



CEDAR SPRINGS PUBLIC SCHOOLS
CEDAR SPRINGS, MICHIGAN

FINANCIAL STATEMENTS
and
SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2023



Vredeveld Haefner LLC
CPAs and Consultants

CEDAR SPRINGS PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 23, 2023

Members of the Board of Education
Cedar Springs Public Schools
Cedar Springs, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 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 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the schedules on pages 39 through 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.

Vredenburg Haefner LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Cedar Springs Public Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The District increased fund balance in the General fund by \$1,497,131 during the 2023 fiscal year.
- The District recognized \$2,144,678 in COVID-19 related revenue and expenses during the 2023 fiscal year.
- Voters in Kent County approved a 10-year Enhancement Millage in the Spring of 2017, which provided the District with an additional \$913,721 in unrestricted General fund revenue in the 2023 fiscal year.
- Taxable value growth was healthy resulting in additional Act 18 revenue from Kent County for special education programming, as well as lightening the burden on long-term debt payments.
- The total fund balance in the General fund represents approximately 28.3% of 2022-2023 General fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., payments on debt).

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, supporting services, community services, food services, and interest on long-term debt. The District does not have any business-type activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, 2021 Building & Site Bonds Capital Projects fund and 2023 Building & Site Bonds Capital Projects fund, which are considered to be major funds. Data for the other twelve governmental funds, which are considered to be nonmajor funds, are combined into a single, aggregated presentation. Individual fund information for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its General and all special revenue funds. Budgetary comparison schedules for major funds have been provided herein to demonstrate compliance with those budgets.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resource of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for governmental activities in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information includes this management discussion and analysis, a schedule of General fund budget to actual information, and required pension and other post-employment benefits schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$31,606,837 at the close of the most recent fiscal year.

The significant portion of the District's deficit net position is unrestricted net position which is primarily the result of the District's net pension and net other post-employment benefits liabilities. A portion of the net position is invested in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position		
	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 60,895,772	\$ 39,045,168
Capital assets	66,969,147	52,696,799
Total assets	<u>127,864,919</u>	<u>91,741,967</u>
Deferred outflows of resources	<u>26,034,267</u>	<u>14,490,673</u>
Liabilities		
Current and other liabilities	12,594,470	11,380,767
Long-term liabilities outstanding	164,413,826	105,911,072
Total liabilities	<u>177,008,296</u>	<u>117,291,839</u>
Deferred inflows of resources	<u>8,497,727</u>	<u>25,893,660</u>
Net position		
Net investment in capital assets	12,608,169	8,928,219
Restricted	2,783,599	3,004,052
Unrestricted	(46,998,605)	(48,885,130)
Total net position	<u><u>\$(31,606,837)</u></u>	<u><u>\$(36,952,859)</u></u>

Net position of the District increased by \$5,005,214 during the year. The increase in net position is primarily due to increased operating grants.

Activities		
	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Revenue		
Program revenue		
Charges for services	\$ 1,562,398	\$ 844,383
Operating grants and contributions	19,479,608	18,079,850
General revenue		
Property taxes	8,199,622	8,311,001
Grants and contributions not restricted to specific programs	26,180,231	25,271,769
Other	953,233	399,135
Total revenue	<u>56,375,092</u>	<u>52,906,138</u>
Expenses		
Instruction	26,912,199	24,146,785
Supporting services	19,074,663	15,776,175
Community services	594,107	463,279
Food service	1,792,476	1,690,634
Athletics	1,012,726	800,278
Interest and fees	1,983,707	1,547,578
Total expenses	<u>51,369,878</u>	<u>44,424,729</u>
Increase (decrease) in net position	5,005,214	8,481,409
Net position - beginning of year	<u>(36,612,051)</u>	<u>(45,434,268)</u>
Net position - end of year	<u><u>\$(31,606,837)</u></u>	<u><u>\$(36,952,859)</u></u>

Beginning net position was increased to implement GASB 96 – Subscription Based Information Technology Arrangements.

