School 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 New Haven Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. 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 School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the Debt Retirement Funds and the 2019 Building and Site Fund - with all other funds presented in one column as non-major funds.

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All the current year's revenue and expenses are considered regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds – Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental Funds – All the School 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 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 School 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 subsequently to finance the School 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 reconciliations.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a comparative summary of the School District's net position as of June 30:

TABLE 1	Governmental Activities June 30 2021	Governmental Activities June 30 2020
	(in millions)	
Assets		
Current and other assets	$ 6.5	$ 16.9
Capital assets	77.5	69.8
Total assets	84.0	86.7
Deferred Outflows of Resources	8.1	8.5
Total assets and deferred outflows of resources	92.1	95.2
Liabilities		
Current liabilities	4.0	5.6
Net pension/OPEB liability	26.4	25.9
Long-term liabilities	83.2	86.6
Total liabilities	113.6	118.1
Deferred Inflows of Resources	4.4	4.6
Total liabilities and deferred inflows of resources	118.0	122.7
Net Position		
Net investment in capital assets	(3.7)	(4.3)
Restricted for debt service	0.3	0.1
Unrestricted	(22.4)	(23.3)
Total net position	**$ (25.8)**	**$ (27.5)**

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was a deficit of $(25.8) million on June 30, 2021. Capital assets, net of related debt totaling a negative $(3.7) million, compares the original cost, less depreciation of the School Districts capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt comes due. The amount restricted for debt service is $.3 million. The remaining amount of net position, a deficit of $(22.4) million was unrestricted.

The $(22.4) million deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. A total of 26.4 million of this deficit unrestricted net position is the School Districts proportionate share of the net pension and OPEB liability related to the state-managed Michigan Public Schools Employees' Retirement System. The operating results of the General Fund and the change in the net pension and OPEB liability 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 School District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal years 2021 and 2020 (see Table 2).

TABLE 2

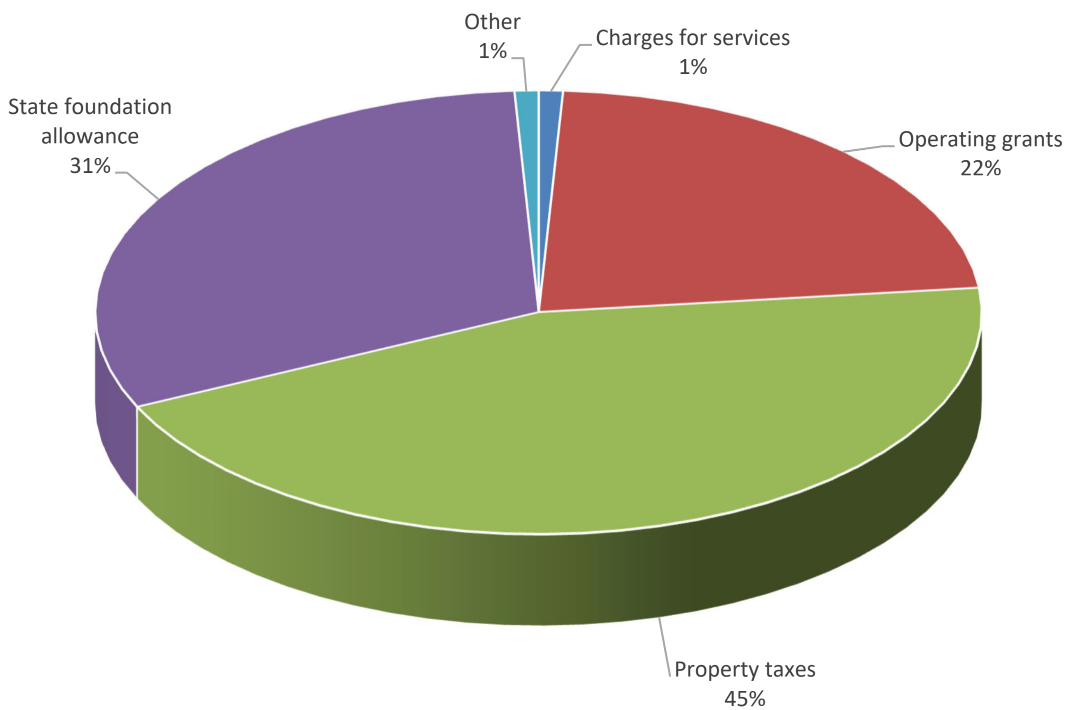
	Governmental Activities Year End June 30	
	2021	2020
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 0.2	$ 0.4
Operating grants	5.1	3.5
General revenue:		
Property taxes	10.2	8.9
State foundation allowance	7.1	6.8
Other	0.2	0.4
Total revenue	22.8	20.0
Functions/Program Expenses		
Instruction	$ 8.5	$ 7.7
Support services	6.6	6.3
Food services	0.7	0.7
Community services	0.2	0.2
Interest and other expenses on long-term debt	2.7	2.5
Loss on disposal of assets	-	0.3
Depreciation (unallocated)	2.6	2.0
Total functions/program expenses	21.3	19.7
Increase (Decrease) in Net Position	1.5	0.3
Net Position - Beginning of year	0.3	-
Net Position - End of year	**$ 1.8**	**$ 0.3**

As reported in the statement of activities, the cost of all our governmental activities this year was $21.3 million. Certain activities were partially funded from those who benefited from the programs, $0.2 million, or by other governments and organizations that subsidized certain programs with grants and contributions, $5.1 million. We paid for the remaining “public benefit” portion of our governmental activities with $10.2 million in property taxes, $7.1 million in unrestricted state aid, and $0.2 million of our other revenue (i.e., interest and general entitlements).

