

GRAND RAPIDS PUBLIC SCHOOLS

**FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION**

JUNE 30, 2022

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FINANCIAL REPORT
 WITH SUPPLEMENTAL INFORMATION
 GRAND RAPIDS PUBLIC SCHOOLS
 JUNE 30, 2022

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Independent Auditor's Report

To the Board of Directors
Grand Rapids Public Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Public Schools (the "School District") as of and for the year ended June 30, 2022 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2022 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note B to the financial statements, the Company adopted the provisions of GASB 87, *Leases*, as of July 1, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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To the Board of Directors
Grand Rapids Public Schools

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, and the pension and OPEB schedules of funding progress and employer contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The other supplemental information, as identified in the table of contents, and statistical section schedules are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the details of revenue - budget and actual statement, the details of expenditures - budget and actual statement, and the statistical data, 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 supplemental information, except for the details of revenue - budget and actual statement, the details of expenditures - budget and actual statement, and the statistical data, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The details of revenue - budget and actual statement, the details of expenditures - budget and actual statement, and the statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's 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 the School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 24, 2022

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GRAND RAPIDS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

This section of the Grand Rapids Public Schools annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Using This Annual Report

The annual report of the Grand Rapids Public Schools includes a series of financial statements designed to show information about the District as a whole, at the fund level, and information concerning its fiduciary responsibilities. The district-wide financial statements provide information about the whole school district. These statements can be found on pages 12 through 15 of this report. The fund-level financial statements provide more detailed information at the fund level and can be found on pages 16 through 22 of this report. The remaining statements, the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position provide financial information about activities for which the District acts solely as a trustee to provide cash grants for donor specified purposes. Following the district-wide and fund-level financial statements are the footnotes, required supplementary information and other supplementary information.

Reporting the School District as a Whole – District-Wide Financial Statements

The district-wide financial statements appear first in this report, and present an aggregate view of the financial position of the District. All governmental activities for the District are included, representing all of the services provided by the District. The statements are prepared using the accrual basis of accounting. This means that all assets and liabilities of the District are recorded, regardless of when related cash is received or paid. This is the basis of accounting utilized by most private sector companies.

The Statement of Net Position reports all assets, deferred outflows, liabilities and deferred inflows of the District, both short and long term. The difference between the total of assets and deferred outflows and the total liabilities and deferred inflows is labeled as net position. The level of net position is one indicator of the financial health of the District. The Statement of Activities reports on the current year revenue and expense of the entire District. The total revenue less the total expense is referred to as the operating results for the current year. Sustained, positive operating results may indicate improving financial health, while decreasing operating results may indicate a deteriorating financial condition. It is important to keep in mind that while we are required to report financial information in this manner, it is not the goal of the District to generate a profit. Financial reports are just one indicator of the overall health of the District.

GRAND RAPIDS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

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

The District's fund-level financial statements provide information on the most significant funds, not the District as a whole. Governmental fund reporting provides a short-term view of the financial status of the District. The fund-level statements are prepared on the modified accrual basis of accounting, and include only current assets and liabilities of the District as well as deferred inflows and outflows. Unlike the district-wide statements, fixed asset purchases are expensed in the year of purchase, and long-term debt is not recorded as a liability. Reconciliations between the district-wide statements and the fund-level statements are provided on pages 18 and 23.

Some funds are required to be established by state law and by bond covenants. However, the District establishes many other funds to record and analyze financial information. The District's major governmental funds are the General Operating Fund and the 2019 Construction Capital Projects Fund.

The District as a Trustee

Reporting the District's Fiduciary Responsibility

The District is the trustee or fiduciary for two trust funds. All of the District's fiduciary activities are reported in separate statements entitled Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These funds are not available to finance the general operations of the District, and thus are not included in either the district-wide financial statements or the fund-level statements. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GRAND RAPIDS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Condensed Financial Information and Analysis of the District's Overall Financial Position and Results of Operations

The District as a Whole

The Statement of Net Position provides financial information on the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2022 and 2021.

Table 1: Statement of Net Position (in millions)

| | June 30 | |
|---|------------|------------|
| | 2022 | 2021 |
| Current assets | \$ 121.02 | \$ 122.03 |
| Capital and lease assets | 272.73 | 266.47 |
| Long term lease receivable | 1.34 | |
| Deferred outflows | 69.00 | 102.53 |
| Total assets and deferred outflows of resources | 464.09 | 491.03 |
| | | |
| Current liabilities | 60.67 | 53.67 |
| Non-current liabilities | 453.62 | 648.65 |
| Deferred inflows | 206.23 | 101.06 |
| Total liabilities and deferred inflows of resources | 720.52 | 803.38 |
| | | |
| Net position | | |
| Net investment in capital and lease assets | 130.58 | 119.52 |
| Restricted | 5.05 | 6.88 |
| Unrestricted | (392.06) | (438.75) |
| Total net position | \$(256.43) | (\$312.35) |

The District's net position as of June 30, 2022 was (\$256.43) million. Capital and lease assets, net of related debt, totaling \$130.58 million, compares the original cost, less depreciation and amortization, of the District's capital assets to the 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 service comes due. Restricted net position is reported separately to show legal constraints from debt covenants that limit the District's ability to use the net position for day-to-day operations. The remaining amount of net position, (\$392.06) million, was unrestricted. The unrestricted net position of governmental activities represent the accumulated results of all past years' operations plus the impact of the net pension liability and net OPEB liability. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

GRAND RAPIDS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

As required by the Governmental Accounting Standards Board (GASB), the District adopted GASB Statement No. 87, *Leases*, as of July 1, 2021. This standard resulted in a single lease accounting model (except for short term leases) whereby the net present value of the future lease payments is reported as both a lease asset and liability on the statement of net position. There was no effect on net position at July 1, 2021 as a result of adoption as the lease assets were equal to the lease liabilities for lease agreements in place as of the adoption date. Further information regarding the lease asset and liability balances at June 30, 2022 is included in additional detail, in the sections that follow. All school districts with a June 30, 2022 year end were required to adopt this new accounting standard.

GRAND RAPIDS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The results of the 2022 fiscal year's operations for the District as a whole are presented in the Statement of Activities (Table 2). This table shows the change in total net position for the 2021-2022 and 2020-2021 school years.

Table 2: Changes in Net Position (in millions)

| | Year Ended June 30 | |
|---|--------------------------|--------------------------|
| | 2022 | 2021 |
| <u>Revenues</u> | | |
| Program revenues | | |
| Charges for services | \$ 3.76 | \$ 6.34 |
| Operating grants and contributions | 130.29 | 100.02 |
| Capital grants and contributions | 1.56 | 1.33 |
| General revenues | | |
| Property taxes | 57.97 | 60.13 |
| State school aid, unrestricted | 82.13 | 85.22 |
| Federal revenue, unrestricted | .05 | .02 |
| Other general revenues | 8.59 | 7.60 |
| Total revenues | <u>284.35</u> | <u>260.66</u> |
| <u>Functions/program expenses</u> | | |
| Instruction | 97.00 | 114.63 |
| Support services | 91.98 | 93.46 |
| Community services | 2.24 | 2.14 |
| Food service | 12.00 | 7.75 |
| GRASP | .30 | .33 |
| Interest on bonded debt | 11.17 | 10.57 |
| Other expenditures | 1.39 | 1.55 |
| Unallocated depreciation and amortization | 12.35 | 11.19 |
| Total expenses | <u>228.43</u> | <u>241.62</u> |
| Increase (decrease) in net position | <u>55.92</u> | <u>19.04</u> |
| Net position – beginning of year, as restated | <u>(312.35)</u> | <u>(331.39)</u> |
| Net position – end of year | <u><u>\$(256.43)</u></u> | <u><u>\$(312.35)</u></u> |

During the 2022 fiscal year, the net position of the District increased by approximately \$55.92 million.

GRAND RAPIDS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

As reported in the statement of activities, the cost of all of our governmental activities this year was \$228.43 million. Certain activities were partially funded from those who benefited from the programs (\$3.76 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$131.85 million). We paid for the remaining "public benefit" portion of our governmental activities with \$57.97 million in property taxes, \$82.13 million in state school aid (unrestricted), \$.05 million in federal unrestricted revenue and \$8.59 million with our other revenue.

As discussed above, the net cost shows the financial burden that was placed on the state and the 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 District and balance those needs with state-prescribed available unrestricted resources.

Analysis of Balances and Transactions of Individual Funds

Grand Rapids Public Schools' Funds

The District uses funds to record and analyze financial information. Different funds are utilized for different purposes.

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$243,096,635, total expenditures of \$241,970,769, and total other financing sources, net of uses, of \$663,024. It ended the fiscal year with a fund balance of \$20,798,639.

Special Revenue Funds

The District operates a total of five special revenue funds, the most significant of which is the food service program. The total revenue of all special revenue funds was \$14,528,235, with total expenditures of \$13,574,721, and total other financing uses, net of sources, of \$663,024. The ending fund balance was \$5,200,062. Of the ending fund balance, \$3,004,776 is attributable to the food service fund.

Debt Service Funds

The District operates five debt service funds. Total revenues were \$21,539,521, total expenses were \$22,740,449 and total other financing uses, net of sources, were \$1,332,533. The ending fund balance in the debt service funds was \$5,266,694.

GRAND RAPIDS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Capital Project Funds

There are five capital project funds incorporated into the financial statements of the District. Total revenues were \$99,735 and total expenses were \$8,059,173. Total other financing sources, net of uses were \$241,660. The ending fund balance in the capital projects funds was \$44,163,340.

Analysis of Differences Between Original and Final Budgeted Amounts and Between Actual and Budgeted Amounts

The District revises its budget several times throughout the course of the year as it attempts to recognize unexpected changes to revenues and expenses. The final amendment to the operating budget was prepared in May and adopted by the Board in June 2022. A schedule showing the District's original and final adopted budgets, as well as final actual revenue and expense is provided in the annual report.

General Fund Highlights

There were a number of adjustments to the general operating budget to more accurately reflect current revenues and expenditures.

Revenue:

- The budgets for local, restricted state and federal revenue were adjusted during the year to account for changes related to several grant awards, as well as budget for grants (new and continuing) where awards were not available prior to the completion of the original budget. The District received several new grant awards related to COVID 19 pandemic relief.
- Several grant awards were not entirely expended during the 2022 fiscal year, but deferred into 2023, resulting in budget variances.
- Collection of delinquent property taxes was less than estimated, resulting in a budget variance.
- The District will be subject to a state aid adjustment due to having less than 75% attendance for 3 days in the 2022 fiscal year. This adjustment is expected to occur during fiscal year 2023. Fiscal year 2022 revenue has been reduced and a liability recorded.

Expenditures:

- The budget was adjusted to account for increases of several grant awards, as well as budget for grants that were awarded subsequent to the completion of the original budget.

GRAND RAPIDS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Description of Changes in Capital Assets and Long-term Debt During the Year

Capital Asset and Debt Administration

Capital Assets

At June 30, 2022, the District's investment in capital and right to use assets (net of accumulated depreciation and amortization), including land, buildings, vehicles, furniture and other equipment, was \$272.73 million.

| | June 30 | |
|---|---------------|---------------|
| | 2022 | 2021 |
| Land | \$ 7,609,136 | \$ 7,652,636 |
| Construction in progress | 7,099,901 | 20,534,031 |
| Buildings | 380,879,583 | 360,277,602 |
| Vehicles | 2,430,604 | 2,261,859 |
| Furniture and equipment | 64,675,476 | 57,562,916 |
| Right to use assets | 3,495,936 | |
| Total capital and right to use assets | 466,190,636 | 448,289,044 |
| Accumulated depreciation and amortization | 193,457,813 | 181,816,077 |
| | \$272,732,823 | \$266,472,967 |

This year's additions, net of depreciation, amortization and disposals, included major building renovations, instructional computers, right to use assets and equipment. We present more detailed information about our capital assets in the Notes to the Financial Statements.

Debt Administration

At June 30, 2022, the outstanding bonded indebtedness of the District was \$184,765,000. Those bonds consisted of:

| | June 30 | |
|--------------------------|---------------|---------------|
| | 2022 | 2021 |
| General obligation bonds | \$184,765,000 | \$198,080,000 |

GRAND RAPIDS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

At June 30, 2022, the District's bond rating for General Obligation, Unlimited Tax debt was A1 (Moody's) and AA (Standard & Poor's). 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 District's boundaries. The District's other obligations include accrued vacation pay, sick leave, and workers' compensation. We present more detailed information about our long-term liabilities in the Notes to the Financial Statements.

Economic Factors and Budget Planning

Many factors are considered when the Board of Education and the District administration work to project financial information and to develop the budget and operation plan for the upcoming fiscal year. The District is aware of the following circumstances that could significantly affect its future financial health: over 75% of the District's revenue available for general operations is derived from the state foundation grant. The foundation grant is based upon the student FTE count. Thus, projecting student FTE is the single most important factor in projecting revenue. Our state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Foundation revenue was calculated for the year ended June 30, 2022 using 90% of the audited October 2021 student count and 10% of the audited February 2021 student count.

The District has experienced declining enrollment for many years. Enrollment for fall 2021 decreased to 14,405 from the fall 2020 enrollment of 14,454.

Rising special education costs continue to financially burden the District. During the 2022 fiscal year, we had to use approximately \$14.06 million to cover the excess costs of special education. These are dollars that must either come from general education, or from the unrestricted net assets of the District. Mandated special education services have never been adequately funded by the government bodies that made them law. Therefore, districts such as the Grand Rapids Public Schools have struggled and have been forced to use dollars intended for general education programs to cover special education costs.

Contacting the District's Financial Management

This report is designed to provide an overview of the financial condition of the Grand Rapids Public Schools. If you have questions about this report, or desire additional information, please contact the business office.

GRAND RAPIDS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2022

| | |
|--|----------------|
| Assets | |
| Current assets | |
| Cash and investments (Note B) | \$ 22,114,114 |
| Restricted assets (Note B) | 51,984,646 |
| Receivables (Note C) | |
| State aid | 22,935,612 |
| Accounts receivable | 4,655,253 |
| Property taxes | 208,589 |
| Interest | 2,991 |
| Total receivables | 27,802,445 |
| Due from other governmental agencies | 16,465,658 |
| Prepaid expenditures and other assets | 2,076,078 |
| Inventory | 445,915 |
| Lease receivable (Note H) | 129,362 |
| Total current assets | 121,018,218 |
| Non current assets | |
| Capital and right to use assets, net of accumulated depreciation and amortization (Note D) | 272,732,823 |
| Long term lease receivable (Note H) | 1,345,624 |
| Total non current assets | 274,078,447 |
| Deferred outflows of resources | |
| Deferred charges on bond refunding (Note E) | 2,308,313 |
| Deferred outflows related to pensions (Note I) | 48,272,302 |
| Deferred outflows related to OPEB (Note I) | 18,414,512 |
| Total deferred outflows of resources | 68,995,127 |
| Total assets and deferred outflows of resources | \$ 464,091,792 |

The Notes to the Financial Statements are an integral part of this statement.

| | |
|---|--------------------------------|
| Liabilities | |
| Current liabilities | |
| Accounts payable | \$ 14,465,041 |
| Accrued salaries, benefits, withholdings and payroll taxes | 13,758,396 |
| Other liabilities | 1,624,094 |
| | |
| Unearned revenue (Note C) | |
| Programs financed by other governmental agencies | 8,536,193 |
| | |
| Due to other governmental agencies | 5,196,973 |
| Due to private-purpose trust and agency funds | 71,926 |
| Current portion of long term obligations (Note E) | 16,519,029 |
| Current portion of long term lease obligations (Note G) | 494,158 |
| Total current liabilities | <u>60,665,810</u> |
| | |
| Non current liabilities | |
| Serial bonds payable (Note E) | 168,850,000 |
| Bond premium (Note E) | 26,185,795 |
| Net pension liability (Note I) | 237,535,563 |
| Net OPEB liability (Note I) | 15,128,186 |
| Other long term liabilities (Note E) | 3,481,622 |
| Long term lease obligations (Note G) | 2,439,785 |
| Total non current liabilities | <u>453,620,951</u> |
| | |
| Total liabilities | <u>514,286,761</u> |
| | |
| Deferred inflows of resources | |
| Deferred inflows related to pension and revenue in support of pension payment (Note I) | 134,636,381 |
| Deferred inflows related to OPEB and revenue in support of OPEB payment (Note I) | 70,167,199 |
| Deferred inflows related to leases | 1,428,570 |
| Total deferred inflows of resources | <u>206,232,150</u> |
| | |
| Net position | |
| Net investment in capital assets | 130,579,799 |
| | |
| Restricted for: | |
| Debt service | 3,824,692 |
| Capital projects | 1,231,188 |
| Total restricted | <u>5,055,880</u> |
| | |
| Unrestricted | (392,062,798) |
| | |
| Total net position | <u><u>\$ (256,427,119)</u></u> |