Governmental Activities

During the year the District expended 52% of its total expenses on instruction and 37% on support services such as guidance service, transportation, building operation and maintenance and administration. The remaining 10% of expenses was food service, community services, athletics, and debt service on long-term debt.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$52,720,036, an increase of \$21,386,950 in comparison with the prior year, mainly due to a bond issuance.

The General fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General fund was \$11,865,113. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 30% of total General fund expenditures. The fund balance of the District's General fund increased by \$1,497,131 during the current fiscal year.

Total expenditures in the 2021 Building & Site Bonds Capital Projects fund were \$16,320,469 for the current year.

The 2023 Building & Site Bonds Capital Projects fund is a new fund for the 2023 Building & Site Capital Projects bond issuance. The total fund balance at year end was \$35,879,122 for the current year with \$244,644 of expenditures.

Budgetary Highlights

- The District finished the 2022-2023 fiscal year with \$71,269 more General fund revenue and transfers than budgeted. This represents a variance of only 0.151% of the \$47,338,094 of total revenue and other financing sources. General fund expenditures were \$645,207 under budget for the 2022-2023 fiscal year. This represents a 1.38% variance of the \$45,837,725 District General fund expenses. The variance primarily relates to discretionary budgets not being fully spent, open positions not being filled, and savings related to special education regional programming and transportation.
- At the start of the fiscal year the District had two collective bargaining groups, the Cedar Springs Educational Association and the Educational Support Personnel Association. The CSEA has a three-year contract through 2024. On May 16, 2023, the IUOE Local 324 disclaimed interest in Cedar Springs Public Schools' Educational Support Personnel Association. As a result the Educational Support Personnel Association's collective bargaining agreement is no longer in effect. However, the District has taken the position of continuing to honor the terms of the former collective bargaining agreement.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2023, amounted to \$66,969,147 (net of accumulated depreciation).

The District's capital assets (net of depreciation) are summarized as follows:

	Governmental Activities
Land	\$ 893,561
Construction in progress	12,460,355
Land improvements	1,287,150
Buildings and building improvements	50,518,171
Furniture and equipment	1,338,052
Vehicles	192,003
Right-of-use subscription assets	279,855
Total	<u>\$66,969,147</u>

Additional information on the District's capital assets can be found in Note 5 of this report.

Debt and other long-term obligations. At the end of the current fiscal year, the District had debt and other long-term obligations outstanding of \$168,234,054.

The District's debt is summarized as follows:

	Governmental Activities
General obligation bonds	\$ 84,040,000
School bond loan program	1,311,469
Compensated absences	1,249,992
Contractual agreement	41,440
Bond premiums	6,610,783
Total debt	93,253,684
Net pension liability	71,049,230
Net other post-employment benefits liability	3,931,140
Total	<u>\$168,234,054</u>

Additional information on the District's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the 2023-2024 fiscal year:

- School districts in the State of Michigan continue to rely heavily on the State's per pupil foundation allowance. Although the 2024 fiscal year school aid budget had not been signed by the Governor prior to the Board of Education adopting the original 2023-2024 budget, the newly announced foundation allowance is \$9,608 per pupil. This represents a \$458 increase from the \$9,150 per pupil allocation in 2022-2023. The school aid budget for the 2024 fiscal year includes historic funding levels for school districts in Michigan. However, there is growing concern regarding the sustainability of the current funding levels, as one time funding sources are expended and the economy shows signs of slowing down.
- The Board of Education adopted a 2023-2024 budget based on a state aid membership projection of 3,143 students. This represents a decrease in enrollment of 58 FTEs compared to the prior fiscal year, and is based on enrollment projections that combine current enrollment levels and other relevant data such as trends in the annual birth rate. COVID policies and mandates implemented during the pandemic related to masks and vaccines, and District curriculum have made this projection more difficult to forecast than in previous years. The District will continue to monitor enrollment throughout the school year in order to ensure that projected revenue meets the approved amount of appropriations. The Board of Education will adopt mid-year and final amendments as necessary to provide appropriate oversight on the District's appropriations.