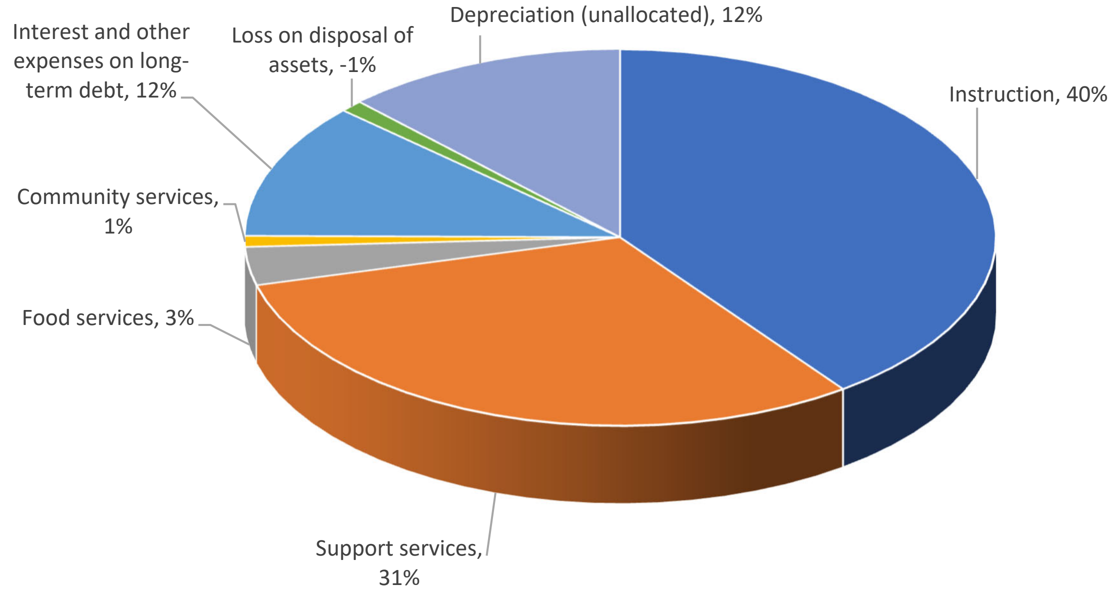
The School District experienced an increase in net position of approximately $1.5 million. The major change in net position included a $1.6 million increase in the District’s revenue from operating grants. Expenditures arising from those grants increased proportionately. Additional revenue increases totaling $1.6 million from property taxes and state aid through an increase in pupil enrollment. Property taxes increases were mainly the result of a new ten-year Macomb County enhancement millage. Additional operating expenditures of $1.2 million offset these increases.

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

Analysis of Revenue - Governmental Activities
Year Ended June 30, 2021



Analysis of Expenses - Governmental Activities
Year Ended June 30, 2021



The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $3.0 million, which is a $9.0 million decrease from last years restated fund balance of $12.0 million. The primary reasons for changes within major funds are as follows:

- In the General Fund, our principal operating fund, the fund balance increased approximately $1,130,000, bringing the fund balance to $1,150,000.
- Combined, the debt service funds fund increased approximately $180,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service funds fund balances are restricted since they can only be used to pay debt service obligations.
- The 2019 Capital Projects fund was added in June of 2019 for approximately $17.4 million. As of June 30, 2021. Approximately $10.6 million was expended on projects during the year. Approximately $800,000 remains available to complete planned projects.

<u>General Fund Budgetary Highlights</u>

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue 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 made in June 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided as required supplemental information of these financial statements. Major changes in the General Fund original budget compared to the final budget were as follows:

- Budgeted state revenue was increased to align with projected increase in the state aid membership allowance expected greater than originally projected. Additionally, budgeted Federal grant revenue was increased for covid funds, offset 100% by increased budgeted expenditures. Budgeted expenditures were increased to align staffing with increased student population as well as increased services contracted for operating and maintaining the facilities.
- The variance between the final budgeted and actual revenue and other financing sources was negligible, unfavorable by approximately $1,387.
- The variance between the final budgeted and actual expenditures was favorable by approximately $290,000 which is approximately 2.0 percent of total budgeted expenditures.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2021, the School District had $77.5 million invested in a broad range of net capital assets, including land, buildings, vehicles, furniture, and equipment.

	2021	2020
Land	$ 5,676,624	$ 5,676,624
Construction in Process	761,327	3,788,996
Land Improvements	4,848,245	1,437,262
Buildings and building improvements	84,406,265	77,324,529
Buses and other vehicles	8,763,912	1,466,731
Furniture and equipment	1,508,180	6,037,469
Total capital assets	105,964,553	95,731,611
Less accumulated depreciation	28,506,236	25,955,256
Net capital assets	**$ 77,458,317**	**$ 69,776,355**

This year's addition of approximately $13.3 million includes building and site improvements, technology equipment and furniture, and buses. New debt issued in 2019 funded the projects. Reductions in capital assets of approximately $64,000 is the result of school buses sold for scrap during the year.