GRAND RAPIDS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | Expenses | Charges for Services | Program Revenues Operating Grants and Contributions |
|--|----------------|-------------------------|---|
| Governmental activities: | | | |
| Instruction | \$ 97,001,773 | \$ 359,040 | \$ 60,184,802 |
| Support services | 91,975,664 | 2,893,658 | 56,322,410 |
| Community services | 2,237,388 | | 2,390,477 |
| Food service | 12,002,592 | 116,539 | 11,028,473 |
| GRASP | 294,477 | 342,320 | 23,666 |
| Interest on bonded debt | 11,169,261 | | |
| Other | 1,392,769 | 54,726 | 339,145 |
| Unallocated depreciation and amortization | 12,354,783 | | |
| Total governmental activities | \$ 228,428,707 | \$ 3,766,283 | \$ 130,288,973 |
| General purpose revenues: | | | |
| Property taxes - levied for general operations | | | |
| Property taxes - levied for debt service | | | |
| Property taxes - collected for sinking fund | | | |
| State school aid - unrestricted | | | |
| Federal revenue - unrestricted | | | |
| Investment income | | | |
| Other | | | |
| Total general purpose revenues | | | |
| Change in net position | | | |
| Net position at beginning of year | | | |
| Net position at end of year | | | |

The Notes to the Financial Statements are an integral part of this statement.

| <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|---|--|
| | \$ (36,457,931) |
| | (32,759,596) |
| | 153,089 |
| | (857,580) |
| | 71,509 |
| | (11,169,261) |
| \$ 1,562,477 | 563,579 |
| | (12,354,783) |
| <u>\$ 1,562,477</u> | <u>(92,810,974)</u> |
| | 36,448,375 |
| | 21,525,092 |
| | 1,180 |
| | 82,127,079 |
| | 47,736 |
| | 129,222 |
| | 8,453,253 |
| | <u>148,731,937</u> |
| | <u>55,920,963</u> |
| | (312,348,082) |
| | <u><u>\$ (256,427,119)</u></u> |

GRAND RAPIDS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

| | General |
|---|---------------|
| Assets | |
| Cash and investments (Note B) | \$ 18,029,955 |
| Restricted assets (Note B) | |
| Receivables (Note C) | |
| State aid | 22,935,612 |
| Accounts receivable | 3,623,019 |
| Property taxes | 107,739 |
| Interest | 2,991 |
| Total receivables | 26,669,361 |
| Due from other governmental agencies | 16,078,816 |
| Prepaid expenditures | 2,076,078 |
| Due from other funds (Note J) | 556,674 |
| Inventory | 338,585 |
| Total assets | \$ 63,749,469 |
| Liabilities | |
| Accounts payable | \$ 10,148,947 |
| Accrued salaries, benefits, withholdings and payroll taxes | 13,758,396 |
| Other liabilities | 37,728 |
| Unearned revenue (Note C) | |
| Programs financed by other governmental agencies | 8,536,193 |
| Due to other governmental agencies | 5,196,973 |
| Due to other funds (Note J) | 2,196,750 |
| Deferred inflows of resources | |
| Unavailable revenue - grants (Note C) | 3,075,843 |
| Total liabilities | 42,950,830 |
| Fund balances | |
| Nonspendable | |
| Inventory and prepaid expenditures | 2,414,663 |
| Endowment | |
| Restricted | |
| Capital projects | |
| Debt service | |
| Special revenue (Note A) | |
| Committed | |
| Student / school activity | |
| Capital projects | |
| Assigned | |
| Capital projects | |
| Special revenue (Note A) | |
| Unassigned | |
| General fund | 18,383,976 |
| Total fund balances | 20,798,639 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 63,749,469 |

The Notes to the Financial Statements are an integral part of this statement.

| Capital Projects 2019 Construction | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------------------|--------------------------------|
| \$ 46,639,302 | \$ 4,084,159 | \$ 22,114,114 |
| | 5,345,344 | 51,984,646 |
| | | 22,935,612 |
| 960,000 | 72,234 | 4,655,253 |
| | 100,850 | 208,589 |
| | | 2,991 |
| <u>960,000</u> | <u>173,084</u> | <u>27,802,445</u> |
| | 386,842 | 16,465,658 |
| | | 2,076,078 |
| 110,156 | 2,014,668 | 2,681,498 |
| | 107,330 | 445,915 |
| <u>\$ 47,709,458</u> | <u>\$ 12,111,427</u> | <u>\$ 123,570,354</u> |
| \$ 4,041,516 | \$ 274,578 | \$ 14,465,041 |
| | | 13,758,396 |
| | 318,021 | 355,749 |
| | | 8,536,193 |
| | | 5,196,973 |
| | 556,674 | 2,753,424 |
| | | 3,075,843 |
| <u>4,041,516</u> | <u>1,149,273</u> | <u>48,141,619</u> |
| | 107,330 | 2,521,993 |
| | 258,875 | 258,875 |
| 43,667,942 | 175,222 | 43,843,164 |
| | 5,266,694 | 5,266,694 |
| | 3,110,805 | 3,110,805 |
| | 1,133,239 | 1,133,239 |
| | 263,639 | 263,639 |
| | 56,537 | 56,537 |
| | 589,813 | 589,813 |
| | | 18,383,976 |
| <u>43,667,942</u> | <u>10,962,154</u> | <u>75,428,735</u> |
| <u>\$ 47,709,458</u> | <u>\$ 12,111,427</u> | <u>\$ 123,570,354</u> |

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GRAND RAPIDS PUBLIC SCHOOLS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

| | | |
|---|-------------|------------------|
| Total governmental fund balances | | \$ 75,428,735 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets and lease assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$466,190,636 and the accumulated depreciation and amortization is \$193,457,813. | | 272,732,823 |
| Deferred interest charges on bond refunding are capitalized in governmental activities and recognized as component of interest expense in a systematic manner over the life of the debt. | | 2,308,313 |
| Deferred outflow pension | | 48,272,302 |
| Deferred outflow other post employment benefits | | 18,414,512 |
| Long-term liabilities, including bonds payable and lease liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | | |
| Bonds payable | 184,765,000 | |
| Bond premium | 26,185,795 | |
| Compensated absences | 3,819,407 | |
| Workers' compensation benefits | 250,518 | |
| Unemployment compensation | 15,726 | |
| Net pension liability | 237,535,563 | |
| Net other post employment benefits liability | 15,128,186 | |
| Lease asset obligations | 2,933,943 | |
| Total long-term liabilities | | (470,634,138) |
| Accrued interest is not included as a liability in governmental funds. | | (1,268,345) |
| Deferred inflows related to pension investment returns and changes in assumptions and revenue in support of pension contributions subsequent to the measurement date are not reported in the governmental funds | | (134,636,381) |
| Deferred inflow- unavailable grant revenue | | 3,075,843 |
| Deferred inflows related to OPEB investment returns and changes in assumptions and revenue in support of OPEB contributions subsequent to the measurement date are not reported in the governmental funds | | (70,167,199) |
| Deferred inflows related to leases | | 46,416 |
| Total net position - governmental activities | | \$ (256,427,119) |

The Notes to the Financial Statements are an integral part of this statement.

Total
Governmental
Funds

| | |
|----|-------------|
| \$ | 57,974,647 |
| | 91,100 |
| | 19,724,355 |
| | 116,539 |
| | 342,320 |
| | 6,391,532 |
| | <hr/> |
| | 84,640,493 |
| | |
| | 47,183,668 |
| | 84,478,289 |
| | <hr/> |
| | 131,661,957 |
| | |
| | 62,913,940 |
| | 47,736 |
| | <hr/> |
| | 62,961,676 |
| | <hr/> |
| \$ | 279,264,126 |

GRAND RAPIDS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | General | Capital Projects 2019 Construction | Nonmajor Governmental Funds |
|--------------------------------------|-----------------------------|--|-----------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Expenditures: | | | |
| Instruction | \$ 127,159,374 | | |
| Support services | 110,053,974 | | |
| Community services | 2,349,388 | | |
| Food service | | | \$ 12,683,938 |
| GRASP | | | 356,699 |
| Bond principal maturities (Note E) | | | 13,090,000 |
| Interest on bonded debt | | | 9,555,667 |
| Capital outlay | 2,408,033 | \$ 6,362,533 | 1,008,949 |
| Other | | 125,952 | 1,190,605 |
| Total expenditures | <u>241,970,769</u> | <u>6,488,485</u> | <u>37,885,858</u> |
| Other financing sources (uses): | | | |
| Issuance of bonds (Note E) | | | 9,500,000 |
| Proceeds from sale of real property | | | 807,375 |
| Payment to escrow agent (Note E) | | | (11,398,248) |
| Transfers from other funds (Note J) | 786,215 | | 2,259,594 |
| Transfers to other funds (Note J) | (123,191) | (1,570,688) | (1,351,930) |
| Total other financing sources (uses) | <u>663,024</u> | <u>(1,570,688)</u> | <u>(183,209)</u> |
| Net change in fund balances | <u>1,788,890</u> | <u>(7,982,606)</u> | <u>(1,978,143)</u> |
| Fund balances at beginning of year | 19,009,749 | 51,650,548 | 12,940,297 |
| Fund balances at end of year | <u>\$ 20,798,639</u> | <u>\$ 43,667,942</u> | <u>\$ 10,962,154</u> |

The Notes to the Financial Statements are an integral part of this statement.

Total
Governmental
Funds

\$ 127,159,374
110,053,974
2,349,388
12,683,938
356,699
13,090,000
9,555,667
9,779,515
1,316,557

286,345,112

9,500,000
807,375
(11,398,248)
3,045,809
(3,045,809)

(1,090,873)

(8,171,859)

83,600,594

\$ 75,428,735

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GRAND RAPIDS PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | |
|---|-----------------------------|
| Total net change in fund balances - governmental funds | \$ (8,171,859) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report fixed asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization. This is the amount by which fixed asset additions of \$20,515,143 exceeded depreciation and amortization of \$15,726,013. | 4,789,130 |
| Net book value of disposed assets not reflected in the governmental funds | (71,210) |
| Repayment of bond principal and lease liabilities is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt and lease liabilities). This is the amount of repayments reported as expenditures in the governmental funds. | 13,090,000 |
| Entering into leases provides current financial resources to governmental funds, but increase long-term liabilities in the statement of net position | 446,860 |
| Proceeds from refinancing debt is a revenue in the governmental funds, the proceeds increase long-term liabilities in the statement of net position | (9,500,000) |
| Payments to bond escrow agent is an expense in the governmental funds, the payments decrease long-term liabilities in the statement of net position | 9,725,000 |
| Decrease in net pension liability | 136,305,453 |
| Decrease in other post employment benefits liability | 39,817,160 |
| Decrease in deferred outflows pension | (27,181,696) |
| Decrease in deferred outflows other post employment benefits | (6,068,126) |
| Deferred inflows related to pension investment returns and changes in assumptions and revenue in support of pension contributions subsequent to the measurement date are not reported in the governmental funds. | (89,231,815) |
| Deferred inflows related to OPEB investment returns and changes in assumptions and revenue in support of OPEB contributions subsequent to the measurement date are not reported in the governmental funds. | (14,510,993) |
| Deferred inflows related to leases | 46,416 |
| Decrease in other long-term debt and other liabilities | (277,184) |
| Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid. | 343,480 |
| Amortization of deferred interest charges on bond refunding | (283,826) |
| Amortization of bond premiums | 3,578,330 |
| Unavailable revenue - certain grant revenue was not available to pay current period expenditures; therefore, are deferred in the governmental funds. | 3,075,843 |
| Change in net position of governmental activities | <u><u>\$ 55,920,963</u></u> |

The Notes to the Financial Statements are an integral part of this statement.

GRAND RAPIDS PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

| | <u>Private-Purpose Trust Funds</u> |
|-------------------------------|--|
| Assets: | |
| Due from other funds (Note J) | \$ 71,926 |
| Total assets | <u>\$ 71,926</u> |
| Net position | |
| Restricted for endowments | <u>\$ 71,926</u> |

The Notes to the Financial Statements are an integral part of this statement.

GRAND RAPIDS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

| | Private-Purpose Trust Funds |
|---------------------------------------|--------------------------------|
| Revenue | |
| Investment income | \$ 23 |
| Change in net position | 23 |
| Net position at the beginning of year | 71,903 |
| Net position at the end of year | \$ 71,926 |

The Notes to the Financial Statements are an integral part of this statement.

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GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For the Grand Rapids Public Schools, this includes general operations, special education services, food service, and other student and supportive service activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt, or the levying of taxes. Grand Rapids Public Schools has no component units.

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Major funds are presented individually in the fund-level financial statements. The District's major funds are the General Fund and the Capital Projects 2019 Construction Fund. The nonmajor funds are combined and presented as one column in the fund-level financial statements. Nonmajor funds are grouped by type in the supplementary information section. The financial activities of the District are recorded in the following fund types and individual funds:

Governmental Funds

The General Fund is used to record transactions relating to general operation activities needed to provide a full range of educational programs for students. These programs are funded primarily by the District's share of property taxes that are collected by the City of Grand Rapids, state aid revenue and various grants and awards from other governmental agencies.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Governmental Funds (continued)

The Special Revenue Funds are used to record transactions and funds received for designated purposes which require separate accounting because of legal or regulatory provisions or administrative action. Separate funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The District maintains full control of these funds. The Special Revenue Funds maintained by the District are Food Service, Grand Rapids Academic Summer Program (GRASP), Houseman Field, Student/School Activity and Public Purpose Trust Funds. Any operating deficit generated by these activities is the responsibility of the General Fund.

The Debt Service Funds are used to record tax revenue and other revenue designated for retirement of bonded indebtedness and the related payments for debt service.

The Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designed for acquiring new school sites, buildings, and equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished. The Capital Projects 2019 Construction Fund include capital project activities funded with bonds issued after May 1, 1994. For this capital projects fund, the District has complied with the applicable provisions of section 1351a of the State of Michigan's School Code.

The Sinking Fund Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of section 1212(1) of the State of Michigan's School Code.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Governmental Funds (continued)

Fiduciary Funds

The Private-Purpose Trust Funds are used to account for assets held by the District in a trustee capacity. The District has certain fiduciary responsibility for its custodial funds. All of the District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District accounts for a nonexpendable trust fund entrusted to the District to provide cash grants for student scholarships. Only the income portion of this trust may be spent. The District also maintains an expendable trust fund to account for funds entrusted to the District for general school needs for Lincoln School. The entire amount of this trust, both the principal and interest, may be spent for the donor-specified purposes.

Basis of Presentation

The District's financial statements include both district-wide statements and fund-level statements.

District-wide Statements - The district-wide statements provide information about the district as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The district-wide statements categorize primary activities as either governmental or business-type activities. All of the District's activities are classified as governmental.

The district-wide statements are prepared using the full accrual, economic resources measurement focus. All assets and deferred outflows along with liabilities and deferred inflows, both current and long-term, are recognized in the Statement of Net Position. The District's net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Basis of Presentation (continued)

The district-wide Statement of Activities presents a comparison between direct expenses and program revenues for each of the District's functions. Direct expenses are those that are specifically associated with a service, program or department, and are therefore clearly identifiable to a particular function. Program revenues include charges paid for services, and grants and contributions that are restricted to meeting the operational or capital needs of a specific program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each function is self-supporting, or draws from the general revenues of the District.

Fund-level Statements - Fund-level statements report detailed information about the District at the individual fund level. The focus of these statements is on major funds, rather than fund type. Each major fund is presented separately, with all non-major funds aggregated into a single column. Additional information about non-major funds can be found in the additional information accompanying these statements.

All governmental fund types are accounted for using a flow of current financial resources measurement focus. Fund-level statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. The Balance Sheet reports current assets, deferred outflows, current liabilities, deferred inflows and fund balance. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. A reconciliation between the two sets of statements is provided as a separate statement.

Fiduciary funds are reported using the economic resources measurement focus.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Basis of Accounting

The basis of accounting refers to when transactions are recorded in the financial statements. District-wide statements are prepared using the full accrual method of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. The fund-level statements are prepared using the modified accrual basis of accounting. 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. Revenue not meeting this definition is classified as a deferred inflow of resources. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available to meet current expenditures. The District considers revenues available if collected within sixty days after year end for property taxes, state aid, interest, and entitlement funds and grants. Expenditures are recorded on an accrual basis because they are measurable when they are incurred. However, principal and interest on long-term obligations, compensated absences and claims and judgments are recognized when due.