- The adopted budget includes \$1,501,476 in COVID related funding. The District anticipates fully spending it's remaining COVID related funding by June 30, 2024.
- The Districts' adopted 2023-2024 budget factored in increased costs due to inflation and increasing personal costs. The CSEA and district support staff received a step plus 2.25% to base. Non-union staff received increases in line with the CSEA and district support staff. As a result of declining enrollment, the District eliminated two positions and reduced the buildings discretionary budgets by 10%. The District will continue to monitor the impact declining enrollment and inflation have on operating costs. The Board of Education will adopt mid-year and final amendments as necessary to provide appropriate oversight on the District's appropriations.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Cedar Springs Public Schools, 204 E. Muskegon, Cedar Springs, Michigan 49319.

BASIC FINANCIAL STATEMENTS

CEDAR SPRINGS PUBLIC SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 15,241,935
Investments	37,769,514
Accounts receivable	28,133
Due from other governmental units	7,588,071
Prepaid items	243,440
Inventory	24,679
Capital assets, net	
Land	893,561
Construction in progress	12,460,355
Buildings and equipment	53,335,376
Intangible right-of-use subscription asset	<u>279,855</u>
Total assets	<u>127,864,919</u>
Deferred outflows of resources	
Deferred charges on refunding	77,351
Deferred outflows related to pensions	20,115,491
Deferred outflows related to other post-employment benefits	<u>5,841,425</u>
Total deferred outflows of resources	<u>26,034,267</u>
Liabilities	
Accounts payable	1,802,049
Accrued liabilities	4,582,234
Due to other governmental units	1,284,979
Unearned revenue	1,104,980
Debt due within one year	3,266,440
Noncurrent liabilities	
Compensated absences	1,249,992
Net pension liability	71,049,230
Net other post-employment benefits liability	3,931,140
Bond premium	6,610,783
Debt due in more than one year	<u>82,126,469</u>
Total liabilities	<u>177,008,296</u>
Deferred inflows of resources	
Deferred inflows related to pensions	219,263
Deferred inflows related to other post-employment benefits	<u>8,278,464</u>
Total deferred inflows of resources	<u>8,497,727</u>
Net position	
Net investment in capital assets	12,608,169
Restricted for food service	706,618
Restricted for technology and safety	1,991,346
Restricted for debt service	85,635
Unrestricted deficit	<u>(46,998,605)</u>
Total net position	<u>\$ (31,606,837)</u>

The accompanying notes are an integral part of these financial statements.

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CEDAR SPRINGS PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government				
Governmental activities				
Instruction	\$ 26,912,199	\$ -	\$ 12,264,745	\$ (14,647,454)
Support services	19,074,663	49,064	5,858,758	(13,166,841)
Community services	594,107	900,295	-	306,188
Food service	1,792,476	471,343	1,351,965	30,832
Athletics	1,012,726	141,696	4,140	(866,890)
Interest and fees	1,983,707	-	-	(1,983,707)
Total governmental activities	\$ 51,369,878	\$ 1,562,398	\$ 19,479,608	(30,327,872)
General revenues				
Property taxes				
Operating				2,890,605
Building and site				78
Debt				5,308,939
Unrestricted grants and contributions				26,180,231
Interest earnings				950,141
Other				3,092
Total general revenues				35,333,086
Change in net position				5,005,214
Net position, beginning of year, as restated				(36,612,051)
Net position, end of year				\$ (31,606,837)