Capital projects are winding down and completion of the 2019 fund will be exhausted during the 2021 – 2022 fiscal year as planned. We anticipate capital additions to be substantially lower as the district spends down the balance of the 2019 Capital projects fund. We present more detailed information about our capital assets in Note 5 to the financial statements.

Debt

At the end of this year, the School District had approximately $65.1 million in bonds outstanding versus $73.6 million in the previous year, a decrease of 11.6 percent. The bonds consisted of the following:

	2021	2020
General obligation bonds	**$ 65,055,000**	**$ 73,615,000**

The School District's general obligation bond rating from Moody's is Aa1. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. All the School District's bonded indebtedness is qualified, not subject to the statutorily imposed bonded debt limit.

Other obligations include School Loan Revolving Fund obligations, accrued vacation and sick leave pay, capital lease obligations and bond premiums, totaling approximately $11.9 million. We present more detailed information about our long-term liabilities in Note 9 to the financial statements.

<u>Economic Factors and Next Year's Budgets and Rates</u>

Our elected officials and administration consider many factors when setting the School District's 2021 - 2022 fiscal year budget. One of the most important factors affecting the budget is our student count. Based on preliminary numbers, we expect our enrollment to increase over the prior year. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Since the budget adoption in June 2021, the state budget was passed setting the local school operations funding. The final school aid bill increased the foundation allowance to $8,700 from $8,111. The working budget will be adjusted accordingly mid - year based on the October 2020 audited pupil count and changes in the state aid foundation allowance.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts.

The School District currently has four associations as part of its workforce. The Clerical association/MEA, the Paraprofessionals association/MEA and the Transportation association/MEA contracts run through the end of the 2022-2023 fiscal year. The Teachers association/MEA contract runs through August 2023.

During these unprecedented times, the School District is committed to the shared focus of meeting the academic and social needs of the student population. Therefore, a significant expenditure of funds is being budgeted to meet the needs of both a virtual and in person learning environment.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, parents, and investors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office at the New Haven Administration building, 30375 Clark Street, New Haven, Michigan 48048-2000.

BASIC FINANCIAL STATEMENTS

New Haven Community Schools
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and investments	$ 3,863,169
Accounts receivable	64,896
Due from other governmental units	2,325,338
Inventory	16,108
Prepaid items	300,696
Capital assets not being depreciated	6,437,951
Capital assets - net of accumulated depreciation	71,020,366
Total assets	84,028,524
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	5,350,271
Deferred amount relating to the net OPEB liability	1,925,268
Deferred amount on debt refunding	825,166
Total deferred outflows of resources	8,100,705

New Haven Community Schools
Statement of Net Position
June 30, 2021

	Governmental Activities
Liabilities	
Accounts payable	$ 264,384
State aid anticipation note payable	1,600,000
Due to other governmental units	159,717
Payroll deductions and withholdings	79,769
Accrued expenditures	786,924
Accrued salaries payable	901,591
Unearned revenue	204,368
Long-term liabilities	
Due within one year	4,730,178
Due in more than one year	78,428,762
Net pension liability	22,790,707
Net OPEB liability	3,613,044
Total liabilities	113,559,444
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	1,491,536
Deferred amount relating to the net OPEB liability	2,910,904
Total deferred inflows of resources	4,402,440
Net Position	
Net investment in capital assets	(3,707,150)
Restricted for:	
Debt service	323,995
Unrestricted (deficit)	(22,449,500)
Total net position	$ (25,832,655)

See Accompanying Notes to the Financial Statements

New Haven Community Schools
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	$ 8,535,404	$ 1,975	$ 3,160,633	$ (5,372,796)
Supporting services	6,617,233	92,886	1,247,721	(5,276,626)
Food services	669,532	6,651	700,557	37,676
Community services	231,547	101,863	8,339	(121,345)
Interest and fiscal charges on long-term debt	2,687,773	-	-	(2,687,773)
Depreciation expense (unallocated)*	2,614,531	-	-	(2,614,531)
Total governmental activities	$ 21,356,020	$ 203,375	$ 5,117,250	(16,035,395)
General revenues				
Property taxes, levied for general purposes				3,878,553
Property taxes, levied for debt service				6,315,157
State aid - unrestricted				7,073,247
Interest and investment earnings				67,870
Gain on disposal of capital assets				8,912
Other				162,065
Total general revenues				17,505,804
Change in net position				1,470,409
Net position - beginning, as restated				(27,303,064)
Net position - ending				$ (25,832,655)

* - Depreciation expense is unallocated, therefore, there was no direct depreciation charged to the various programs

See Accompanying Notes to the Financial Statements

New Haven Community Schools
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Debt Service Funds	2019 Building and Site Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 1,981,209	$ 763,071	$ 801,157	$ 317,732	$ 3,863,169
Accounts receivable	60,343	-	-	4,553	64,896
Due from other funds	48,187	724	-	-	48,911
Due from other governmental units	2,269,889	-	-	55,449	2,325,338
Inventory	-	-	-	16,108	16,108
Prepaid items	300,696	-	-	-	300,696
Total assets	$ 4,660,324	$ 763,795	$ 801,157	$ 393,842	$ 6,619,118
Liabilities					
Accounts payable	$ 221,358	$ -	$ 15,410	$ 27,616	$ 264,384
State aid anticipation note payable	1,600,000	-	-	-	1,600,000
Due to other funds	724	-	5,933	42,254	48,911
Due to other governmental units	159,717	-	-	-	159,717
Payroll deductions and withholdings	79,769	-	-	-	79,769
Accrued expenditures	347,124	-	-	-	347,124
Accrued salaries payable	901,591	-	-	-	901,591
Unearned revenue	195,488	-	-	8,880	204,368
Total liabilities	3,505,771	-	21,343	78,750	3,605,864