Under the modified accrual basis, the following revenues are considered to be measurable and available to meet current resources: property taxes, state aid, interest income, grants and charges for services. Property taxes are recorded the year the taxes are levied. Under this method, revenue for fiscal year 2022 generally includes property taxes that were levied on July 1, 2021, and substantially collected during the first quarter of the 2021-2022 fiscal year.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position includes a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The District has a deferred charge on refunding reported in the district-wide statement of net position. A deferred charge on refunding results from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The other item is the deferred outflow related to the District's participation in the statewide pension and other post-employment benefits plans, as disclosed in Note H.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Basis of Accounting (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of these items, including deferred inflows related to pension and revenue in support of pension payment, deferred inflows related to OPEB and revenue in support of OPEB payment, unavailable revenues from property taxes, grant and categorical state aid payments and future lease payments receivable. The first item arises only under a modified accrual basis of accounting, and is therefore only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, grant and categorical state aid payments that are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria are satisfied or eligibility requirements are met. In subsequent periods, when both revenue recognition criteria and eligibility requirements are met, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

The State of Michigan utilizes a foundation allowance funding approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation allowance is funded from a combination of state and local sources. The School Aid Act and the School Code of Michigan primarily govern revenues from state sources. The state portion of the foundation is provided from the state’s School Aid Fund and is recognized as revenue in accordance with state law.

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

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Basis of Accounting (continued)

Grants and Intergovernmental Revenue - The District receives various grants from other governmental agencies to finance specific programs. Federal and state grants and assistance awards are recorded as intergovernmental receivables and revenue when the related expenditures are incurred and funds are received within sixty days after year end.

Cash and investments – Cash is cash, checking and savings deposits. Investments are recorded at fair value based on quoted market prices or estimated fair value, except for the investments in MILAF, which are valued at amortized cost or net asset value (NAV).

Inventories and prepaid costs - Inventories of supplies are stated at the lower of average cost or market on a first-in, first-out basis. Inventory purchases are expensed in the period that the related items are consumed. United States Department of Agriculture Commodities inventory received by the Food Service Fund is recorded as expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund-level financial statements.

Capital Assets – Capital assets, which include land, buildings, furniture and equipment, vehicles, and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at date of donation. Capital assets are not included in the fund-level statements.

For assets purchased with proceeds from installment loans, the full cost of the assets is recorded as a current operating expenditure in the year of acquisition. The loans obtained to finance such purchases are recorded as an other financing source in the General Fund.

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

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Basis of Accounting (continued)

Depreciation is calculated on all capital assets with the exception of land and construction in progress. Depreciation or amortization is computed on the straight-line basis over the following useful lives:

| | |
|----------------------------|---------------|
| Buildings and improvements | 20 – 99 years |
| Furniture and equipment | 5 – 10 years |
| Vehicles | 5 – 10 years |
| Lease assets – equipment | 5 – 10 years |

Other Liabilities - The liabilities for employee-compensated absences, unemployment and self-insurance are recorded in the district-wide financial statements. Amounts are recognized in the appropriate governmental fund in fund-level statements when due. The liabilities for employee-compensated absences have been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

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. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Leases – The District is a lessee for noncancellable leases of copiers and a school building. The District recognizes a lease liability and an intangible right-to-use lease asset in the governmental activities column in the district-wide financial statements. The District recognizes lease assets and liabilities with an initial value of \$5,000 or more.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Basis of Accounting (continued)

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line bases over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities on the statement of net position

Interfund Transactions - The District has numerous transactions between funds that include transfers of resources to meet legal and other operating requirements. These transactions are generally reflected as transfers in the accompanying financial statements. Outstanding balances between funds are reported as “due to/from other funds.”

Pension and Other Post-Employment Benefit (OPEB) Plans - For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Basis of Accounting (continued)

Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Net Position – When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District’s policy is to first apply restricted resources.

Fund Balance – In the fund-level financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted:** Amounts that are legally restricted by outside parties including grantors or contributors, constitutional provisions or enabling legislation for use for a specific purpose. This would include, but is not limited to bonded capital projects funds, debt service funds and food service funds.
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- **Assigned:** Amounts that are intended to be used for specific purposes expressed by the Board of Education, Superintendent, or designee, who is authorized by board policy approved by the Board of Education to make assignments. This can include but is not limited to the budgeted use of fund balance for the next fiscal year. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the general fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the general fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represents expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Basis of Accounting (continued)

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first (when appropriate), followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Information relating to the nonmajor special revenue fund balances is summarized below:

| | Nonspendable Inventory Endowment | Restricted | Committed | Assigned | Total |
|-------------------------|--|--------------------|--------------------|------------------|--------------------|
| Food service | \$ 107,330 | \$2,897,446 | | | \$3,004,776 |
| GRASP | | | | \$574,020 | 574,020 |
| Houseman Field | | | | 15,793 | 15,793 |
| Student/School Activity | | | \$1,133,239 | | 1,133,239 |
| Public Purpose Trust | 258,875 | 213,359 | | | 472,234 |
| Total | <u>\$366,205</u> | <u>\$3,110,805</u> | <u>\$1,133,239</u> | <u>\$589,813</u> | <u>\$5,200,062</u> |

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 at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Michigan Public School Accounting Manual

The accompanying financial statements have been prepared on a basis substantially consistent with the Michigan Public School Accounting Manual (Bulletin 1022), which outlines the accounting procedures and policies for school districts required by the Michigan State Board of Education.

Budgets

Formal budgets are adopted at the function level for the General Fund and Special Revenue Funds in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriations action to implement these budgets. Debt service fund budgets are also adopted on an activity level. Budgets are prepared on a basis consistent with generally accepted accounting principles. All budget amendments are approved by the Board of Education. In addition, an unappropriated budget is prepared for the Capital Projects Funds.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Budgets (continued)

Budget requests are presented to the Chief Financial Officer each year. During May and June prior to the fiscal year for which the budgets are being adopted, the proposed budgets are finalized, and the Superintendent recommends their adoption to the Board of Education. A public hearing is held to review the budgets and, prior to July, the budgets are approved by the Board of Education. Budgets for the current year are continually reviewed for required revisions. Major changes are reviewed by the Chief Financial Officer prior to presentation to the Superintendent, the finance committee of the Board of Education and the Board of Education. Budgets for full and multi-funded programs are adjusted as notices of funding changes are received.

Budget to actual comparisons for the General Fund are presented in required supplementary information. The negative budget variances in the General Fund other local revenue, state restricted revenue and federal restricted revenue are related to expenditures in several grant programs being less than budget. State unrestricted revenue was slightly less than budget due to an adjustment for < 75% attendance for 3 days during the year. Delinquent property taxes were less than estimated. There is a negative budget variance in the transfers in to General Fund from other funds, resulting from the indirect cost recovery amount transferred to the General Fund from the Food Service Fund. The transfer to the Houseman Field was slightly more than anticipated.

Adoption of New Accounting Pronouncement

During the current year, the District adopted GASB Statement No. 87 *Leases*. As a result, the statement of net position now includes a liability for the present value of payments expected to be made and right-to-use assets as a lessee, and an asset and deferred inflows for payments expected to be received as a lessor. Lease activity is further described in Note G and H.

Upcoming Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ended June 30, 2023.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note A -- Significant Accounting Policies (continued)

Upcoming Accounting Pronouncements (continued)

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2025.

Note B -- Cash and Investments

State statutes and the District's investment policy authorize the District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated in the highest two classifications 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 District's deposits are in accordance with statutory authority.

The District has approved three banks for the deposit of its funds. Currently, the District has funds on deposit at each of those banks.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note B -- Cash and Investments (continued)

The District's cash and investments are subject to several types of risk, which are examined in more detail in the following paragraphs:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the District's deposits for custodial credit risk. The District's deposits were reflected in the accounts of the banks (without recognition of checks written but not yet cleared or deposits in transit) at \$8,177,043. Of that amount \$545,540 was covered by federal depository insurance and \$7,631,503 was uninsured and uncollateralized. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counter-party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business using the criteria established in the investment policy. At June 30, 2022 the District held no investment securities that were uninsured and unregistered.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. The District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for on-going operations, thereby avoiding the need to sell securities in the open market; and by investing operating funds primarily in shorter term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note B -- Cash and Investments (continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The District’s investment policy does not further limit its investment choices.

At June 30, 2022 the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

| <u>Investment</u> | <u>Fair Value</u> | <u>Maturities</u> | <u>Rating</u> | <u>Rating Organization</u> |
|--|-------------------|-------------------|---------------|--------------------------------|
| Michigan Liquid Asset Fund – MAX Class | \$ 6,473,949 | N/A | AAAm | Standard & Poor’s |
| Michigan Liquid Asset Fund – Cash Management | 11,689,285 | N/A | AAAm | Standard & Poor’s |
| PNC money market fund | 1,681,855 | N/A | AAAm | Standard & Poor’s |
| Fifth Third Securities money market fund | 157,167 | N/A | AAAm | Standard & Poor’s |
| Federated Government Securities | 780,325 | N/A | AAAm | Standard & Poor’s |

Investment Restrictions

The Michigan Liquid Asset Fund – MAX Class investment may not be redeemed for at least 14 calendar days with the exception of direct investments of funds distributed by the State of Michigan. In addition, redemptions made prior to the 14 day period are subject to a penalty equal to 15 days’ interest on the amount so redeemed. The Michigan Liquid Asset Fund – Cash Management investment has no limitations or restrictions on participant withdrawals except for a one day minimum investment period.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District’s policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than five percent of the District’s investments are in Michigan Liquid Asset Fund and Michigan Cooperative Liquid Assets Securities System which are 61.6% and 24.2%, respectively, of the District’s total investments.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note B -- Cash and Investments (continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. State law and the District’s policy prohibit investment in foreign currency.

Fair Value Measurement

The 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. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The District has the following recurring fair value measurements as of June 30, 2022:

| <u>Investment</u> | <u>Balance at June 30, 2022</u> | <u>Quoted Prices (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
|-------------------------|-------------------------------------|--|--|--|
| Equity securities: | | | | |
| Corporate stock-donated | \$22,050 | \$22,050 | | |
| Total investments | \$22,050 | \$22,050 | | |

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note B -- Cash and Investments (continued)

Fair Value Measurement (continued)

The District holds shares in an investment pool where the fair value of the investments are measured on a recurring basis using net asset value per share of the investment pool as a practical expedient.

At the year ended June 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

| <u>Investment</u> | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|---------------------------------|---------------------|---------------------------------|---------------------------------|---|
| Michigan CLASS investment pool | \$18,277,780 | None | N/A | None |
| Michigan Liquid Asset Fund Term | <u>28,476,069</u> | <u>None</u> | <u>N/A</u> | <u>None</u> |
| Total investments | <u>\$46,753,849</u> | | | |

The valuation method for the Michigan Class investment pool measured at the net asset value (NAV) per share (or its equivalent) is principally based on the use of prices that are quoted in active markets for the respective securities. The Michigan Class investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated ‘A-1’ or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note B -- Cash and Investments (continued)

Fair Value Measurement (continued)

The valuation method for the Michigan Liquid Asset Fund Term investment portfolio is measured at the net asset value (NAV) per share (or its equivalent) is principally based on the use of prices that are quoted in active markets for the respective securities. The Michigan Liquid Asset Fund Term investment portfolio invests in U.S. treasury obligations, federal agency obligations of the U.S. government or obligations of the State of Michigan, high-grade commercial paper (rated prime at the time of purchase or better), U.S. government or federal agency obligation repurchase agreements, and approved money market funds. The portfolio is designed to provide a fixed rate, fixed term investment with a minimum maturity of 60 days and a maximum maturity of one year. The investment strategy of the portfolio is to match the cash flows required to meet the planned redemptions according to the master construction schedule.

Restricted Assets

The balances for the restricted assets accounts as of June 30, 2022 are as follows:

| | Governmental Activities |
|--|----------------------------|
| Unspent bond proceeds and related interest | \$46,639,302 |
| Unspent debt service funds | 5,172,512 |
| Unspent sinking funds | 172,832 |
| Total restricted assets | \$51,984,646 |

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note C - Receivables

Receivables as of June 30, 2022 for the District’s individual major funds and the nonmajor funds, and fiduciary funds in the aggregate are as follows:

| | General Fund | 2019 Construction Fund | Nonmajor Governmental Funds | Fiduciary Funds | Total |
|--|---------------------|------------------------------|-----------------------------------|--------------------|---------------------|
| State aid | \$22,935,612 | | | | \$22,935,612 |
| Accounts receivable | 3,623,019 | \$960,000 | \$ 72,234 | | 4,655,253 |
| Property taxes | 107,739 | | 100,850 | | 208,589 |
| Interest | 2,991 | | | | 2,991 |
| Less allowance for uncollectible accounts | | | | | |
| Total | <u>\$26,669,361</u> | <u>\$960,000</u> | <u>\$173,084</u> | | <u>\$27,802,445</u> |

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned and unavailable revenue are as follows:

| | Deferred Inflow - Unavailable | Liability - Unearned |
|---|-------------------------------------|-------------------------|
| Unavailable grant revenue | \$3,075,843 | |
| Grant and categorical state aid payments received prior to meeting all eligibility requirements | | \$8,536,193 |
| Total | <u>\$3,075,843</u> | <u>\$8,536,193</u> |

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note D -- Capital Assets

Information relating to capital assets is summarized below:

| | Balance July 1, 2021 | Additions | Disposals | Transfers | Balance June 30, 2022 |
|--|-------------------------|---------------------|------------------|----------------|--------------------------|
| Non-depreciating assets: | | | | | |
| Land | \$ 7,652,636 | | \$43,500 | | \$ 7,609,136 |
| Construction in progress | 20,534,031 | \$12,148,522 | | \$(25,582,652) | 7,099,901 |
| Other capital assets: | | | | | |
| Buildings and additions | 358,323,602 | | 1,891,355 | 24,447,336 | 380,879,583 |
| Vehicles | 2,261,859 | 168,745 | | | 2,430,604 |
| Furniture and equipment | 57,562,916 | 8,197,876 | 2,220,632 | 1,135,316 | 64,675,476 |
| Right to use assets | 3,495,936 | | | | 3,495,936 |
| Subtotal | 421,644,313 | 8,366,621 | 4,111,987 | 25,582,652 | 451,481,599 |
| Accumulated depreciation and amortization: | | | | | |
| Buildings and additions | 157,642,205 | 8,926,486 | 1,694,046 | | 164,874,645 |
| Vehicles | 1,981,634 | 66,989 | | | 2,048,623 |
| Furniture and equipment | 22,096,842 | 6,234,551 | 2,390,231 | | 25,941,162 |
| Right to use assets | 95,396 | 497,987 | | | 593,383 |
| Subtotal | 181,816,077 | 15,726,013 | 4,084,277 | | 193,457,813 |
| Net other capital assets | 239,828,236 | (7,359,392) | 27,710 | 25,582,652 | 258,023,786 |
| Net capital assets | <u>\$268,014,903</u> | <u>\$ 4,789,130</u> | <u>\$ 71,210</u> | | <u>\$272,732,823</u> |

Depreciation and amortization expense was charged to activities of the District as follows:

| | |
|-------------------------------|---------------------|
| Instruction | \$ 2,050,146 |
| Support services | 878,308 |
| Food service | 442,776 |
| Unallocated | <u>12,354,783</u> |
| Total governmental activities | <u>\$15,726,013</u> |

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note E -- Long-Term Debt

Serial and Variable Bonds Payable

Information relating to serial and variable bonds payable is summarized below:

| | Balance July 1, 2021 | Additions | Payments/ Amortization | Balance June 30, 2022 | Due Within One Year |
|--|-------------------------|--------------------|---------------------------|--------------------------|------------------------|
| June 5, 2012 Issue: 1.79% serial bonds due in annual installments with a final payment of \$565,000 paid in 2022 | \$ 565,000 | | \$ (565,000) | | |
| March 16, 2016 Issue: 4.0% to 5.0% serial bonds due in annual installments ranging from \$2,225,000 to \$9,410,000 with a final maturity in 2039 | 93,455,000 | | (14,035,000) | \$79,420,000 | \$4,460,000 |
| March 21, 2017 Issue: 5.0% serial bonds due in annual installments ranging from \$3,955,000 to \$5,295,000 with a final maturity in 2029 | 35,960,000 | | (3,765,000) | 32,195,000 | 3,955,000 |
| May 14, 2019 Issue: 5.0% serial bonds due in annual installments ranging from \$1,700,000 to \$4,150,000 with a final maturity in 2044 | 68,100,000 | | (4,450,000) | 63,650,000 | 1,700,000 |
| December 21, 2021 Issue: 0.74% to 1.03% refunding bonds due in annual installments from \$3,700,000 to \$5,800,000 with a final maturity in 2024 | | \$9,500,000 | | 9,500,000 | 5,800,000 |
| | <u>198,080,000</u> | <u>9,500,000</u> | <u>(22,815,000)</u> | <u>184,765,000</u> | <u>15,915,000</u> |
| Premium on issuance of March 16, 2016 bonds | 14,215,072 | | (2,486,892) | 11,728,180 | |
| Premium on issuance of March 21, 2017 bonds | 4,413,202 | | (569,445) | 3,843,757 | |
| Premium on issuance of May 14, 2019 bonds | 11,135,851 | | (521,993) | 10,613,858 | |
| | <u>\$227,844,125</u> | <u>\$9,500,000</u> | <u>\$(26,393,330)</u> | <u>\$210,950,795</u> | <u>\$15,915,000</u> |

At June 30, 2022, the District had deferred outflows of \$2,308,313 related to deferred charges on bond refundings.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note E -- Long-Term Debt (continued)

Serial and Variable Bonds Payable (continued)

Proceeds of the June 5, 2012 serial bonds have been placed in escrow and will be used to acquire certain capital improvements by the prepayment of lease payments due under an existing capital lease. The debt service on the June 5, 2012 serial bonds is being repaid out of the general revenue of the District and the final payment was made November 1, 2021.