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2023

	<u>General</u>	<u>2021 Building & Site Bonds Capital Projects</u>	<u>2023 Building & Site Bonds Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 10,827,146	\$ 10,360	\$ -	\$ 4,404,429	\$ 15,241,935
Investments	249	1,890,026	35,879,122	117	37,769,514
Accounts receivable	27,583	-	-	550	28,133
Due from other funds	127,574	-	-	38,836	166,410
Due from other governmental units	7,552,022	-	-	36,049	7,588,071
Prepaid items	240,310	-	-	3,130	243,440
Inventory	-	-	-	24,679	24,679
Total assets	<u>\$ 18,774,884</u>	<u>\$ 1,900,386</u>	<u>\$ 35,879,122</u>	<u>\$ 4,507,790</u>	<u>\$ 61,062,182</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 243,985	\$ 1,532,546	\$ -	\$ 25,518	\$ 1,802,049
Due to other governmental units	463,334	-	-	821,645	1,284,979
Accrued liabilities	3,965,556	-	-	18,172	3,983,728
Due to other funds	38,673	34,508	-	93,229	166,410
Unearned revenue	1,081,024	-	-	23,956	1,104,980
Total liabilities	<u>5,792,572</u>	<u>1,567,054</u>	<u>-</u>	<u>982,520</u>	<u>8,342,146</u>
Fund balances					
Non-spendable					
Inventory	-	-	-	24,679	24,679
Prepaid items	240,310	-	-	3,130	243,440
Restricted					
Food service	-	-	-	679,809	679,809
Capital projects	-	333,332	35,879,122	1,991,346	38,203,800
Debt service	-	-	-	85,635	85,635
Committed					
Community service	-	-	-	462,618	462,618
Student/school activity	-	-	-	278,053	278,053
Assigned					
Subsequent year expenditures	876,889	-	-	-	876,889
Unassigned	11,865,113	-	-	-	11,865,113
Total fund balances	<u>12,982,312</u>	<u>333,332</u>	<u>35,879,122</u>	<u>3,525,270</u>	<u>52,720,036</u>
Total liabilities and fund balances	<u>\$ 18,774,884</u>	<u>\$ 1,900,386</u>	<u>\$ 35,879,122</u>	<u>\$ 4,507,790</u>	<u>\$ 61,062,182</u>

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2023

Fund balances - total governmental funds	\$ 52,720,036
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - capital assets, net	66,969,147
Certain liabilities and related deferred inflows and deferred outflows are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(1,249,992)
Deduct - bonds, loans and capital leases	(85,392,909)
Deduct - unamortized bond premium	(6,610,783)
Deduct - net pension liability	(71,049,230)
Deduct - net other post-employment benefits liability	(3,931,140)
Deduct - deferred inflows related to pensions	(219,263)
Deduct - deferred inflows related to other post-employment benefits	(8,278,464)
Add - deferred outflows related to pensions	20,115,491
Add - deferred outflows related to other post-employment benefits	5,841,425
Add - deferred charge on refunding	77,351
Deduct - accrued interest on bonds	<u>(598,506)</u>
Net position of governmental activities	<u>\$ (31,606,837)</u>