New Haven Community Schools
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Debt Service Funds	2019 Building and Site Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance					
Non-spendable					
Inventory	-	-	-	16,108	16,108
Prepaid items	300,696	-	-	-	300,696
Restricted for					
Food service	-	-	-	128,759	128,759
Debt service	-	763,795	-	-	763,795
Capital projects	-	-	779,814	-	779,814
Committed for					
Student activity	-	-	-	154,009	154,009
Assigned for					
School service	-	-	-	16,216	16,216
Excess budgeted expenditures	79,434				79,434
Unassigned	774,423	-	-	-	774,423
Total fund balances	1,154,553	763,795	779,814	315,092	3,013,254
Total liabilities and fund balances	$ 4,660,324	$ 763,795	$ 801,157	$ 393,842	$ 6,619,118

See Accompanying Notes to the Financial Statements

New Haven Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

Total fund balances for governmental funds	$ 3,013,254
Total net position for governmental activities in the statement of net position is different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Capital assets not being depreciated	6,437,951
Capital assets - net of accumulated depreciation	71,020,366
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	825,166
Deferred inflows of resources resulting from the net pension liability	(1,491,536)
Deferred outflows of resources resulting from the net pension liability	5,350,271
Deferred inflows of resources resulting from the net OPEB liability	(2,910,904)
Deferred outflows of resources resulting from the net OPEB liability	1,925,268
Certain liabilities are not due and payable in the current period and are not reported in the funds	
Accrued interest	(439,800)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities	
Net pension liability	(22,790,707)
Net OPEB liability	(3,613,044)
Compensated absences	(388,493)
Bonds payable	(71,300,698)
School Loan Revolving Fund, including interest	(11,404,571)
Other loans payable and liabilities	(65,178)
Net position of governmental activities	$ (25,832,655)

See Accompanying Notes to the Financial Statements

New Haven Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Debt Service Funds	2019 Building and Site Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	$ 4,020,503	$ 6,315,198	$ 167,552	$ 158,626	$ 10,661,879
State sources	9,369,644	-	-	35,825	9,405,469
Federal sources	1,955,937	-	-	794,232	2,750,169
Total revenues	15,346,084	6,315,198	167,552	988,683	22,817,517
Expenditures					
Current					
Education					
Instruction	8,014,735	-	-	-	8,014,735
Supporting services	6,153,431	-	-	60,144	6,213,575
Athletics					
Food services	-	-	-	628,691	628,691
Community services	1,600	-	-	215,820	217,420
Facilities acquisition	-	-	10,599,132	-	10,599,132
Capital outlay	112,686	-	-	-	112,686
Debt service					
Principal	39,822	8,560,000	-	-	8,599,822
Interest and other expenditures	6,626	2,966,312	-	-	2,972,938
Bond issuance costs	-	9,265	-	-	9,265
Total expenditures	14,328,900	11,535,577	10,599,132	904,655	37,368,264
Excess (deficiency) of revenues over expenditures	1,017,184	(5,220,379)	(10,431,580)	84,028	(14,550,747)

New Haven Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Debt Service Funds	2019 Building and Site Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources					
Proceeds from school bond loan fund	-	5,400,000	-	-	5,400,000
Proceeds from capital leases	105,000	-	-	-	105,000
Proceeds from sale of capital assets	8,912	-	-	-	8,912
Total other financing sources	113,912	5,400,000	-	-	5,513,912
Net change in fund balance	1,131,096	179,621	(10,431,580)	84,028	(9,036,835)
Fund balances - beginning, as restated	23,457	584,174	11,211,394	231,064	12,050,089
Fund balances - ending	$ 1,154,553	$ 763,795	$ 779,814	$ 315,092	$ 3,013,254

New Haven Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - Total governmental funds	$ (9,036,835)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(2,614,531)
Capital outlay	10,296,493
Expenses are recorded when incurred in the statement of activities.	
Interest	(150,605)
Compensated absences	(19,908)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in the net pension liability	(1,465,033)
Net change in deferrals of resources related to the net pension liability	259,588
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in the net OPEB liability	1,010,426
Net change in deferrals of resources related to the net OPEB liability	(349,043)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(5,505,000)
Repayments of long-term debt	8,599,822
Amortization of deferred amount on debt refunding	(98,451)
Amortization of premiums	543,486
Change in net position of governmental activities	$ 1,470,409

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the New Haven Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity
The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements
The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district–wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements
Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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 and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

2019 Building and Site Fund – The 2019 Building and Site Fund is used to account for and report the restricted bond proceeds from the 2019 bond issue and other financial resources that are restricted to expenditures in connection with purchasing/constructing new school buildings, equipment, remodeling, and repairs.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund, School Service/Latchkey/Paid Preschool Funds, and Student Activity Fund.

Assets, Liabilities and Net Position or Equity

Cash and Investments – Cash includes cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, except for certain investment pools which are state at amortized cost.