Proceeds of the March 16, 2016 serial bonds were used to advance refund a portion of the District's April 1, 2007 bonds and to finance major construction and renovation projects, as well as security and technology projects throughout the District. The advance refunding resulted in a difference between the acquisition price and the net carrying amount. This difference is reported as a deferred outflow – deferred interest and is charged to operations through the year 2030 using the straight-line method of amortization. Additionally, the bond premium is reported as an addition to bonds payable and has been allocated to the advance refunding and the building and site construction. The premium for the advance refunding will be credited to interest expense annually through the year 2031 using the straight-line method of amortization. The premium for the building and site construction was proportionately reduced in 2022 in the amount of \$1,512,884 resulting from the issuance of the December 21, 2021 refunding bonds, which reduced the March 2016 serial bond principal by \$9,725,000. The amortization of premium was reduced annually by \$24,877 to \$974,008 and will be credited to interest expense annually through the year 2039 using the straight-line method of amortization. The debt service on the March 16, 2016 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

Proceeds of the March 21, 2017 serial bonds were used to currently refund \$51,910,000 of the March 6, 2007 bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of the March 6, 2007 bonds of \$1,050,974. This difference is reported as a deferred outflow – deferred interest and will be charged to operations through the year 2029 in the amount of \$87,581 using the straight-line method of amortization. Additionally, the bond premium amount of \$6,833,343 is reported as an addition to bonds payable. The premium for the current refunding will be credited to interest expense annually through the year 2029 in the amount of \$569,445 using the straight-line method of amortization. The debt service on the March 21, 2017 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note E -- Long-Term Debt (continued)

Serial and Variable Bonds Payable (continued)

Proceeds of the May 14, 2019 issue were used to provide approximately \$87 million (net of total issuance costs of approximately \$653,000) of funding for school building and site construction, as well as security and technology projects throughout the District. The bond premium amount of \$12,266,836 is reported in the accompanying statements as an addition to bonds payable and will be credited to interest expense annually through the year 2044 in the amount of \$521,993 using the straight-line method. The debt service on the May 14, 2019 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

During the year, the District issued \$9,500,000 in general obligation unlimited tax, federally taxable bonds. The 2.5 year bonds bear interest at 0.534 percent to 1.03 percent and were used to advance refund \$9,725,000 of the March 2016 issue and pay issuance costs of \$72,400. The District deposited approximately \$9.42 million of this issue and \$1,975,000 from the Debt Retirement Fund with an escrow agent for the purchase of Treasury securities to pay principal of \$1.65 million in 2039, \$4.0 million in 2040 and \$4.075 million in 2041, and annual interest ranging from \$203,750 to \$486,250 from 2022 through 2041. As a result, \$9,725,000 of bonds payable are considered to be in-substance defeased and the liability for those bonds has been removed for the District's long-term obligations.

The advance refunding resulted in a difference between the acquisition price and the net carrying amount of the March 16, 2016 bonds of \$164,716. This difference is reported in the accompanying statements as a deferred outflow – deferred interest and is charged to current operations.

The District completed the advance refunding to reduce its total debt service payments over the next 19 years by \$9.2 million and to obtain an economic gain of approximately \$5.2 million, which is the difference between the present value of the old and new debt service payments. The debt service on the December 21, 2021 refunding funds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

In prior years, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2022, \$83,800,000 of bonds outstanding are considered defeased.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note E -- Long-Term Debt (continued)

Serial and Variable Bonds Payable (continued)

General obligation bonds of the District are backed by its full faith and credit. Qualified bonds are fully guaranteed by the State of Michigan. The District does not have any qualified bonds. At June 30, 2022, the District’s legal debt limit for total bonded debt is \$1.13 billion. After reducing this limit for bonded debt currently outstanding, the District’s legal debt margin is approximately \$942 million at June 30, 2022.

Principal and Interest Payments

Principal and interest payments are recorded as expenditures in the fiscal year in which payment is due. The annual requirements to pay principal and interest on all long-term debt at June 30, 2022 are as follows (fiscal years):

| Year Ending June 30 | Other Debt | | Total |
|---------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | |
| 2023 | \$ 15,915,000 | \$ 8,801,780 | \$ 24,716,780 |
| 2024 | 14,210,000 | 8,250,610 | 22,460,610 |
| 2025 | 10,965,000 | 7,684,500 | 18,649,500 |
| 2026 | 11,515,000 | 7,133,750 | 18,648,750 |
| 2027 | 12,045,000 | 6,555,500 | 18,600,500 |
| 2028 to 2032 | 55,215,000 | 23,448,500 | 78,663,500 |
| 2033 to 2037 | 32,225,000 | 12,748,750 | 44,973,750 |
| 2038 to 2042 | 24,475,000 | 4,822,500 | 29,297,500 |
| 2043 to 2044 | 8,200,000 | 412,500 | 8,612,500 |
| Total | <u>\$184,765,000</u> | <u>\$79,858,390</u> | <u>\$264,623,390</u> |

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note E -- Long-Term Debt (continued)

Other Long-Term Liabilities

The District is required to recognize certain other long-term liabilities in the district-wide financial statements. Information relating to other long-term liabilities is summarized below:

| | Balance July 1, 2021 | Additions / Adjustments | Payments | Balance June 30, 2022 | Due Within One Year |
|---------------------------------------|-------------------------|----------------------------|----------------------|--------------------------|------------------------|
| Compensated absences: | | | | | |
| Vacation | \$1,753,354 | \$1,246,474 | \$ (878,760) | \$2,121,068 | \$353,511 |
| Sick leave | 1,790,175 | 3,664,606 | (3,756,442) | 1,698,339 | |
| Workers' compensation (see Note F) | 225,061 | 177,114 | (151,657) | 250,518 | 250,518 |
| Unemployment (see Note F) | 20,140 | 34,443 | (38,857) | 15,726 | |
| | <u>\$3,788,730</u> | <u>\$5,122,637</u> | <u>\$(4,825,716)</u> | <u>\$4,085,651</u> | <u>\$604,029</u> |

The liabilities for compensated absences, workers' compensation and unemployment will be paid with the District's General Fund resources.

Accumulated Sick Pay Benefits

The District has negotiated contracts with its employees, which provide for payments for accumulated unused sick days to eligible employees upon retirement. Teachers are also eligible upon resignation after 20 years of service, if notice is given before spring break. Payments vary up to a maximum of \$60 per day for each credited sick day as specified in the contracts. Sick leave benefits totaling approximately \$1,698,000 at June 30, 2022 are recorded in the district-wide financial statements as part of the liability for compensated absences.

Note F -- Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employees' injuries (workers' compensation). The District has purchased commercial insurance for employee medical, dental, and vision claims, as well as errors and omissions, foreign travel, board of education personal liability, workers' compensation excess, and athletic accident claims. The District participates in the Middle Cities Risk Management Trust for claims relating to general liability, employers' liability, property, auto, and boiler and machinery. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note F -- Risk Management (continued)

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The District is partially self-insured for workers' compensation and unemployment claims. The District estimates, by using methods described below, the liabilities for claims that have been incurred through the end of the fiscal year. This estimate includes claims that have been reported, as well as those that have not yet been reported. The portion of these liabilities considered due is recorded in the General Fund. The remaining estimated liabilities are recorded as long-term liabilities in the district-wide financial statements. Management believes such reserves are reasonable estimates of ultimate liabilities. However, these estimates may be more or less than the amounts actually paid when the claims are resolved.

Workers' Compensation

The District is exposed to various risks of loss related to employees' job-related injuries. The District, in an effort to control the rising costs of insurance, has decided to pay the first \$375,000 of each workers' compensation claim. Excess insurance is purchased to pay claims above this amount, to the statutory limit for workers' compensation for the State of Michigan for employee injury and \$1,000,000 for employer's liability. The District pays all claims, settlements, and judgments from its General Fund resources.

The liability presented as of June 30, 2022 has been established by the District's third-party claims administrator. As of June 30, 2022, the District recorded claims reserves of \$250,518 as a long-term liability.

Unemployment

The District is a reimbursing employer for unemployment. The District paid the 2020 calendar year claims invoiced by the State of Michigan in the current fiscal year. In the fund-level statements, the District has recorded the liability for the calendar year 2021 claims. In the district-wide statements, the additional liability for claims from January 1, 2022 to June 30, 2022 has been recorded. The District believes that any claims incurred but not reported would be insignificant. The District pays all claims from its General Fund resources.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note F -- Risk Management (continued)

Unemployment (continued)

Estimated liability

Changes in the estimated liability for uninsured workers' compensation and unemployment during the years ended June 30, 2022 and 2021 are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------------|-------------------------|
| Estimated liability, beginning of year | \$333,365 | \$235,401 |
| Estimated claims incurred, including changes in estimates | 161,120 | 259,059 |
| Claim payments | <u>(190,513)</u> | <u>(161,095)</u> |
| Estimated liability, end of year | <u><u>\$303,972</u></u> | <u><u>\$333,365</u></u> |

The estimated claim liabilities at June 30, 2022 and 2021 are included in the balance sheet as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------------|-------------------------|
| General Fund | \$ 37,728 | \$ 88,164 |
| Long-term liability, district-wide statements | <u>266,244</u> | <u>245,201</u> |
| Total | <u><u>\$303,972</u></u> | <u><u>\$333,365</u></u> |

Note G -- Leases

The District leases certain assets from various third parties. The assets leased include copiers and a school building. Payments are generally fixed monthly for copiers with certain variable payments not included in the measurement of the lease liability as they are based on usage of the asset. Payments for the school building are fixed with an annual escalation based on the State of Michigan foundation allowance, or 3 percent, if there is no increase in the foundation allowance. There are also certain variable payments for use of staff and premises not included in the measurement of the lease liability as they are based on usage of the asset.

Lease asset activity of the District is included in Note D.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note G -- Leases (continued)

Future principal and interest payment requirements related to the District’s lease liabilities at June 30, 2022 are as follows:

| Years Ending | Principal | Interest | Total |
|-----------------|--------------------|---------------------|---------------------|
| 2023 | \$494,158 | \$113,664 | \$607,822 |
| 2024 | 502,654 | 81,807 | 584,461 |
| 2025 | 149,225 | 63,499 | 212,724 |
| 2026 | 27,987 | 60,924 | 88,911 |
| 2027 | 19,737 | 62,092 | 81,829 |
| Thereafter | <u>1,740,182</u> | <u>13,248,525</u> | <u>14,988,707</u> |
| Total | <u>\$2,933,943</u> | <u>\$13,630,511</u> | <u>\$16,564,454</u> |

Note H -- Lease Revenue

The District, as lessor, has entered into agreements to lease land for a cell tower and buildings for transportation to other organizations. The land lease is 30 years and the District will receive annual payments of approximately \$22,000. The building lease is for 10 years and the District will receive monthly payments of approximately \$11,200. The District recognized approximately \$158,000 in lease revenue and \$38,000 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the District’s receivable for lease payments was \$1,474,986. The District has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2022, the balance of the deferred inflow of resources was \$1,428,570. In each case, ownership of the property remains with the District during and at the conclusion of the term of the leases.

Future minimum lease payments are as follows:

| | |
|------------|--------------------|
| 2023 | \$129,362 |
| 2024 | 137,174 |
| 2025 | 145,290 |
| 2026 | 153,754 |
| 2027 | 162,563 |
| Thereafter | <u>746,843</u> |
| | <u>\$1,474,986</u> |

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits

Plan Description

The District participates in the Michigan Public School Employees Retirement System (MPERS or the “System”), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan (State) that covers substantially all employees of the District. Certain District employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides post-employment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and 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 for the defined benefit plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced to 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member’s date of hire, MPERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

Benefits Provided (continued)

Members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

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

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Public Act 300 of 1980, as amended, required the District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

GRAND RAPIDS PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

Contributions

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

The District’s contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees, based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

| | Pension | OPEB |
|--------------------------------------|-----------------|---------------|
| October 1, 2020 – September 30, 2021 | 13.39% - 19.78% | 7.57% - 8.43% |
| October 1, 2021 – September 30, 2022 | 13.73% - 20.14% | 7.23% - 8.09% |

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The District’s required and actual pension contributions to the plan for the year ended June 30, 2022 were \$35,266,174, which include the District’s contributions required for those members with a defined contribution benefit. The District’s required and actual pension contributions include an allocation of \$15,777,283 in revenue received from the State of Michigan and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2022.

The District’s required and actual OPEB contributions to the plan for the year ended June 30, 2022 were \$8,264,843, which include the District’s contributions required for those members with a defined contribution benefit.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

Net Pension Liability

At June 30, 2022, the District reported a liability of \$237,535,563 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020, which used updated procedures to roll forward the estimated liability to September 30, 2021. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, as actuarially determined. At September 30, 2021 and 2020, the District's proportion was 1.003301% and 1.088290%, respectively, representing a change of (7.809441%).

Net OPEB Liability

At June 30, 2022, the District reported a liability of \$15,128,186, for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2022 was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020, which used updated procedures to roll forward the estimated liability to September 30, 2021. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020 the District's proportion was 0.991117% and 1.025620%, respectively, representing a change of (3.364145%).

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

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

For the year ended June 30, 2022, the District recognized pension expense of \$10,926,318, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 3,679,528 | \$ (1,398,802) |
| Changes in assumptions | 14,973,393 | |
| Net difference between projected and actual earnings on pension plan investments | | (76,366,920) |
| Changes in proportion and differences between the District’s contributions and proportionate share of contributions | | (41,093,376) |
| The District’s contributions to the plan subsequent to the measurement date | 29,619,381 | |
| Total | \$48,272,302 | \$(118,859,098) |

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

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

The \$15,777,283 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30</u> | <u>Amount</u> |
|---------------------------|------------------------|
| 2023 | \$(21,821,164) |
| 2024 | (27,354,419) |
| 2025 | (27,874,172) |
| 2026 | (23,156,422) |
| Total | <u>\$(100,206,177)</u> |

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense (recovery) of (\$11,927,544).

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | | \$(43,182,328) |
| Changes in assumptions | \$12,646,412 | (1,892,376) |
| Net difference between projected and actual earnings on OPEB plan investments | | (11,402,386) |
| Changes in proportionate share or difference between amount contributed and proportionate share of contributions | 172,194 | (13,690,109) |
| Employer contributions to the plan subsequent to the measurement date | 5,595,906 | |
| Total | \$18,414,512 | \$(70,167,199) |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows: (Note: Employer contributions subsequent to the measurement date will reduce the net OPEB liability and therefore will not be included in future OPEB expense.)

| Year Ended June 30 | Amount |
|--------------------|-----------------|
| 2023 | \$ (14,939,527) |
| 2024 | (13,957,582) |
| 2025 | (12,797,600) |
| 2026 | (11,690,713) |
| 2027 | (3,503,512) |
| Thereafter | (459,659) |
| Total | \$(57,348,593) |

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2021 is based on the results of an actuarial valuation date of September 30, 2020 and rolled forward. The total pension and OPEB liability was determined using the following actuarial assumptions:

| Actuarial cost method | | Entry age normal cost actuarial cost method |
|-------------------------------------|---------------|--|
| Investment rate of return - Pension | 6.00% - 6.80% | Net of investment expenses based on the groups |
| Investment rate of return - OPEB | 6.95% | Net of investment expenses based on the groups |
| Salary increases | 2.75% -11.55% | Including wage inflation of 2.75% |
| Healthcare cost trend rate - OPEB | 5.25% - 7.75% | Year 1 graded to 3.5%, in year 15, 3.0%, in year 120 |
| Mortality basis | | RP2014 Male and Female Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP2017 from 2006 |
| Cost of living pension adjustments | 3.00% | Annual non-compounded for MIP members |

Assumption changes as a result of an experience study for the periods 2012 to 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation.

Significant assumption changes since the prior measurement date, September 30, 2020, for the OPEB plan include an increase in the health care cost trend rate of 0.75 percentage points for members under 65 and a reduction from 7.0 percent to 5.25 percent for members over 65. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2020.