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>2021 Building & Site Bonds Capital Projects</u>	<u>2023 Building & Site Bonds Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Local sources					
Property taxes	\$ 2,890,605	\$ -	\$ -	\$ 5,309,017	\$ 8,199,622
Investment earnings	9	224,738	343,291	121,102	689,140
Fees and charges	141,696	-	-	880,704	1,022,400
Other	4,411,877	-	-	435,173	4,847,050
State sources	36,184,333	-	-	67,866	36,252,199
Federal sources	3,685,808	-	-	1,675,781	5,361,589
Total revenues	<u>47,314,328</u>	<u>224,738</u>	<u>343,291</u>	<u>8,489,643</u>	<u>56,372,000</u>
Expenditures					
Current					
Instruction	26,155,246	-	-	-	26,155,246
Support services	19,604,331	-	-	-	19,604,331
Food service	-	-	-	2,053,863	2,053,863
Community services	11,460	-	-	582,647	594,107
Student/school activity	-	-	-	307,014	307,014
Facilities acquisition, construction and improvements	3,123	-	-	-	3,123
Capital outlay	-	16,308,382	-	7,040	16,315,422
Debt service					
Bond issuance costs	-	-	244,644	-	244,644
Principal	59,144	-	-	3,621,645	3,680,789
Interest and fees	4,421	12,087	-	1,793,570	1,810,078
Total expenditures	<u>45,837,725</u>	<u>16,320,469</u>	<u>244,644</u>	<u>8,365,779</u>	<u>70,768,617</u>
Revenues over (under) expenditures	<u>1,476,603</u>	<u>(16,095,731)</u>	<u>98,647</u>	<u>123,864</u>	<u>(14,396,617)</u>
Other financing sources (uses)					
Issuance of bonds and loans	-	-	33,250,000	-	33,250,000
Bond premium	-	-	2,530,475	-	2,530,475
Insurance recoveries	3,092	-	-	-	3,092
Transfers in	20,674	-	-	3,238	23,912
Transfers out	(3,238)	-	-	(20,674)	(23,912)
Total other financing sources (uses)	<u>20,528</u>	<u>-</u>	<u>35,780,475</u>	<u>(17,436)</u>	<u>35,783,567</u>
Net change in fund balances	1,497,131	(16,095,731)	35,879,122	106,428	21,386,950
Fund balances, beginning of year	<u>11,485,181</u>	<u>16,429,063</u>	<u>-</u>	<u>3,418,842</u>	<u>31,333,086</u>
Fund balances, end of year	<u>\$ 12,982,312</u>	<u>\$ 333,332</u>	<u>\$ 35,879,122</u>	<u>\$ 3,525,270</u>	<u>\$ 52,720,036</u>

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Net changes in fund balances - total governmental funds	\$ 21,386,950
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Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	16,894,243
Deduct - depreciation expense	(2,901,749)
Deduct - amortization of intangible right-of-use subscription assets	(60,953)

Long-term debt proceeds provide current financial resources to governmental funds in the period issued, but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Deduct - bond issued	(33,250,000)
Add - principal payments on bonds	2,800,000
Add - principal paid on school loan revolving fund	821,645
Add - payments on contractual agreements	59,144
Deduct - interest added to principal balance of school loan revolving fund	(71,387)
Deduct - premium on bonds issued	(2,530,475)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in compensated absences	116,311
Deduct - increase in accrued interest payable	(299,973)
Deduct - increase in net pension liability	(26,318,767)
Deduct - increase in net other post-employment benefits liability	(1,038,409)
Add - increase in deferred outflows related to pensions	10,796,176
Add - increase in deferred outflows related to other post-employment benefits	764,151
Add - decrease in deferred inflows related to pensions	14,638,240
Add - decrease in deferred inflows related to other post-employment benefits	2,757,693
Deduct - amortization of deferred charge on refunding	(16,733)
Add - amortization of bond premium	459,108

Change in net position of governmental activities	\$ 5,005,215
	(1)

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS

FIDUCIARY FUND *STATEMENT OF FIDUCIARY NET POSITION*

JUNE 30, 2023

	Private Purpose <u>Trust</u>
Assets	
Cash and cash equivalents	\$ 145,292
Liabilities	
Accounts payable	<u>1,500</u>
Net position	<u><u>\$ 143,792</u></u>

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS

FIDUCIARY FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose <u>Trust</u>
Additions	
Contributions	\$ -
Deductions	
Scholarships	<u>1,500</u>
Change in net position	(1,500)
Net position, beginning of year	<u>145,292</u>
Net position, end of year	<u>\$ 143,792</u>

The accompanying notes are an integral part of these financial statements.