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2021, the rates are as follows per $1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	8.26000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. 100% of the School District's tax roll lies within Macomb County

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Macomb and remitted to the School District by May 15.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of $5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Land improvements	20 years
Buildings and improvements	25-50 years
Equipment and furniture	10-20 years
Buses and other vehicles	8 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences – The liability for compensated absences reported in the district-wide statements consists of earned but unused accumulated sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

Long-term Obligations – In the district-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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

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

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also include revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications
In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities' column.

Adoption of New Accounting Standards
Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. Management has determined to implement the requirements of this Statement for the fiscal year ending June 30, 2020, in accordance with the original implementation date of the statement.

Upcoming Accounting and Reporting Changes
Statement No. 87, *Leases* increases the usefulness of the District's 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. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

Statement No. 96, Subscription-Based Information Technology Arrangements, is based on the standards established in Statement No. 87 Leases. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending December 31, 2023.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts within a function; however, any revisions that alter the total of any function must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variance
General Fund			
Central	$ 350,189	$ 357,125	$ 6,936
Other	-	1,151	1,151
Capital outlay	-	112,686	112,686

Compliance - Bond Proceeds

The 2019 Building and Site Fund include capital project activities funded with bonds issued after May 1, 1994. For this capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures in the 2019 Building and Site Fund from the inception of the funds through the current fiscal year:

	2019 Building and Site Fund
Revenues	$ 17,878,601
Expenditures	17,098,787

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and investments	$ 3,863,169

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	$	2,492,429
Investments in securities, mutual funds, and similar vehicles		1,370,740
Total	$	3,863,169

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
External Investment Pools				
Michigan Liquid Asset Fund				
MILAF + Cash Management Class	$ 42,691	N/A	AAAm	Standard & Poor's
MILAF + MAX Class	812,182	N/A	AAAm	Standard & Poor's
MILAF Managed Account				
FHLMC Agency Notes	505,621	2 years	AA+	Standard & Poor's
Michigan CLASS	10,246	N/A	AAAm	Standard & Poor's
Total Investments	$ 1,370,740			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2021, the net asset value of the School District's investment in MILAF + Portfolio was $854,873. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of $1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk – The School District's minimizes interest rate risk by structuring investments only in money market mutual funds, the Michigan Liquid Asset fund, and cash investments.

Credit risk – State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk – The School District has no policy that would limit the amount that may be invested with any one issuer.

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. The School District does not have a deposit policy for custodial credit risk. As of year-end, $ 2,562,501 of the School District's bank balance of $ 2,812,501 was exposed to custodial credit risk because it was uninsured and uncollateralized.

<u>Custodial credit risk – investments</u> – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2021:

Amounts invested in Michigan CLASS of $10,246. The investments are valued at fair market value using quoted market prices (Level 1 inputs).

Note 5 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 5,676,624	$ -	$ -	$ 5,676,624
Construction-in-progress	3,788,996	761,327	3,788,996	761,327
Total capital assets not being depreciated	9,465,620	761,327	3,788,996	6,437,951
Capital assets being depreciated				
Land improvements	1,437,262	3,410,983	-	4,848,245
Buildings and improvements	77,324,529	7,081,736	-	84,406,265
Equipment and furniture	6,037,469	2,726,443	-	8,763,912
Buses and other vehicles	1,466,731	105,000	63,551	1,508,180
Subtotal	86,265,991	13,324,162	63,551	99,526,602
Less accumulated depreciation for				
Land improvements	787,936	152,744	-	940,680
Building and improvements	21,729,095	1,650,487	-	23,379,582
Equipment and furniture	3,080,385	610,340	-	3,690,725
Buses and other vehicles	357,840	200,960	63,551	495,249
Total accumulated depreciation	25,955,256	2,614,531	63,551	28,506,236
Net capital assets being depreciated	60,310,735	10,709,631	-	71,020,366
Net capital assets	$ 69,776,355	$ 11,470,958	$ 3,788,996	$ 77,458,317

Depreciation expense was not charged to activities as the School District considers its assets to impact multiple activities and allocation is not practical. Unallocated depreciation expense, as reported on the statement of activities, does not include direct depreciation expense of the various programs. Disposals relate to normal disposal of assets which are no longer held by the School District.

Construction Contracts
As of year end, the School District had the following construction contract in progress:

	Total Contract	Remaining Construction Commitment at Year End
Project		
District Wide 2019 Bond Projects	$ 10,645,204	$ 27,218

Note 6 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General Fund	Debt Service Funds	$ 724
2019 Building & Site	General Fund	5,933
Nonmajor governmental funds	General Fund	42,254
		$ 48,911

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Note 7 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Prepaid lunch fees	$ 7,042
Advanced child care payments	1,838
Grant and categorical aid payments received prior to meeting all eligibility requirements	195,488
Total	$ 204,368

Note 8 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ 1,500,000	$ 1,600,000	$ 1,500,000	$ 1,600,000

Note 9 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Bond Loan Fund or School Loan Revolving Fund, the State may withhold state if the School District is in default or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences and capital lease liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds					
General obligation bonds	$ 73,615,000	$ -	$ 8,560,000	$ 65,055,000	$ 4,600,000
Premium on bonds	6,789,184	-	543,486	6,245,698	-
Total bonds payable	80,404,184	-	9,103,486	71,300,698	4,600,000
Notes from direct borrowings and direct placements					
School Loan Revolving Fund	5,765,451	5,400,000	-	11,165,451	-
School Loan Revolving Fund - Accrued Interest	33,915	205,205	-	239,120	-
Total notes from direct borrowings and direct placements	5,799,366	5,605,205	-	11,404,571	-
Other liabilities					
Capital leases	-	105,000	39,822	65,178	65,178
Compensated absences	368,585	65,000	45,092	388,493	65,000
Total other liabilities	368,585	170,000	84,914	453,671	130,178
Total	$ 86,572,135	$ 5,775,205	$ 9,188,400	$ 83,158,940	$ 4,730,178

For governmental activities, compensated absences and capital lease liabilities are primarily liquidated by the General Fund.