Significant assumption changes since the measurement date, September 30, 2021, for the pension and OPEB plan include a reduction of both plans' discount rate to 6.0 percent. The change increases the total plan's net pension liability by approximately \$8.1 billion and the total plan's net OPEB liability by approximately \$1.1 billion.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.0 to 6.80 percent as of September 30, 2021 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan’s fiduciary net position and the OPEB plan’s fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------------------|------------------------------|---|
| Domestic equity pools | 25.0% | 5.4% |
| Private equity pools | 16.0% | 9.1% |
| International equity pools | 15.0% | 7.5% |
| Fixed income pools | 10.5% | (0.7%) |
| Real estate and infrastructure pools | 10.0% | 5.4% |
| Absolute return pools | 9.0% | 2.6% |
| Real return/opportunistic pools | 12.5% | 6.1% |
| Short-term investment pools | 2.0% | (1.3%) |
| Total | <u>100.0%</u> | |

Long-term rates of return are net of administrative expense and inflation of 2.0%.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate on the plan option. The following also reflects what the District’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

| | 1% Decrease (5.0%–5.8%) | Current Rate (6.0%–6.8%) | 1% Increase (7.0%–7.8%) |
|---------------------------------------|----------------------------|-----------------------------|----------------------------|
| Net pension liability of the District | \$339,611,435 | \$237,535,563 | \$152,907,969 |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, calculated using the current discount rate. It also reflects what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

| | 1% Decrease (5.95%) | Current Rate (6.95%) | 1% Increase (7.95%) |
|------------------------------------|------------------------|-------------------------|------------------------|
| Net OPEB liability of the District | \$28,110,899 | \$15,128,186 | \$4,110,498 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, calculated using the current healthcare cost trend rate. It also reflects what the District’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

| | 1% Decrease (6.0%) | Current Rate (7.0%) | 1% Increase (8.0%) |
|------------------------------------|-----------------------|------------------------|-----------------------|
| Net OPEB liability of the District | \$3,682,080 | \$15,128,186 | \$28,006,432 |

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note I – Pension Plan and Postemployment Benefits (continued)

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2022, the District reported a payable of \$7,159,428 and \$1,154,338 for the outstanding amount of contributions to the pension and OPEB plans, respectively, required for the year ended June 30, 2022, consisting of pension and OPEB contributions payable plus any other amounts owed to the plans including the UAAL payments for July and August 2022.

Note J -- Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at June 30, 2022 are as follows:

| | | |
|---|----|-------------|
| Amounts due to | | |
| General Fund | | |
| Debt Retirement Funds: | | |
| 2016 Voted Debt and Refunding Bonds | \$ | 1,003 |
| 2017 Refunding Bonds | | 2,780 |
| 2019 Voted Debt Bonds | | 295 |
| Special Revenue Funds: | | |
| Student / School Activity | | 552,596 |
| Total due to General Fund | | 556,674 |
| Capital Projects Funds – Nonmajor Funds | | |
| 2019 Construction | | 110,156 |
| General Fund | | 447,435 |
| Special Revenue Funds - Nonmajor Funds | | |
| General Fund | | 1,567,233 |
| Trust Funds | | |
| General Fund | | 71,926 |
| Total | | \$2,753,424 |

Interfund balances represent routine and temporary cash flow assistance from other funds until amounts are transferred from fund investment accounts.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note J-- Interfund Receivables, Payables, and Transfers (continued)

Information relating to interfund transfers is summarized below:

| | Transfers in: | | |
|------------------------------------|-----------------|--|-------------|
| | General Fund | Other Nonmajor Governmental Funds | Total |
| Transfers out: | | | |
| General Fund | | \$ 123,191 | \$ 123,191 |
| Capital Projects 2019 Construction | | 1,570,688 | 1,570,688 |
| Other Nonmajor Governmental Funds | \$786,215 | 565,715 | 1,351,930 |
| Total | \$786,215 | \$2,259,594 | \$3,045,809 |

Transfers provided funding for the excess cost of operating Houseman Field and provided funding for debt service, as well as indirect costs for operating the food service program. The transfer from the Capital Projects 2019 Construction Fund provided funding for projects that were ongoing within the 2016 Capital Projects Technology, Construction and Security Funds.

Note K -- Contingencies

In the normal course of activities, the District is a party in various legal actions and subject to certain asserted and unasserted claims and assessments. Although some actions have been brought for large amounts, the District has not experienced significant losses or cost. Based on consultation with legal counsel, the District is of the opinion that the outcome of any pending actions will not have a material adverse effect on the financial position of the District.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note L -- Commitments

Construction was in process as of June 30, 2022 on several major renovations of school buildings in the District. Information relating to commitments for these projects is summarized below:

| <u>Project</u> | <u>Total Contracts</u> | <u>Remaining Commitment at June 30, 2022</u> |
|---|----------------------------|--|
| Innovation Central | \$38,255,857 | \$33,297,126 |
| Classroom Teacher Technology Systems | 4,525,462 | 4,525,462 |
| School Building Roof Projects | 1,597,088 | 77,796 |
| Transportation Equipment | 997,697 | 761,354 |
| School Building HVAC System Design | 952,600 | 765,148 |
| Management Information Network Systems | 749,420 | 749,420 |
| School Building Playgrounds | 462,956 | 235,694 |
| Ottawa High School Auditorium Improvements | 65,845 | 49,384 |

As of June 30, 2022 the District had several other outstanding contract commitments totaling \$23,566.

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note M – Tax Abatements

The District receives reduced property tax revenues as a result of Commercial Rehabilitation Act agreements, Industrial Facilities Tax exemptions (PA 198 of 1974), Brownfield Redevelopment agreements, Neighborhood Enterprise Zone agreements, Obsolete Properties Rehabilitation Act agreements, New Personal Property agreements (PA 328), Payment in Lieu of Taxes (PA 326 of 1966) agreements, Ad Valorem extension agreements, Ad Valorem Tool and Die agreements, Ad Valorem Agriculture agreements, and Air and Water Pollution agreements granted by the City of Grand Rapids within the boundaries of the District. 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. Other agreements are intended to promote economic development in specific areas.

For the fiscal year ended June 30, 2022, the District’s property tax revenues were reduced by \$8,647,843 under these programs.

The District is reimbursed for lost revenue caused by tax abatements on the operating millage of non-homestead properties, from the State of Michigan under the school aid formula. The District received approximately \$7,867,000 in reimbursements from the State of Michigan. The District is not reimbursed for lost revenue from the sinking fund or debt service millages. There are no abatements made by the District.

REQUIRED SUPPLEMENTAL INFORMATION

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GRAND RAPIDS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Revenue: | | | | |
| Local sources: | | | | |
| Property taxes | \$ 34,300,000 | \$ 36,750,000 | \$ 36,448,375 | \$ (301,625) |
| Investment income | 15,000 | 14,000 | 41,751 | 27,751 |
| Payments from local governmental agencies | 20,020,000 | 19,558,000 | 19,724,355 | 166,355 |
| Other | 5,666,196 | 6,372,020 | 5,941,585 | (430,435) |
| Total local sources | <u>60,001,196</u> | <u>62,694,020</u> | <u>62,156,066</u> | <u>(537,954)</u> |
| State sources: | | | | |
| Restricted | 45,586,644 | 47,501,020 | 46,890,775 | (610,245) |
| Unrestricted | 80,802,600 | 84,528,200 | 84,478,289 | (49,911) |
| Total state sources | <u>126,389,244</u> | <u>132,029,220</u> | <u>131,369,064</u> | <u>(660,156)</u> |
| Federal sources: | | | | |
| Restricted | 42,704,330 | 73,820,613 | 49,523,769 | (24,296,844) |
| Unrestricted | 50,000 | 30,000 | 47,736 | 17,736 |
| Total federal sources | <u>42,754,330</u> | <u>73,850,613</u> | <u>49,571,505</u> | <u>(24,279,108)</u> |
| Total revenue | <u>229,144,770</u> | <u>268,573,853</u> | <u>243,096,635</u> | <u>(25,477,218)</u> |
| Expenditures: | | | | |
| Instruction | 115,407,280 | 141,835,928 | 127,159,374 | 14,676,554 |
| Support services | 104,772,138 | 126,590,335 | 110,053,974 | 16,536,361 |
| Community services | 2,328,231 | 3,506,059 | 2,349,388 | 1,156,671 |
| Capital outlay | 9,403,451 | 2,597,328 | 2,408,033 | 189,295 |
| Total expenditures | <u>231,911,100</u> | <u>274,529,650</u> | <u>241,970,769</u> | <u>32,558,881</u> |
| Other financing sources (uses): | | | | |
| Transfers from other funds | 744,900 | 815,220 | 786,215 | (29,005) |
| Transfers to other funds | (62,000) | (111,585) | (123,191) | (11,606) |
| Total other financing sources (uses) | <u>682,900</u> | <u>703,635</u> | <u>663,024</u> | <u>(40,611)</u> |
| Net change in fund balances | <u>(2,083,430)</u> | <u>(5,252,162)</u> | <u>1,788,890</u> | <u>7,041,052</u> |
| Fund balances at beginning of year | 19,009,749 | 19,009,749 | 19,009,749 | |
| Fund balances at end of year | <u>\$ 16,926,319</u> | <u>\$ 13,757,587</u> | <u>\$ 20,798,639</u> | <u>\$ 7,041,052</u> |

The Notes to the Financial Statements are an integral part of this statement.

GRAND RAPIDS PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
FOR THE PLAN YEAR ENDED SEPTEMBER 30

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|----------------|----------------|----------------|
| District's proportion of net pension liability (%) | 1.00330% | 1.08829% | 1.20683% |
| District's proportionate share of net pension liability | \$ 237,535,563 | \$ 373,841,016 | \$ 399,661,878 |
| District's covered payroll | \$ 90,496,986 | \$ 91,513,934 | \$ 105,026,809 |
| District's proportionate share of net pension liability as a percentage of its covered payroll | 262.48% | 408.51% | 380.53% |
| Plan fiduciary net position as a percentage of total pension liability | 72.32% | 59.49% | 60.08% |

This schedule is to be built prospectively. Until a full 10 year trend is compiled, the schedule will show information for those years for which data is available, beginning with the Plan's fiscal year ended September 30, 2014.

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------|----------------|----------------|----------------|----------------|
| 1.23533% | 1.24286% | 1.25721% | 1.28950% | 1.27525% |
| \$ 371,363,022 | \$ 322,077,024 | \$ 313,664,456 | \$ 314,961,612 | \$ 280,892,825 |
| \$ 105,272,446 | \$ 104,116,904 | \$ 106,030,863 | \$ 107,761,376 | \$ 107,103,354 |
| 352.76% | 309.34% | 295.82% | 292.28% | 262.26% |
| 62.12% | 63.96% | 63.01% | 62.92% | 66.15% |

GRAND RAPIDS PUBLIC SCHOOLS
SCHEDULE OF DISTRICT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
(AMOUNTS DETERMINED AS OF JUNE 30 OF EACH YEAR)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---------------|---------------|---------------|
| Statutorily required contributions | \$ 34,150,282 | \$ 30,836,485 | \$ 30,459,877 |
| Contributions in relation to statutorily required contributions | 34,150,282 | 30,836,485 | 30,459,877 |
| Contribution deficiency (excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| District's covered payroll | \$ 92,522,602 | \$ 89,290,688 | \$ 90,890,180 |
| Contributions as a percentage of covered payroll | 36.91% | 34.53% | 33.51% |

This schedule is to be built prospectively. Until a full 10 year trend is compiled, the schedule will show information for those years for which data is available, beginning with the fiscal year ended June 30, 2015.

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----------------|----------------|----------------|----------------|---------------------|
| \$ 32,722,887 | \$ 31,690,726 | \$ 30,422,546 | \$ 29,481,660 | \$ 23,280,156 |
| 32,722,887 | 31,690,726 | 30,422,546 | 29,481,660 | 23,581,519 |
| <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$ (301,363)</u> |
| \$ 105,815,232 | \$ 104,453,405 | \$ 110,194,656 | \$ 104,923,104 | \$ 107,318,010 |
| 30.92% | 30.34% | 27.61% | 28.10% | 21.97% |

GRAND RAPIDS PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
FOR THE PLAN YEAR ENDED JUNE 30

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------|---------------|----------------|
| District's proportion of net OPEB liability (%) | 0.99112% | 1.02562% | 1.19704% |
| District's proportionate share of net OPEB liability | \$ 15,128,186 | \$ 54,945,346 | \$ 85,920,837 |
| District's covered payroll | \$ 90,496,986 | \$ 91,513,934 | \$ 105,026,809 |
| District's proportionate share of net OPEB liability as a percentage of its covered payroll | 16.72% | 60.04% | 81.81% |
| Plan fiduciary net position as a percentage of total OPEB liability | 88.87% | 59.76% | 48.67% |

This schedule is to be built prospectively. Until a full 10 year trend is compiled, the schedule will show information for those years for which data is available, beginning with the Plan's fiscal year ended September 30, 2018.

| <u>2018</u> | <u>2017</u> |
|----------------|----------------|
| 1.23140% | 1.24324% |
| \$ 97,883,616 | \$ 110,094,965 |
| \$ 105,272,446 | \$ 104,116,904 |
| 92.98% | 105.74% |
| 43.10% | 36.53% |

GRAND RAPIDS PUBLIC SCHOOLS
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
YEAR ENDED JUNE 30

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---------------|---------------|---------------|
| Statutorily required contributions | \$ 7,539,852 | \$ 7,430,548 | \$ 7,303,571 |
| Contributions in relation to statutorily required contributions | 7,539,852 | 7,430,548 | 7,303,571 |
| Contribution deficiency (excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| District's covered payroll | \$ 92,522,602 | \$ 89,290,688 | \$ 90,890,180 |
| Contributions as a percentage of covered payroll | 8.15% | 8.32% | 8.04% |

This schedule is to be built prospectively. Until a full 10 year trend is compiled, the schedule will show information for those years for which data is available, beginning with the fiscal year ended June 30, 2018.

| <u>2019</u> | <u>2018</u> |
|----------------|----------------|
| \$ 8,311,813 | \$ 7,544,382 |
| 8,311,813 | 7,544,382 |
| <u>\$</u> | <u>\$</u> |
| \$ 105,815,232 | \$ 104,453,405 |
| 7.86% | 7.22% |

GRAND RAPIDS PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Pension Information

Ultimately, 10 years of data will be presented in both of the pension related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points.

The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

Covered Payroll

The employers' covered payroll to be reported in the required supplementary information is defined by GASB 82, Pension Issues - an amendment to GASB Statements No. 67, No. 68, and No. 73 as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For the District, covered payroll represents payroll on which contributions to both plans are based.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became available.

Benefit changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2021 - The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75% for members under 65 and decreased by 1.75% for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.

2020 - The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50% percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points.

The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points.

The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2018.

Covered Payroll

The employers' covered payroll to be reported in the required supplementary information is defined by GASB 82, Pension Issues - an amendment to GASB Statements No. 67, No. 68, and No. 73 as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For the District, covered payroll represents payroll on which contributions to both plans are based.