General obligation bonds payable at year end, consist of the following:

$14,545,000 serial bonds due in annual installments of $ 321,256 to $ 4,130,952 starting May 1, 2020 through May 1, 2027; interest at 2.43 percent to 2.76 percent	$	14,545,000
$814,695,000 serial bonds due in annual installments of $ 945,000 to $ 1,067,500 starting May 1, 2020 through May 1, 2044; interest at 5.0 percent		14,000,000
$8,185,000 serial bonds due in annual installments of $ 100,000 to $ 1,450,000 starting May 1, 2021 through May 1, 2028; interest at 2.0 percent to 3.0 percent		8,085,000
$43,125,000 serial bonds due in annual installments of $ 2,885,000 to $ 4,150,000 through May 1, 2030; interest at 4.0 percent to 5.0 percent		28,425,000
Total general obligation bonded debt	$	65,055,000

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2022	$ 4,600,000	$ 2,638,837	$ 7,238,837
2023	4,795,000	2,411,837	7,206,837
2024	8,025,000	2,234,937	10,259,937
2025	8,260,000	1,975,712	10,235,712
2026	8,485,000	1,706,112	10,191,112
2027 - 2031	21,190,000	4,544,652	25,734,652
2032 - 2036	3,125,000	2,125,000	5,250,000
2037 - 2041	3,900,000	1,272,500	5,172,500
2042 - 2044	2,675,000	268,750	2,943,750
Total	$ 65,055,000	$ 19,178,337	$ 84,233,337

The general obligation bonds are payable from the Debt Service Funds.

As of year end, the fund had a balance of $ 763,795 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were $ 6,626 and $ 2,966,312, respectively.

School Loan Revolving Fund

The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005, as amended. Interest was charged at a rate of 3.0 percent during the year ended June 30, 2021. Repayment is required when the revenue from the computed millage rate exceeds the amount sufficient to pay debt service on qualified bonds. The School District is required to levy at least 7.0 mills and repay to the State any excess of the amount levied over the bonded debt service requirements. Due to recent legislated changes to the School Loan Revolving Fund program, participating districts are now required to adjust their annual millage rate to amounts between 7.0 and 13.0 mills, depending on a specified formula. Additionally, the School District has been provided a mandatory repayment date of May 1, 2036, although there are no required principal and interest payments each year. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule. The balance at June 30, 2021 is $ 11,404,571, including accrued interest of $ 239,120.

Compensated Absences
Accrued compensated absences at year end, consist of $ 388,493 in accrued sick time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 10 - Risk Management

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

The School District participates in the SET-SEG risk pool (the "pool") for property loss, general liability, fleet coverage, and errors and omissions. The pool, organized under Public Act 138, is composed of School Districts throughout the State of Michigan who pay annual premiums based on the level of coverage, experience, deductible levels, etc. The pool retains the first $500,000 coverage for each individual claim with reinsurance for amounts in excess of that amount. In years when premiums exceed the claims and other costs, refunds are given based on a number of criteria, including those mentioned above. Should the plan need additional funding, the pool could also assess the members' additional charges.

The School District also participates in the SET-SEG Self-Insured Workers' Compensation Fund for claims relating to workers' compensation. This fund operates as a common risk sharing management program for school districts in Michigan. Members' premiums are used to purchase commercial excess insurance and to pay member claims in excess of deductible amounts been reported as well as those that have not yet been reported.

Note 11 - Pension Plan

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 www.michigan.gov/orsschools.

Benefits Provided
Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected,

member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. 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.

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

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

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

Required contributions to the pension plan from the School District were $ 1,823,285 for the year ending September 30, 2020.

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

At June 30, 2021, the School District reported a liability of $ 22,790,707 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was .0663 percent, which was an increase of .0020 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized pension expense of $ 3,129,370 for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total pension contribution expense of $ 2,062,458.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 348,223	$ (48,643)	$ 299,580
Changes of assumptions	2,525,430	-	2,525,430
Net difference between projected and actual earnings on pension plan investments	95,756	-	95,756
Changes in proportion and differences between the School District contributions and proportionate share of contributions	419,735	(564,844)	(145,109)
Total to be recognized in future	3,389,144	(613,487)	2,775,657
School District contributions subsequent to the measurement date	1,961,127	(878,049)	1,083,078
Total	$ 5,350,271	$ (1,491,536)	$ 3,858,735

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

The District will offset the contribution expense in the year ended June 30, 2022 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2021	$ 1,145,134
2022	858,596
2023	559,811
2024	212,116
	$ 2,775,657

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2018
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:

  - MIP and Basic Plans (Non-Hybrid): 6.80% net of investment expenses
  - Pension Plus Plan: 6.80% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4892 years.

Recognition period for assets is 5 years.

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of
Domestic Equity Pools	25.0 %	5.6 %
Alternative Investment Pools	16.0	9.3
International Equity	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)
	100.0%	

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

Rate of Return
For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.37%. The money-weighted rate of return

expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Sensitivity of the School District's Proportionate Share 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 6.80% (6.80% for the Pension plus plan, 6.0% 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 higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
$ 29,498,704	$ 22,790,707	$ 17,231,272

**Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.*

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Comprehensive Annual Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)
There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 12 - Post-employment Benefits Other Than Pensions (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 health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management &

Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.
The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

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

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 30, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2020.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the School District were $ 476,494 for the year ended September 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2021, the School District reported a liability of $ 3,613,044 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net OPEB liability was determined by dividing each employers statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was .0674 percent, which was an increase of .0030 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized OPEB expense of $ (137,342) for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total OPEB contribution expense of $ 524,562.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$(2,692,056)	$ (2,692,056)
Changes of assumptions	1,191,292	-	1,191,292
Net difference between projected and actual earnings on OPEB plan investments	30,155	-	30,155
Changes in proportion and differences between the School District contributions and proportionate share of contributions	226,812	(218,848)	7,964
Total to be recognized in future	1,448,259	(2,910,904)	(1,462,645)
School District contributions subsequent to the measurement date	477,009	-	477,009
Total	$ 1,925,268	$(2,910,904)	$ (985,636)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2021	$ (436,798)
2022	(394,792)
2023	(296,612)
2024	(188,644)
2025	(145,799)
	$(1,462,645)

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 12
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

- Opt Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree’s death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 5.6018 years.

Recognition period for assets is 5 years.

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of
Domestic Equity Pools	25.0 %	5.6 %
Alternative Investment Pools	16.0	9.3
International Equity	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)
	100.0%	

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

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

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

Sensitivity of the School District's Proportionate Share 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%, 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 higher:

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
$ 4,641,366	$ 3,613,044	$ 2,747,284

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to 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 net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 2,714,135	$ 3,613,044	$ 4,635,442

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2021.

Note 14 - Tax Abatements

School Districts may receive reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the various municipalities within the School District boundaries. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2021, the School District's property tax revenues were reduced by approximately $ 3,785 under these programs.

There are no significant abatements made by the School District.

Note 15 - Change in Accounting Principle

As indicated in Note 1, Governmental Accounting Standards Board Statement 84 has been adopted. The standard requires this change be applied retroactively. The impact of this change is to increase beginning fund balance by $ 164,041 as of July 1, 2020 in the Student Activity Fund, restating it from $ 0 to $ 164,041, in the nonmajor governmental funds, restating it from $ 67,023 to $ 231,064, and beginning net position in the statement of activities, restating it from $ (27,467,105) to $ (27,303,064).

REQUIRED SUPPLEMENTARY INFORMATION

New Haven Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Over (Under) Budget
Revenues				
Local sources	$ 3,925,610	$ 3,974,336	$ 4,020,503	$ 46,167
State sources	8,163,741	9,761,037	9,369,644	(391,393)
Federal sources	918,468	1,651,189	1,955,937	304,748
Total revenues	13,007,819	15,386,562	15,346,084	(40,478)
Expenditures				
Instruction				
Basic programs	5,730,964	6,391,718	6,386,873	(4,845)
Added needs	1,484,517	1,724,521	1,627,862	(96,659)
Supporting services				
Pupil	950,475	1,045,293	1,018,222	(27,071)
Instructional staff	424,746	597,616	438,003	(159,613)
General administration	498,885	506,817	484,603	(22,214)
School administration	931,211	1,018,702	1,007,137	(11,565)
Business	262,715	322,128	290,689	(31,439)
Operations and maintenance	1,717,303	1,631,306	1,623,593	(7,713)
Pupil transportation services	757,928	701,610	692,012	(9,598)
Central	352,013	350,189	357,125	6,936
Athletic activities	219,877	243,908	240,896	(3,012)
Other	-	-	1,151	1,151
Community services	4,522	13,920	1,600	(12,320)
Capital outlay	-	-	112,686	112,686
Debt service				
Principal	63,250	65,250	39,822	(25,428)
Interest and fiscal charges	7,000	7,000	6,626	(374)
Total expenditures	13,405,406	14,619,978	14,328,900	(291,078)
Excess (deficiency) of revenues over expenditures	(397,587)	766,584	1,017,184	250,600

New Haven Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Other Financing Sources				
Proceeds from capital leases	-	-	105,000	105,000
Proceeds from sale of capital assets	-	-	8,912	8,912
Transfers in	79,500	74,821	-	(74,821)
Total other financing sources	79,500	74,821	113,912	39,091
Net change in fund balance	(318,087)	841,405	1,131,096	289,691
Fund balance - beginning	23,457	23,457	23,457	-
Fund balance - ending	$ (294,630)	$ 864,862	$ 1,154,553	$ 289,691

New Haven Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th of Each June Fiscal Year)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. School district's proportion of net pension liability (%)	0.0663%	0.0644%	0.0663%	0.0694%	0.0706%	0.0700%	0.0705%			
B. School district's proportionate share of the net pension liability	$ 22,790,707	$ 21,325,674	$ 19,928,987	$ 17,980,290	$ 17,604,721	$ 17,093,694	$ 15,517,434			
C. School district's covered payroll	$ 5,989,214	$ 5,637,120	$ 5,477,674	$ 5,732,693	$ 5,990,902	$ 5,825,924	$ 5,836,149			
D. School district's proportionate share of the net pension liability as a percentage of its covered payroll	380.53%	378.31%	363.82%	313.64%	293.86%	293.41%	265.88%			
E. Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	62.92%	66.20%			