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OTHER SUPPLEMENTAL INFORMATION

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GRAND RAPIDS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--------------------------------------|-----------------------------|----------------------------|------------------------------|--|
| Assets | | | | |
| Cash and investments | \$ 4,083,032 | | \$ 1,127 | \$ 4,084,159 |
| Restricted assets | | \$ 5,172,512 | 172,832 | 5,345,344 |
| Receivables: | | | | |
| Accounts receivable | 72,234 | | | 72,234 |
| Property taxes | | 100,754 | 96 | 100,850 |
| Total receivables | <u>72,234</u> | <u>100,754</u> | <u>96</u> | <u>173,084</u> |
| Due from other governmental agencies | 386,842 | | | 386,842 |
| Inventory | 107,330 | | | 107,330 |
| Due from other funds | 1,567,233 | | 447,435 | 2,014,668 |
| Total assets | <u><u>\$ 6,216,671</u></u> | <u><u>\$ 5,273,266</u></u> | <u><u>\$ 621,490</u></u> | <u><u>\$ 12,111,427</u></u> |
| Liabilities and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 148,486 | | \$ 126,092 | \$ 274,578 |
| Other liabilities | 315,527 | 2,494 | | 318,021 |
| Due to other funds | 552,596 | \$ 4,078 | | 556,674 |
| Total liabilities | <u>1,016,609</u> | <u>6,572</u> | <u>126,092</u> | <u>1,149,273</u> |
| Fund balances | | | | |
| Nonspendable | | | | |
| Inventory | 107,330 | | | 107,330 |
| Endowment | 258,875 | | | 258,875 |
| Restricted | | | | |
| Capital projects | | | 175,222 | 175,222 |
| Debt service | | 5,266,694 | | 5,266,694 |
| Special revenue | 3,110,805 | | | 3,110,805 |
| Committed | | | | |
| Student /school activity | 1,133,239 | | | 1,133,239 |
| Capital projects | | | 263,639 | 263,639 |
| Assigned | | | | |
| Capital projects | | | 56,537 | 56,537 |
| Special revenue | 589,813 | | | 589,813 |
| Total fund balances | <u>5,200,062</u> | <u>5,266,694</u> | <u>495,398</u> | <u>10,962,154</u> |
| Total liabilities and fund balances | <u><u>\$ 6,216,671</u></u> | <u><u>\$ 5,273,266</u></u> | <u><u>\$ 621,490</u></u> | <u><u>\$ 12,111,427</u></u> |

GRAND RAPIDS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

| | Food Service | GRASP | Houseman Field |
|--------------------------------------|-----------------|------------|-------------------|
| Assets | | | |
| Cash and investments | \$ 2,389,768 | | \$ 4,000 |
| Receivables: | | | |
| Accounts receivable | 1,272 | \$ 63,172 | |
| Total receivables | 1,272 | 63,172 | |
| Due from other governmental agencies | 386,842 | | |
| Inventory | 107,330 | | |
| Due from other funds | 570,875 | 511,339 | 12,785 |
| Total assets | \$ 3,456,087 | \$ 574,511 | \$ 16,785 |
| Liabilities and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 135,784 | \$ 491 | \$ 992 |
| Other liabilities | 315,527 | | |
| Due to other funds | | | |
| Total liabilities | 451,311 | 491 | 992 |
| Fund balances | | | |
| Nonspendable | | | |
| Inventory | 107,330 | | |
| Endowment | | | |
| Restricted | 2,897,446 | | |
| Committed | | | |
| Assigned | | 574,020 | 15,793 |
| Total fund balances | 3,004,776 | 574,020 | 15,793 |
| Total liabilities and fund balances | \$ 3,456,087 | \$ 574,511 | \$ 16,785 |

| Student / School Activity | Public Purpose Trust | Total |
|------------------------------|----------------------------|---------------------|
| \$ 1,689,264 | | \$ 4,083,032 |
| 7,790 | | 72,234 |
| <u>7,790</u> | | <u>72,234</u> |
| | | 386,842 |
| | | 107,330 |
| | \$ 472,234 | 1,567,233 |
| <u>\$ 1,697,054</u> | <u>\$ 472,234</u> | <u>\$ 6,216,671</u> |
| | | |
| \$ 11,219 | | \$ 148,486 |
| | | 315,527 |
| 552,596 | | 552,596 |
| <u>563,815</u> | | <u>1,016,609</u> |
| | | 107,330 |
| | \$ 258,875 | 258,875 |
| | 213,359 | 3,110,805 |
| 1,133,239 | | 1,133,239 |
| | | 589,813 |
| <u>1,133,239</u> | <u>472,234</u> | <u>5,200,062</u> |
| <u>\$ 1,697,054</u> | <u>\$ 472,234</u> | <u>\$ 6,216,671</u> |

GRAND RAPIDS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2022

| | 2012 Refunding Bonds | 2016 Voted Debt and Refunding Bonds | 2017 Refunding Bonds | 2019 Voted Debt Bonds |
|--|----------------------------|--|----------------------------|-----------------------------|
| Assets | | | | |
| Restricted assets | | \$ 735,687 | \$ 1,804,342 | \$ 2,617,390 |
| Property taxes receivable | | 36,291 | 25,580 | 38,883 |
| Total assets | <u>\$</u> | <u>\$ 771,978</u> | <u>\$ 1,829,922</u> | <u>\$ 2,656,273</u> |
| | | | | |
| Liabilities and fund balances | | | | |
| Liabilities | | | | |
| Other liabilities | | | \$ 2,494 | |
| Due to other funds | | \$ 1,003 | 2,780 | \$ 295 |
| Total liabilities | | <u>1,003</u> | <u>5,274</u> | <u>295</u> |
| | | | | |
| Fund balances | | | | |
| Restricted | | 770,975 | 1,824,648 | 2,655,978 |
| Total fund balances | | <u>770,975</u> | <u>1,824,648</u> | <u>2,655,978</u> |
| | | | | |
| Total liabilities and fund balances | <u>\$</u> | <u>\$ 771,978</u> | <u>\$ 1,829,922</u> | <u>\$ 2,656,273</u> |

| 2021 Refunding Bonds | Total |
|----------------------------|---------------------|
| \$ 15,093 | \$ 5,172,512 |
| | 100,754 |
| <u>\$ 15,093</u> | <u>\$ 5,273,266</u> |

| | |
|--|--------------|
| | \$ 2,494 |
| | <u>4,078</u> |
| | 6,572 |

| | |
|------------------|------------------|
| <u>\$ 15,093</u> | <u>5,266,694</u> |
| 15,093 | 5,266,694 |

| | |
|------------------|---------------------|
| <u>\$ 15,093</u> | <u>\$ 5,273,266</u> |
|------------------|---------------------|

GRAND RAPIDS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2022

| | Unrestricted General Purpose | Strategic Facilities Plan | 2012 Sinking Fund | 2016 Construction Fund |
|-------------------------------------|------------------------------------|---------------------------------|-------------------------|------------------------------|
| Assets | | | | |
| Cash and investments | \$ 1,079 | \$ 48 | | |
| Restricted assets | | | \$ 172,832 | |
| Property taxes receivable | | | 96 | |
| Due from other funds | 55,458 | 263,591 | 2,294 | 126,092 |
| Total assets | <u>\$ 56,537</u> | <u>\$ 263,639</u> | <u>\$ 175,222</u> | <u>\$ 126,092</u> |
| Liabilities and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | | | | \$ 126,092 |
| Total liabilities | | | | <u>126,092</u> |
| Fund balances | | | | |
| Restricted | | | \$ 175,222 | |
| Committed | | \$ 263,639 | | |
| Assigned | \$ 56,537 | | | |
| Total fund balances | <u>56,537</u> | <u>263,639</u> | <u>175,222</u> | |
| Total liabilities and fund balances | <u>\$ 56,537</u> | <u>\$ 263,639</u> | <u>\$ 175,222</u> | <u>\$ 126,092</u> |

Total

\$ 1,127
172,832
96
447,435

\$ 621,490

\$ 126,092
126,092

175,222
263,639
56,537
495,398

\$ 621,490

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GRAND RAPIDS PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2022

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--------------------------------------|-----------------------------|--------------------------|------------------------------|--|
| Revenue: | | | | |
| Local sources: | | | | |
| Property taxes | | \$ 21,525,092 | \$ 1,180 | \$ 21,526,272 |
| Investment income | \$ 2,313 | 14,429 | 57 | 16,799 |
| Food service | 116,539 | | | 116,539 |
| GRASP | 342,320 | | | 342,320 |
| Other | 383,999 | | 21,931 | 405,930 |
| Total local sources | <u>845,171</u> | <u>21,539,521</u> | <u>23,168</u> | <u>22,407,860</u> |
| State sources - restricted | 292,893 | | | 292,893 |
| Federal sources - restricted | 13,390,171 | | | 13,390,171 |
| Total revenue | <u>14,528,235</u> | <u>21,539,521</u> | <u>23,168</u> | <u>36,090,924</u> |
| Expenditures: | | | | |
| Food service | 12,683,938 | | | 12,683,938 |
| GRASP | 356,699 | | | 356,699 |
| Bond principal maturities | | 13,090,000 | | 13,090,000 |
| Interest on bonded debt | | 9,555,667 | | 9,555,667 |
| Capital outlay | | | 1,008,949 | 1,008,949 |
| Other | 534,084 | 94,782 | 561,739 | 1,190,605 |
| Total expenditures | <u>13,574,721</u> | <u>22,740,449</u> | <u>1,570,688</u> | <u>37,885,858</u> |
| Other financing sources (uses): | | | | |
| Issuance of bonds | | 9,500,000 | | 9,500,000 |
| Proceeds from sale of real property | | | 807,375 | 807,375 |
| Payment to escrow agent | | (11,398,248) | | (11,398,248) |
| Transfer from General Fund | 123,191 | | | 123,191 |
| Transfer from Capital Projects Fund | | 565,715 | 1,570,688 | 2,136,403 |
| Transfer to General Fund | (786,215) | | | (786,215) |
| Transfer to Debt Service Funds | | | (565,715) | (565,715) |
| Total other financing sources (uses) | <u>(663,024)</u> | <u>(1,332,533)</u> | <u>1,812,348</u> | <u>(183,209)</u> |
| Net change in fund balances | <u>290,490</u> | <u>(2,533,461)</u> | <u>264,828</u> | <u>(1,978,143)</u> |
| Fund balances at beginning of year | 4,909,572 | 7,800,155 | 230,570 | 12,940,297 |
| Fund balances at end of year | <u>\$ 5,200,062</u> | <u>\$ 5,266,694</u> | <u>\$ 495,398</u> | <u>\$ 10,962,154</u> |

GRAND RAPIDS PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2022

| | Food Service | GRASP | Houseman Field |
|--------------------------------------|---------------------|-------------------|-------------------|
| Revenue: | | | |
| Local sources: | | | |
| Investment income | \$ 1,560 | \$ 229 | |
| Sales | 115,039 | | |
| Admissions and class fees | | 342,320 | \$ 46,432 |
| Other | 1,500 | | |
| Total local sources | <u>118,099</u> | <u>342,549</u> | <u>46,432</u> |
| State sources - restricted | 292,893 | | |
| Federal sources - restricted | 13,390,171 | | |
| Total revenue | <u>13,801,163</u> | <u>342,549</u> | <u>46,432</u> |
| Expenditures: | | | |
| School services | | | |
| Salaries | 2,649,632 | 151,145 | 5,482 |
| Benefits | 2,003,300 | 102,480 | 2,738 |
| Nonsalaries | 7,801,171 | 103,074 | 161,403 |
| Payments to other public schools | 229,835 | | |
| Total expenditures | <u>12,683,938</u> | <u>356,699</u> | <u>169,623</u> |
| Other financing sources (uses): | | | |
| Transfer from General Fund | | | 123,191 |
| Transfer to General Fund | (786,215) | | |
| Total other financing sources (uses) | <u>(786,215)</u> | | <u>123,191</u> |
| Net change in fund balances | <u>331,010</u> | <u>(14,150)</u> | |
| Fund balances at beginning of year | 2,673,766 | 588,170 | 15,793 |
| Fund balances at end of year | <u>\$ 3,004,776</u> | <u>\$ 574,020</u> | <u>\$ 15,793</u> |

| Student / School Activity | Public Purpose Trust | Total |
|------------------------------|----------------------------|---------------------|
| \$ 455 | \$ 69 | \$ 2,313 |
| | | 115,039 |
| 336,717 | 850 | 388,752 |
| | | 339,067 |
| <u>337,172</u> | <u>919</u> | <u>845,171</u> |
| | | 292,893 |
| | | 13,390,171 |
| <u>337,172</u> | <u>919</u> | <u>14,528,235</u> |
| | | 2,806,259 |
| 355,243 | 9,218 | 2,108,518 |
| | | 8,430,109 |
| <u>355,243</u> | <u>9,218</u> | <u>229,835</u> |
| | | 13,574,721 |
| | | 123,191 |
| | | <u>(786,215)</u> |
| | | (663,024) |
| <u>(18,071)</u> | <u>(8,299)</u> | <u>290,490</u> |
| 1,151,310 | 480,533 | 4,909,572 |
| <u>\$ 1,133,239</u> | <u>\$ 472,234</u> | <u>\$ 5,200,062</u> |

GRAND RAPIDS PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2022

| | 2012 Refunding Bonds | 2016 Voted Debt and Refunding Bonds | 2017 Refunding Bonds | 2019 Voted Debt Bonds |
|--------------------------------------|----------------------------|--|----------------------------|-----------------------------|
| Revenue: | | | | |
| Local sources: | | | | |
| Property taxes | | \$ 7,874,440 | \$ 5,366,159 | \$ 8,284,493 |
| Investment income | | 6,054 | 1,022 | 7,351 |
| Total local sources | | <u>7,880,494</u> | <u>5,367,181</u> | <u>8,291,844</u> |
| Total revenue | | <u>7,880,494</u> | <u>5,367,181</u> | <u>8,291,844</u> |
| Expenditures: | | | | |
| Bond principal maturities | \$ 565,000 | 4,310,000 | 3,765,000 | 4,450,000 |
| Interest on bonded debt | 5,031 | 4,429,625 | 1,798,000 | 3,293,750 |
| Other | | 518 | 21,346 | 518 |
| Total expenditures | <u>570,031</u> | <u>8,740,143</u> | <u>5,584,346</u> | <u>7,744,268</u> |
| Other financing sources: | | | | |
| Issuance of bonds | | | | |
| Payment to escrow agent | | | | |
| Transfer from Capital Projects Fund | 565,715 | | | |
| Transfer from (to) Debt Service Fund | | (2,015,000) | | |
| Total other financing sources | <u>565,715</u> | <u>(2,015,000)</u> | | |
| Net change in fund balances | <u>(4,316)</u> | <u>(2,874,649)</u> | <u>(217,165)</u> | <u>547,576</u> |
| Fund balances at beginning of year | 4,316 | 3,645,624 | 2,041,813 | 2,108,402 |
| Fund balances at end of year | <u>\$</u> | <u>\$ 770,975</u> | <u>\$ 1,824,648</u> | <u>\$ 2,655,978</u> |

| 2021 Refunding Bonds | Total |
|----------------------------|---------------------|
| | \$ 21,525,092 |
| \$ 2 | 14,429 |
| <u>2</u> | <u>21,539,521</u> |
| <u>2</u> | <u>21,539,521</u> |
| | 13,090,000 |
| 29,261 | 9,555,667 |
| 72,400 | 94,782 |
| <u>101,661</u> | <u>22,740,449</u> |
| 9,500,000 | 9,500,000 |
| (11,398,248) | (11,398,248) |
| | 565,715 |
| 2,015,000 | |
| <u>116,752</u> | <u>(1,332,533)</u> |
| <u>15,093</u> | <u>(2,533,461)</u> |
| | 7,800,155 |
| <u>\$ 15,093</u> | <u>\$ 5,266,694</u> |

GRAND RAPIDS PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2022

| | Unrestricted General Purpose | Strategic Facilities Plan | 2012 Sinking Fund | 2016 Construction Fund |
|---|------------------------------------|---------------------------------|-------------------------|------------------------------|
| Revenue: | | | | |
| Local sources: | | | | |
| Property taxes | | | \$ 1,180 | |
| Investment income | \$ 1 | | 56 | |
| Other | | \$ 21,931 | | |
| Total revenue | <u>1</u> | <u>21,931</u> | <u>1,236</u> | |
| Expenditures: | | | | |
| Capital outlay | | | | \$ 1,008,949 |
| Other | | | | 561,739 |
| Total expenditures | | | | <u>1,570,688</u> |
| Other financing sources (uses): | | | | |
| Proceeds from sale of real property | | 807,375 | | |
| Transfers from (to) Capital Projects Fund | | | | 1,570,688 |
| Transfers to Debt Service Fund | | (565,715) | | |
| Total other financing sources (uses) | | <u>241,660</u> | | <u>1,570,688</u> |
| Net change in fund balances | <u>1</u> | <u>263,591</u> | <u>1,236</u> | |
| Fund balances at beginning of year | 56,536 | 48 | 173,986 | |
| Fund balances at end of year | <u>\$ 56,537</u> | <u>\$ 263,639</u> | <u>\$ 175,222</u> | <u>\$</u> |