Note Disclosures:
Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.
Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

New Haven Community Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Statutorily required contributions	$ 2,062,458	$ 1,916,442	$ 1,658,411	$ 1,960,449	$ 1,584,513	$ 1,585,992	$ 1,259,169			
B. Contributions in relation to statutorily required contributions	2,062,458	1,916,442	1,658,411	1,960,449	1,584,513	1,585,992	1,259,169			
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
D. School district's covered payroll	$ 6,347,057	$ 5,925,132	$ 5,543,652	$ 5,530,823	$ 5,763,093	$ 5,743,807	$ 5,752,258			
E. Contributions as a percentage of covered payroll	32.49%	32.34%	29.92%	35.45%	27.49%	27.61%	21.89%			

New Haven Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th of Each June Fiscal Year)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. School district's proportion of net OPEB liability (%)	0.0674%	0.0644%	0.0643%	0.0693%						
B. School district's proportionate share of the net OPEB liability	$ 3,613,044	$ 4,623,470	$ 5,107,422	$ 6,137,011						
C. School district's covered payroll	$ 5,989,214	$ 5,637,120	$ 5,477,674	$ 5,732,693						
D. School district's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.33%	82.02%	93.24%	107.05%						
E. Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%						

Note Disclosures:
Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.
Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

New Haven Community Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Statutorily required contributions	$ 524,562	$ 472,193	$ 435,422	$ 452,954						
B. Contributions in relation to statutorily required contributions	524,562	472,193	435,422	452,954						
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -						
D. School district's covered payroll	$ 6,347,057	$ 5,925,132	$ 5,543,652	$ 5,530,823						
E. Contributions as a percentage of covered payroll	8.26%	7.97%	7.85%	8.19%						

OTHER SUPPLEMENTARY INFORMATION

New Haven Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds			
	Food Service	School Service/ LK&PP	Student Activity	Total Nonmajor Governmental Funds
Assets				
Cash and investments	$ 117,752	$ 43,252	$ 156,728	$ 317,732
Accounts receivable	3,398	1,155	-	4,553
Due from other governmental units	55,449	-	-	55,449
Inventory	16,108	-	-	16,108
Total assets	$ 192,707	$ 44,407	$ 156,728	$ 393,842
Liabilities				
Accounts payable	$ 27,616	$ -	$ -	$ 27,616
Due to other funds	13,182	26,353	2,719	42,254
Unearned revenue	7,042	1,838	-	8,880
Total liabilities	47,840	28,191	2,719	78,750
Fund Balance				
Non-spendable				
Inventory	16,108	-	-	16,108
Restricted for				
Food service	128,759	-	-	128,759
Committed for				
Student activity	-	-	154,009	154,009
Assigned for				
School service	-	16,216	-	16,216
Total fund balances	144,867	16,216	154,009	315,092
Total liabilities and fund balances	$ 192,707	$ 44,407	$ 156,728	$ 393,842

New Haven Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	Special Revenue Funds			
	Food Service	School Service/ LK&PP	Student Activity	Total Nonmajor Governmental Funds
Revenues				
Local sources	$ 6,651	$ 101,863	$ 50,112	$ 158,626
State sources	35,825	-	-	35,825
Federal sources	664,732	129,500	-	794,232
Total revenues	707,208	231,363	50,112	988,683
Expenditures				
Current				
Education				
Supporting services	-	-	60,144	60,144
Food services	628,691	-	-	628,691
Community services	-	215,820	-	215,820
Total expenditures	628,691	215,820	60,144	904,655
Excess (deficiency) of revenues over expenditures	78,517	15,543	(10,032)	84,028
Net change in fund balances	78,517	15,543	(10,032)	84,028
Fund balances - beginning, as restated	66,350	673	164,041	231,064
Fund balances - ending	$ 144,867	$ 16,216	$ 154,009	$ 315,092

New Haven Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2021

Year Ending June 30,	2019 Refunding Principal	2019 Building & Site Principal	2017 Refunding Principal	2016 Refunding Principal	Total
2022	$ -	$ 350,000	$ 100,000	$ 4,150,000	$ 4,600,000
2023	-	350,000	920,000	3,525,000	4,795,000
2024	3,250,000	375,000	1,450,000	2,950,000	8,025,000
2025	3,500,000	400,000	1,440,000	2,920,000	8,260,000
2026	3,775,000	400,000	1,425,000	2,885,000	8,485,000
2027	4,020,000	425,000	1,385,000	2,960,000	8,790,000
2028	-	450,000	1,365,000	2,990,000	4,805,000
2029	-	475,000	-	3,015,000	3,490,000
2030	-	525,000	-	3,030,000	3,555,000
2031	-	550,000	-	-	550,000
2032-2036	-	3,125,000	-	-	3,125,000
2037-2041	-	3,900,000	-	-	3,900,000
2042-2044	-	2,675,000	-	-	2,675,000
Total	$ 14,545,000	$ 14,000,000	$ 8,085,000	$ 28,425,000	$ 65,055,000
Principal payments due the first day of	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	
Interest rate	2.43% - 2.76%	5.00%	2.00% - 3.00%	4.00% - 5.00%	
Original issue	$ 14,545,000	$ 14,695,000	$ 8,185,000	$ 43,125,000	