Total

\$ 1,180
57
21,931
23,168

1,008,949
561,739
1,570,688

807,375
1,570,688
(565,715)
1,812,348

264,828

230,570

\$ 495,398

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF REVENUE - BUDGET AND ACTUAL
 GENERAL FUND (GENERAL PROGRAMS)
 YEAR ENDED JUNE 30, 2022

| | <u>Budget</u> | <u>Actual</u> | Actual (Over)/Under <u>Budget</u> |
|--|-----------------------|-----------------------|---|
| Local sources | | | |
| Property taxes | \$ 36,750,000 | \$ 36,448,375 | \$ 301,625 |
| Investment income | 14,000 | 41,751 | (27,751) |
| Payments from local governmental agencies: | | | |
| County special education tax | 11,288,000 | 11,288,393 | (393) |
| County enhancement millage | 3,750,000 | 3,784,410 | (34,410) |
| Services to other governmental agencies | 4,520,000 | 4,651,552 | (131,552) |
| Other revenue: | | | |
| Rental of facilities | 270,000 | 289,430 | (19,430) |
| Other | 734,000 | 992,865 | (258,865) |
| Total local sources | <u>57,326,000</u> | <u>57,496,776</u> | <u>(170,776)</u> |
| State sources | | | |
| Restricted | | | |
| Special education | 9,990,000 | 10,559,697 | (569,697) |
| Other | 19,540,000 | 19,906,314 | (366,314) |
| Total restricted state sources | <u>29,530,000</u> | <u>30,466,011</u> | <u>(936,011)</u> |
| Unrestricted | 84,528,200 | 84,478,289 | 49,911 |
| Total state sources | <u>114,058,200</u> | <u>114,944,300</u> | <u>(886,100)</u> |
| Federal sources | | | |
| Restricted | 200,000 | 212,056 | (12,056) |
| Unrestricted | 30,000 | 47,736 | (17,736) |
| | <u>230,000</u> | <u>259,792</u> | <u>(29,792)</u> |
| Total revenue | <u>\$ 171,614,200</u> | <u>\$ 172,700,868</u> | <u>\$ (1,086,668)</u> |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF REVENUE - BUDGET AND ACTUAL
 GENERAL FUND (GRANTS)
 YEAR ENDED JUNE 30, 2022

| | <u>Budget</u> | <u>Actual</u> | <u>Actual (Over)/Under Budget</u> |
|-----------------|----------------------|----------------------|---|
| Local sources | | | |
| Other revenue | \$ 5,288,020 | \$ 4,476,689 | \$ 811,331 |
| State sources | | | |
| Restricted | 17,971,020 | 16,424,764 | 1,546,256 |
| Federal sources | | | |
| Restricted | 73,620,613 | 49,311,713 | 24,308,900 |
| Unrestricted | | | |
| Total revenue | <u>\$ 96,879,653</u> | <u>\$ 70,213,166</u> | <u>\$ 26,666,487</u> |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF REVENUE - BUDGET AND ACTUAL
 GENERAL FUND (ATHLETICS)
 YEAR ENDED JUNE 30, 2022

| | Budget | Actual | Actual (Over)/Under Budget |
|---------------|-----------|------------|----------------------------------|
| Local sources | | | |
| Other revenue | \$ 80,000 | \$ 182,601 | \$ (102,601) |
| Total revenue | \$ 80,000 | \$ 182,601 | \$ (102,601) |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND (GENERAL PROGRAMS)
 YEAR ENDED JUNE 30, 2022

| | <u>Budget</u> | <u>Actual</u> | <u>Actual (Over)/Under Budget</u> |
|----------------------------|-------------------|-------------------|---|
| Instruction | | | |
| Basic programs | | | |
| Elementary | | | |
| Salaries | \$ 24,199,343 | \$ 23,544,322 | \$ 655,021 |
| Benefits and payroll taxes | 18,251,788 | 17,797,859 | 453,929 |
| Nonsalaries | <u>1,508,126</u> | <u>1,335,249</u> | <u>172,877</u> |
| Total elementary | 43,959,257 | 42,677,430 | 1,281,827 |
| Secondary | | | |
| Salaries | 19,428,440 | 18,654,262 | 774,178 |
| Benefits and payroll taxes | 14,537,790 | 13,985,299 | 552,491 |
| Nonsalaries | <u>2,077,455</u> | <u>1,808,325</u> | <u>269,130</u> |
| Total secondary | 36,043,685 | 34,447,886 | 1,595,799 |
| Other basic programs | | | |
| Salaries | 510,000 | 480,547 | 29,453 |
| Benefits and payroll taxes | 466,507 | 567,699 | (101,192) |
| Nonsalaries | <u>15,000</u> | <u>12,287</u> | <u>2,713</u> |
| Total other basic programs | <u>991,507</u> | <u>1,060,533</u> | <u>(69,026)</u> |
| Total basic programs | 80,994,449 | 78,185,849 | 2,808,600 |
| Added needs | | | |
| Salaries | 6,037,913 | 6,075,645 | (37,732) |
| Benefits and payroll taxes | 4,760,790 | 4,762,286 | (1,496) |
| Nonsalaries | <u>1,267,900</u> | <u>1,117,839</u> | <u>150,061</u> |
| Total added needs | 12,066,603 | 11,955,770 | 110,833 |
| Total instruction | 93,061,052 | 90,141,619 | 2,919,433 |
| Support services | | | |
| Pupil services | | | |
| Salaries | 2,717,152 | 2,409,431 | 307,721 |
| Benefits and payroll taxes | 1,987,961 | 1,742,915 | 245,046 |
| Nonsalaries | <u>10,397,059</u> | <u>10,709,407</u> | <u>(312,348)</u> |
| Total pupil services | 15,102,172 | 14,861,753 | 240,419 |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND (GENERAL PROGRAMS)
 YEAR ENDED JUNE 30, 2022

| | Budget | Actual | Actual (Over)/Under Budget |
|------------------------------------|-------------------|-------------------|----------------------------------|
| Support services (continued) | | | |
| Instructional staff services | | | |
| Salaries | \$ 4,053,124 | \$ 3,836,153 | \$ 216,971 |
| Benefits and payroll taxes | 3,044,333 | 2,750,722 | 293,611 |
| Nonsalaries | 674,817 | 600,911 | 73,906 |
| Total instructional staff services | <u>7,772,274</u> | <u>7,187,786</u> | 584,488 |
| General administration | | | |
| Salaries | 878,600 | 828,577 | 50,023 |
| Benefits and payroll taxes | 618,392 | 554,416 | 63,976 |
| Nonsalaries | 638,525 | 615,104 | 23,421 |
| Total general administration | <u>2,135,517</u> | <u>1,998,097</u> | 137,420 |
| School administration | | | |
| Salaries | 10,193,600 | 9,408,435 | 785,165 |
| Benefits and payroll taxes | 7,426,149 | 6,574,485 | 851,664 |
| Nonsalaries | 394,866 | 275,572 | 119,294 |
| Total school administration | <u>18,014,615</u> | <u>16,258,492</u> | 1,756,123 |
| Fiscal services | | | |
| Salaries | 1,893,000 | 1,810,289 | 82,711 |
| Benefits and payroll taxes | 1,405,836 | 1,284,467 | 121,369 |
| Nonsalaries | 1,634,000 | 1,337,586 | 296,414 |
| Total fiscal services | <u>4,932,836</u> | <u>4,432,342</u> | 500,494 |
| Operations and maintenance | | | |
| Salaries | 2,339,480 | 2,111,726 | 227,754 |
| Benefits and payroll taxes | 1,825,948 | 1,591,184 | 234,764 |
| Nonsalaries | | | |
| Utilities | 5,621,500 | 5,345,869 | 275,631 |
| Repairs | 1,433,000 | 1,148,845 | 284,155 |
| Other | 3,985,800 | 3,298,887 | 686,913 |
| Total operations and maintenance | <u>15,205,728</u> | <u>13,496,511</u> | 1,709,217 |
| Pupil transportation | | | |
| Nonsalaries | 9,843,228 | 8,786,934 | 1,056,294 |
| Total pupil transportation | <u>9,843,228</u> | <u>8,786,934</u> | 1,056,294 |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND (GENERAL PROGRAMS)
 YEAR ENDED JUNE 30, 2022

| | <u>Budget</u> | <u>Actual</u> | <u>Actual (Over)/Under Budget</u> |
|------------------------------------|-----------------------|-----------------------|---|
| Support services (continued) | | | |
| Staff and personnel services | | | |
| Salaries | | | |
| Planning, research and evaluation | \$ 220,000 | \$ 207,199 | \$ 12,801 |
| Communications | 467,000 | 420,440 | 46,560 |
| Personnel services | 1,501,500 | 1,404,169 | 97,331 |
| Information services | 1,445,000 | 1,343,851 | 101,149 |
| Benefits and payroll taxes | | | |
| Planning, research and evaluation | 166,168 | 148,749 | 17,419 |
| Communications | 340,894 | 291,878 | 49,016 |
| Personnel services | 1,067,869 | 945,737 | 122,132 |
| Information services | 1,090,662 | 960,471 | 130,191 |
| Nonsalaries | | | |
| Planning, research and evaluation | 42,100 | 34,389 | 7,711 |
| Communications | 942,285 | 756,282 | 186,003 |
| Personnel services | 508,717 | 445,839 | 62,878 |
| Information services | 2,255,500 | 2,783,628 | (528,128) |
| Total staff and personnel services | <u>10,047,695</u> | <u>9,742,632</u> | <u>305,063</u> |
| Total support services | <u>83,054,065</u> | <u>76,764,547</u> | <u>6,289,518</u> |
| Community services | | | |
| Salaries | 200 | | 200 |
| Benefits and payroll taxes | 3,913 | 627 | 3,286 |
| Nonsalaries | 2,573 | 883 | 1,690 |
| Total community services | <u>6,686</u> | <u>1,510</u> | <u>5,176</u> |
| Capital outlay | 1,025,000 | 845,556 | 179,444 |
| Transfer to athletics | 2,733,752 | 2,702,104 | 31,648 |
| Expenses redistributed | (2,310,558) | (1,956,177) | (354,381) |
| Total expenditures | <u>\$ 177,569,997</u> | <u>\$ 168,499,159</u> | <u>\$ 9,070,838</u> |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND (GRANTS)
 YEAR ENDED JUNE 30, 2022

| | Budget | Actual | Actual (Over)/Under Budget |
|------------------------------------|--------------|------------|----------------------------------|
| Instruction | | | |
| Basic programs | | | |
| Elementary | | | |
| Salaries | \$ 1,333,636 | \$ 928,002 | \$ 405,634 |
| Benefits and payroll taxes | 861,594 | 564,407 | 297,187 |
| Nonsalaries | 11,207,893 | 9,153,810 | 2,054,083 |
| Total elementary | 13,403,123 | 10,646,219 | 2,756,904 |
| Secondary | | | |
| Salaries | 1,008,726 | 271,974 | 736,752 |
| Benefits and payroll taxes | 545,078 | 175,438 | 369,640 |
| Nonsalaries | 10,873,642 | 6,066,587 | 4,807,055 |
| Total secondary | 12,427,446 | 6,513,999 | 5,913,447 |
| Other basic programs | | | |
| Salaries | 3,812,984 | 3,473,716 | 339,268 |
| Benefits and payroll taxes | 2,629,998 | 2,373,713 | 256,285 |
| Nonsalaries | 1,366,944 | 1,143,059 | 223,885 |
| Total other basic programs | 7,809,926 | 6,990,488 | 819,438 |
| Total basic programs | 33,640,495 | 24,150,706 | 9,489,789 |
| Added needs | | | |
| Salaries | 8,018,380 | 7,092,088 | 926,292 |
| Benefits and payroll taxes | 5,694,540 | 5,301,946 | 392,594 |
| Nonsalaries | 1,421,461 | 473,015 | 948,446 |
| Total added needs | 15,134,381 | 12,867,049 | 2,267,332 |
| Total instruction | 48,774,876 | 37,017,755 | 11,757,121 |
| Support services | | | |
| Pupil services | | | |
| Salaries | 3,839,381 | 3,489,178 | 350,203 |
| Benefits and payroll taxes | 2,672,341 | 2,456,374 | 215,967 |
| Nonsalaries | 2,027,471 | 1,542,044 | 485,427 |
| Total pupil services | 8,539,193 | 7,487,596 | 1,051,597 |
| Instructional staff services | | | |
| Salaries | 2,900,172 | 2,485,030 | 415,142 |
| Benefits and payroll taxes | 1,919,237 | 1,670,425 | 248,812 |
| Nonsalaries | 7,299,137 | 4,024,126 | 3,275,011 |
| Total instructional staff services | 12,118,546 | 8,179,581 | 3,938,965 |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND (GRANTS)
 YEAR ENDED JUNE 30, 2022

| | <u>Budget</u> | <u>Actual</u> | <u>Actual (Over)/Under Budget</u> |
|------------------------------------|-------------------|-------------------|---|
| Support services (continued) | | | |
| Operations and maintenance | | | |
| Salaries | \$ 5,623,172 | \$ 3,830,605 | \$ 1,792,567 |
| Benefits and payroll taxes | 4,194,038 | 2,863,796 | 1,330,242 |
| Nonsalaries | | | |
| Repairs | 100,000 | 718,228 | (618,228) |
| Other | 1,602,098 | 388,845 | 1,213,253 |
| Total operations and maintenance | <u>11,519,308</u> | <u>7,801,474</u> | <u>3,717,834</u> |
| Pupil transportation | | | |
| Nonsalaries | <u>4,065,124</u> | <u>3,831,695</u> | <u>233,429</u> |
| Total pupil transportation | 4,065,124 | 3,831,695 | 233,429 |
| Staff and personnel services | | | |
| Salaries | | | |
| Planning, research and evaluation | 65,625 | 76,622 | (10,997) |
| Personnel services | 53,200 | 22,121 | 31,079 |
| Information services | 795,965 | 684,862 | 111,103 |
| Benefits and payroll taxes | | | |
| Planning, research and evaluation | 49,130 | 51,239 | (2,109) |
| Personnel services | 37,718 | 15,684 | 22,034 |
| Information services | 488,324 | 496,576 | (8,252) |
| Nonsalaries | | | |
| Planning, research and evaluation | 751,789 | 458,074 | 293,715 |
| Communications | 520,000 | 320,912 | 199,088 |
| Personnel services | 202,500 | 24,150 | 178,350 |
| Information services | 1,463,000 | 901,036 | 561,964 |
| Total staff and personnel services | <u>4,427,251</u> | <u>3,051,276</u> | <u>1,375,975</u> |
| Student activities | | | |
| Salaries | 1,254 | 1,254 | |
| Benefits and payroll taxes | 602 | 601 | 1 |
| Nonsalaries | 51,240 | 51,245 | (5) |
| Total student activities | <u>53,096</u> | <u>53,100</u> | <u>(4)</u> |
| Total support services | <u>40,722,518</u> | <u>30,404,722</u> | <u>10,317,796</u> |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND (GRANTS)
 YEAR ENDED JUNE 30, 2022

| | <u>Budget</u> | <u>Actual</u> | <u>Actual (Over)/Under Budget</u> |
|--|-----------------------------|-----------------------------|---|
| Community services | | | |
| Salaries | \$ 335,063 | \$ 272,082 | \$ 62,981 |
| Benefits and payroll taxes | 235,096 | 189,790 | 45,306 |
| Nonsalaries | <u>2,929,214</u> | <u>1,886,006</u> | <u>1,043,208</u> |
| Total community services | 3,499,373 | 2,347,878 | 1,151,495 |
| Facility acquisition / building improvements | 1,572,328 | 1,562,477 | 9,851 |
| Expenses redistributed | 2,310,558 | 1,956,177 | 354,381 |
| Total expenditures | <u><u>\$ 96,879,653</u></u> | <u><u>\$ 73,289,009</u></u> | <u><u>\$ 23,590,644</u></u> |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND (ATHLETICS)
 YEAR ENDED JUNE 30, 2022

| | Budget | Actual | Actual (Over)/Under Budget |
|--|------------------|-------------------|----------------------------------|
| Support services | | | |
| Fiscal services | | | |
| Nonsalaries | \$ 49,500 | \$ 42,756 | \$ 6,744 |
| Total fiscal services | 49,500 | 42,756 | 6,744 |
| Operations and maintenance | | | |
| Nonsalaries | | 870 | (870) |
| Total operations and maintenance | | 870 | (870) |
| Pupil transportation | | | |
| Nonsalaries | 140,500 | 145,698 | (5,198) |
| Total pupil transportation | 140,500 | 145,698 | (5,198) |
| Student activities | | | |
| Salaries | 1,158,775 | 1,173,871 | (15,096) |
| Benefits and payroll taxes | 616,176 | 643,656 | (27,480) |
| Nonsalaries | 848,801 | 877,854 | (29,053) |
| Total student activities | 2,623,752 | 2,695,381 | (71,629) |
| Total support services | 2,813,752 | 2,884,705 | (70,953) |
| Athletics transfer from general programs | (2,733,752) | (2,702,104) | (31,648) |
| Total expenditures | <u>\$ 80,000</u> | <u>\$ 182,601</u> | <u>\$ (102,601)</u> |

Level of detail presented is greater than the approved budget.

GRAND RAPIDS PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT
DEBT SERVICE FUNDS
JUNE 30, 2022

| Description of issue | Issue of 2016 | | Issue of 2016 | |
|--|----------------------|---------------------|----------------------|----------------------|
| Date of issue | March 16, 2016 | | March 16, 2016 | |
| Amount of original issue | \$45,415,000 | | \$77,100,000 | |
| Principal maturity | May 1 | | May 1 | |
| Interest maturity | November 1 and May 1 | | November 1 and May 1 | |
| Interest rates on outstanding bonds | 4.0% to 5.0% | | 4.0% to 5.0% | |
| Maturity of Debt | Principal | Interest | Principal | Interest |
| Year ending June 30: | | | | |
| 2023 | \$ 2,610,000 | \$ 1,708,500 | \$ 1,850,000 | \$ 2,262,500 |
| 2024 | 2,710,000 | 1,578,000 | 1,850,000 | 2,170,000 |
| 2025 | 2,855,000 | 1,442,500 | 1,850,000 | 2,077,500 |
| 2026 | 3,010,000 | 1,299,750 | 1,925,000 | 1,985,000 |
| 2027 | 3,160,000 | 1,149,250 | 1,975,000 | 1,888,750 |
| 2028 | 3,335,000 | 991,250 | 2,050,000 | 1,790,000 |
| 2029 | 3,505,000 | 824,500 | 2,100,000 | 1,687,500 |
| 2030 | 6,475,000 | 649,250 | 2,800,000 | 1,582,500 |
| 2031 | 6,510,000 | 325,500 | 2,900,000 | 1,442,500 |
| 2032 | | | 3,050,000 | 1,297,500 |
| 2033 | | | 3,150,000 | 1,145,000 |
| 2034 | | | 3,275,000 | 987,500 |
| 2035 | | | 3,375,000 | 823,750 |
| 2036 | | | 3,500,000 | 655,000 |
| 2037 | | | 3,625,000 | 480,000 |
| 2038 | | | 3,750,000 | 298,750 |
| 2039 | | | 2,225,000 | 111,250 |
| 2040 | | | | |
| 2041 | | | | |
| 2042 | | | | |
| 2043 | | | | |
| 2044 | | | | |
| Totals | \$ 34,170,000 | \$ 9,968,500 | \$ 45,250,000 | \$ 22,685,000 |

| Issue of 2017 | | Issue of 2019 | | Issue of 2021 | |
|----------------------|---------------------|----------------------|----------------------|----------------------|-------------------|
| March 21, 2017 | | May 14, 2019 | | December 21, 2021 | |
| \$45,760,000 | | \$75,630,000 | | \$9,500,000 | |
| May 1 | | November 1 | | May 1 | |
| November 1 and May 1 | | November 1 and May 1 | | November 1 and May 1 | |
| 5.00% | | 5.00% | | 0.74% to 1.03% | |
| Principal | Interest | Principal | Interest | Principal | Interest |
| \$ 3,955,000 | \$ 1,609,750 | \$ 1,700,000 | \$ 3,140,000 | \$ 5,800,000 | \$ 81,030 |
| 4,150,000 | 1,412,000 | 1,800,000 | 3,052,500 | 3,700,000 | 38,110 |
| 4,360,000 | 1,204,500 | 1,900,000 | 2,960,000 | | |
| 4,580,000 | 986,500 | 2,000,000 | 2,862,500 | | |
| 4,810,000 | 757,500 | 2,100,000 | 2,760,000 | | |
| 5,045,000 | 517,000 | 2,200,000 | 2,652,500 | | |
| 5,295,000 | 264,750 | 2,300,000 | 2,540,000 | | |
| | | 2,450,000 | 2,421,250 | | |
| | | 2,550,000 | 2,296,250 | | |
| | | 2,650,000 | 2,166,250 | | |
| | | 2,800,000 | 2,030,000 | | |
| | | 2,900,000 | 1,887,500 | | |
| | | 3,050,000 | 1,738,750 | | |
| | | 3,200,000 | 1,582,500 | | |
| | | 3,350,000 | 1,418,750 | | |
| | | 3,500,000 | 1,247,500 | | |
| | | 3,600,000 | 1,070,000 | | |
| | | 3,700,000 | 887,500 | | |
| | | 3,800,000 | 700,000 | | |
| | | 3,900,000 | 507,500 | | |
| | | 4,050,000 | 308,750 | | |
| | | 4,150,000 | 103,750 | | |
| <u>\$ 32,195,000</u> | <u>\$ 6,752,000</u> | <u>\$ 63,650,000</u> | <u>\$ 40,333,750</u> | <u>\$ 9,500,000</u> | <u>\$ 119,140</u> |

| Totals | |
|-----------------------|----------------------|
| Principal | Interest |
| \$ 15,915,000 | \$ 8,801,780 |
| 14,210,000 | 8,250,610 |
| 10,965,000 | 7,684,500 |
| 11,515,000 | 7,133,750 |
| 12,045,000 | 6,555,500 |
| 12,630,000 | 5,950,750 |
| 13,200,000 | 5,316,750 |
| 11,725,000 | 4,653,000 |
| 11,960,000 | 4,064,250 |
| 5,700,000 | 3,463,750 |
| 5,950,000 | 3,175,000 |
| 6,175,000 | 2,875,000 |
| 6,425,000 | 2,562,500 |
| 6,700,000 | 2,237,500 |
| 6,975,000 | 1,898,750 |
| 7,250,000 | 1,546,250 |
| 5,825,000 | 1,181,250 |
| 3,700,000 | 887,500 |
| 3,800,000 | 700,000 |
| 3,900,000 | 507,500 |
| 4,050,000 | 308,750 |
| 4,150,000 | 103,750 |
| <u>\$ 184,765,000</u> | <u>\$ 79,858,390</u> |

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GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF REVENUE, EXPENDITURES AND FUND BALANCES
 TRUST FUNDS
 YEAR ENDED JUNE 30, 2022

| | Net Position <u>June 30, 2021</u> | <u>Increases</u> | <u>Decreases</u> | Net Position <u>June 30, 2022</u> |
|--|---|------------------|------------------|---|
| Nonexpendable public purpose trust funds | | | | |
| Principal accounts - endowment: | | | | |
| Mary Amberg Award Fund | \$ 525 | | | \$ 525 |
| Central High School Scholarship Award of the Class of 1926 | 1,400 | | | 1,400 |
| Emma J. Cole Fund | 1,500 | | | 1,500 |
| Mary Croninger Dutcher Voice and String Instrument Fund | 53,949 | | | 53,949 |
| Kathy French Scholarship Fund | 8,436 | | | 8,436 |
| Hugh H. Hayes Memorial Award Fund | 500 | | | 500 |
| Elwood F. Demmon - Albert Jennings Scholarship Fund | 5,533 | | | 5,533 |
| Marian L. Jennings Scholarship Fund | 1,023 | | | 1,023 |
| Anne H. Kerr French Scholarship Fund | 1,000 | | | 1,000 |
| Peter H. Moll Travel Award Fund | 1,555 | | | 1,555 |
| Loretta Ortt Trust Fund | 23,819 | | | 23,819 |
| Ottawa Hills High School Scholarship Award of the Class of 1976 | 710 | | | 710 |
| Olga Perschbacher Trust | 12,400 | | | 12,400 |
| Mary R. Powers Fund | 3,889 | | | 3,889 |
| Edna L. and Katheryn Pugsley Elementary School Trust | 87,875 | | | 87,875 |
| Union High School Bookstore Award for Excellence | 10,000 | | | 10,000 |
| Gustave A. Wolf Fund | 15,000 | | | 15,000 |
| Walter Wood Memorial Fund | 29,761 | | | 29,761 |
| Total nonexpendable trust funds | <u>258,875</u> | | | <u>258,875</u> |
| Expendable trust funds | | | | |
| Principal accounts - expendable: | | | | |
| Board of Education Trust Fund | 14,583 | \$ 6 | \$ 825 | 13,764 |
| Ralph G. Conger Fund | 751 | 1 | 50 | 702 |
| Myrtle Freeman Trust | 36,976 | 15 | | 36,991 |
| Newcomer Award Fund | 10,821 | 555 | 200 | 11,176 |
| Total principal accounts | <u>63,131</u> | <u>577</u> | <u>1,075</u> | <u>62,633</u> |

GRAND RAPIDS PUBLIC SCHOOLS
 DETAILS OF REVENUE, EXPENDITURES AND FUND BALANCES
 TRUST FUNDS
 YEAR ENDED JUNE 30, 2022

| | Net Position June 30, 2021 | Increases | Decreases | Net Position June 30, 2022 |
|---|----------------------------------|---------------|-----------------|----------------------------------|
| Income accounts of endowment funds: | | | | |
| Mary Amberg Award Fund | \$ 141 | | | \$ 141 |
| Central High School Scholarship Award of the Class of 1926 | 89 | | \$ 30 | 59 |
| Emma J. Cole Fund | 10,999 | \$ 4 | | 11,003 |
| Mary Croninger Dutcher Voice and String Instrument Fund | 27,450 | 10 | | 27,460 |
| Kathy French Scholarship Fund | 3,610 | 1 | | 3,611 |
| Hugh H. Hayes Memorial Award Fund | 21 | | | 21 |
| Elwood F. Demmon - Albert Jennings Scholarship Fund | 2,655 | 1 | 150 | 2,506 |
| Marian L. Jennings Scholarship Fund | 24 | 300 | 300 | 24 |
| Anne H. Kerr French Scholarship Fund | 1,069 | 1 | | 1,070 |
| Peter H. Moll Travel Award Fund | 543 | | | 543 |
| Loretta Ortt Trust Fund | 20,733 | 8 | | 20,741 |
| Ottawa Hills High School Scholarship Award of the Class of 1976 | 178 | | | 178 |
| Olga Perschbacher Trust | 46,500 | | 6,763 | 39,737 |
| Mary R. Powers Fund | 532 | | 100 | 432 |
| Edna L. and Katheryn Pugsley Elementary School Trust | 31,182 | 12 | | 31,194 |
| Union High School Bookstore Award for Excellence | 2,074 | 1 | 300 | 1,775 |
| Gustave A. Wolf Fund | 2,710 | 1 | 300 | 2,411 |
| Walter Wood Memorial Fund | 8,017 | 3 | 200 | 7,820 |
| Total income accounts | <u>158,527</u> | <u>342</u> | <u>8,143</u> | <u>150,726</u> |
| Total expendable trust funds | <u>221,658</u> | <u>919</u> | <u>9,218</u> | <u>213,359</u> |
| Total public purpose trust funds | <u>\$ 480,533</u> | <u>\$ 919</u> | <u>\$ 9,218</u> | <u>\$ 472,234</u> |
| Private purpose trust funds | | | | |
| Principal accounts - endowment: | | | | |
| James Henry Schnoor and Minnie Schnoor Memorial Scholarship Fund | \$ 14,028 | | | \$ 14,028 |
| Principal accounts - expendable: | | | | |
| Lincoln School Trust | 53,298 | \$ 21 | | 53,319 |
| Income accounts of endowment funds: | | | | |
| James Henry Schnoor and Minnie Schnoor Memorial Scholarship Fund | 4,577 | 2 | | 4,579 |
| Total private purpose trust funds | <u>\$ 71,903</u> | <u>\$ 23</u> | | <u>\$ 71,926</u> |

GRAND RAPIDS PUBLIC SCHOOLS
PROPERTY TAX DATA
JUNE 30, 2022

| | Balance July 1, 2021 | Assessments | Cash Collections | Prior Year Assessment Adjustments | Balance June 30, 2022 |
|--|----------------------------|-------------------------|-----------------------|---|--------------------------|
| General Fund | | | | | |
| Delinquent taxes: | | | | | |
| 2021 | | \$ 36,555,269 | \$ 36,448,375 | | 106,894 |
| 2020 | | | 86,270 | \$ 87,109 | 839 |
| 2019 | | | 67,338 | 67,344 | 6 |
| 2018 | | | 48,992 | 48,992 | |
| 2017 | | | 782 | 782 | |
| 2016 | | | 1,014 | 1,014 | |
| 2015 | | | 29 | 29 | |
| Interest and penalties assessed at the time of collection | | 140,593 | 140,593 | | |
| Total General Fund | <u>0</u> | <u>36,695,862</u> | <u>36,793,393</u> | <u>205,270</u> | <u>107,739</u> |
| Debt Service Fund | | | | | |
| Delinquent taxes: | | | | | |
| 2021 | | 19,691,778 | 19,591,776 | | 100,002 |
| 2020 | | | 28,518 | 29,264 | 746 |
| 2019 | | | 4,702 | 4,707 | 5 |
| 2018 | | | 628 | 628 | |
| 2017 | | | 293 | 293 | |
| 2016 | | | 291 | 291 | |
| Interest and penalties assessed at the time of collection | | 51,424 | 51,424 | | |
| Total Debt Service Fund | <u>0</u> | <u>19,743,202</u> | <u>19,677,632</u> | <u>35,183</u> | <u>100,753</u> |
| Sinking Fund | | | | | |
| Delinquent taxes: | | | | | |
| 2016 | | | 1,110 | 1,206 | 96 |
| Interest and penalties assessed at the time of collection | | 70 | 70 | | |
| Total Sinking Fund | | <u>70</u> | <u>1,180</u> | <u>1,206</u> | <u>96</u> |
| Total property taxes receivable | <u>\$</u> | <u>\$ 56,439,134</u> | <u>\$ 56,472,205</u> | <u>\$ 241,659</u> | <u>208,588</u> |
| OTHER INFORMATION | | | | | |
| | Primary Residence (PRE) | Non-PRE | TIFA Districts | Renaissance Zone | |
| Taxable value of property in the City of Grand Rapids | <u>\$ 2,625,725,493</u> | <u>\$ 2,764,553,005</u> | <u>\$ 562,417,670</u> | <u>\$ 15,025,062</u> | |
| Tax levy (mills) | | | | | |
| General Fund | | 18.0000 | | | |
| Debt Service | 3.8500 | 3.8500 | | | |
| Total tax levy | <u>3.8500</u> | <u>21.8500</u> | | | |
| Official student enrollment | | | | | <u>14,419</u> |

GRAND RAPIDS PUBLIC SCHOOLS
TEN YEAR SUMMARY OF TAX ASSESSMENTS AND COLLECTIONS
JUNE 30, 2022

Assessed valuation and school taxes:

| | Assessed Valuation of Property (A) | | | School Tax Rate Per \$1,000 of Assessed Valuation | | |
|------|------------------------------------|---------------|---------------|---|----------------------|----------------------|
| | PRE | Non-PRE | Total | Operating (Mills) | Debt Service (Mills) | Sinking Fund (Mills) |
| | 2011 | 1,990,736,516 | 2,213,381,909 | 4,204,118,425 | 18.0000 (C) | 2.36 |
| 2012 | 1,891,128,285 | 2,196,941,509 | 4,088,069,794 | 18.0000 (C) | 2.60 | 1.00 |
| 2013 | 1,898,530,618 | 2,143,921,397 | 4,042,452,015 | 18.0000 (C) | 2.60 | 1.00 |
| 2014 | 1,907,224,073 | 2,174,820,521 | 4,082,044,594 | 18.0000 (C) | 2.60 | 1.00 |
| 2015 | 1,945,900,130 | 2,177,917,494 | 4,123,817,624 | 18.0000 (C) | 2.80 | 1.00 |
| 2016 | 1,982,044,722 | 2,142,526,641 | 4,124,571,363 | 18.0000 (D) | 4.75 | 0.9949 |
| 2017 | 2,077,657,402 | 2,229,262,979 | 4,306,920,381 | 18.0000 (C) | 4.25 | |
| 2018 | 2,210,554,582 | 2,353,605,120 | 4,564,159,702 | 18.0000 (C) | 4.30 | |
| 2019 | 2,348,785,773 | 2,488,524,375 | 4,837,310,148 | 18.0000 (C) | 4.85 | |
| 2020 | 2,497,367,697 | 2,642,560,392 | 5,139,928,089 | 18.0000 (C) | 4.85 | |
| 2021 | 2,625,725,493 | 2,764,553,005 | 5,390,278,498 | 18.0000 (C) | 3.85 | |

Levy and collections (B):

| Year ended June 30 | Total Levy for All School Purposes | Collection of Current Year's Levy | Collection of Prior Years' Levies | Total Collections |
|--------------------|------------------------------------|-----------------------------------|-----------------------------------|-------------------|
| 2012 | 39,684,576 | 39,671,588 | 295,914 | 39,967,502 |
| 2013 | 43,503,248 | 43,481,435 | 233,526 | 43,714,961 |
| 2014 | 42,621,415 | 42,301,295 | 295,538 | 42,596,833 |
| 2015 | 43,366,325 | 43,366,325 | 1,020,220 | 44,386,545 |
| 2016 | 44,479,989 | 44,212,610 | 133,345 | 44,345,955 |
| 2017 | 51,922,241 | 51,922,241 | 313,802 | 52,236,043 |
| 2018 | 50,458,215 | 50,354,767 | 106,634 | 50,461,401 |
| 2019 | 50,763,484 | 50,666,810 | 217,604 | 50,884,414 |
| 2020 | 55,060,160 | 54,933,153 | 160,244 | 55,093,397 |
| 2021 | 58,137,275 | 58,137,275 | 339,816 | 58,477,091 |
| 2022 | 56,247,047 | 56,040,150 | 239,967 | 56,280,117 |

- (A) The assessed valuations shown above represent the state-equalized amounts for General Fund purposes.
- (B) The amounts shown for tax collections are exclusive of collections of trailer fees and interest and penalties, except insofar as penalties added to tax sale redemption accounts have been collected.
- (C) In addition to these mills levied locally on non-homestead property, an additional 6 mills for homestead and non-homestead property are levied by the State of Michigan.
- (D) In addition to these mills levied locally on non-homestead property, an additional 6 mills for homestead and non-homestead property are levied by the State of Michigan. The sinking fund millage has been reduced by 0.0051 mills, attributable to Headlee Amendment rollbacks.