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CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cedar Springs Public Schools, Cedar Springs, Michigan (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The District is located primarily in the County of Kent, Michigan. The District provides education and related services to approximately 3,200 students in grades kindergarten through 12th and preschool. The District is governed by a seven-member School Board elected by District residents and is administered by a superintendent appointed by the School Board.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Cedar Springs Public Schools. There are no component units to be included. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues are reported in total. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Major governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *2021 Building & Site Bonds Capital Projects Fund* is used to account for proceeds of bonds and expenditures for school facility improvements.

The *2023 Building & Site Bonds Capital Projects Fund* is used to account for proceeds of bonds and expenditures for school facility improvements.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Additionally, the District reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* are used to account for the financial resources and activities relating to specific construction projects.

The *Debt Service Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

The *Private Purpose Trust Fund* is used to account for contributions that are legally restricted for purposes which are outside of the District's normal operating responsibilities.

Measurement Focus and Basis of Accounting

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on long-term debt, claims and judgments, benefit plan liabilities, and compensated absences which are recognized when due.

All governmental funds are accounted for on a spending or "flow of current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available, spendable resources".

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available, spendable resources" during a period.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the General fund. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General and special revenue funds.
5. Budgets for the General and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the District are governed by Michigan Law. The appropriation ordinances are based on the projected expenditures budget of the various functions of the District. Any amendment to the original budget must meet the requirements of Michigan Law. The District did amend its budget for the current fiscal year. Any revisions that alter the total expenditures of any activity must be approved by the School Board.

Cash and Investments

Michigan law and District policy authorizes the District to invest in:

- a. Bonds, bills or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States, or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposit issued by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States or federal agency obligation repurchase agreements, and bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds that are composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

Due to and Due from Other Funds

Interfund receivables and payables are short-term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Service fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time the inventory is consumed.

Prepaid Items

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

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government 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 valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	10-50
Buildings and building improvements	10-50
Furniture and equipment	5-20
Vehicles	5-10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The District also has items that qualify for reporting in this category relating to pension and other post-employment benefits as itemized in Note 6.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has items that qualify for reporting in this category relating to pension and other post-employment benefits as itemized in Note 6.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Unearned Revenue

Funds report *unearned revenue* in connection with resources that have been received but not yet earned.

Pension and Other post-employment benefits

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to plan, pension and 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.

Compensated Absences

Liabilities related to vested sick pay are not recorded in the fund financial statements but are recorded in the statement of net position because they are not expected to be liquidated with expendable available financial resources.

Long-Term Obligations

In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures/expenses regardless of fund or activity.

State Aid Revenue

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by the State of Michigan School Aid Appropriation Act. State funding accounted for 76% of the General fund revenue for the year. A certain portion of State Aid received by the District is restricted to cover specified expenses of the District, including special education costs and retirement costs. The unrestricted portion is for use in the general operations of the District.

Property Taxes

Property taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collection entity. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the District 100% for the delinquent real taxes. Collection of delinquent personal property taxes remains the responsibility of the collecting governments. The District levied 17.4373 mills for operations on non-homestead properties and 7.0 mills for debt service on both homestead and non-homestead properties.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District participates in a pool of educational institutions within the State of Michigan for self-insuring property and casualty. The pool is considered a public entity risk pool. The District pays annual premiums under a retrospectively rated policy to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency.

The District continues to carry commercial insurance for other risks of loss, including employee health, worker's disability compensation and accident insurance. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the District's governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by management as authorized by the District's governing board.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

The District's policy is to maintain a minimum fund balance in its General fund of 10% of the preceding year's expenditures. Fund balance in the General fund at June 30, 2023 was 29.9% of the preceding year's expenditures.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Net Position and Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

2. DEFICIT NET POSITION

At year-end the District reported a deficit net position of \$31,606,837.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

State law provides that the District shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the District's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the activity level. The approved budgets of the District for these budgetary funds were adopted at the activity level. During the year ended June 30, 2023, the District incurred expenditures in excess of the amounts appropriated.

	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
Support services			
Business services	\$793,612	\$810,125	\$16,513
Athletics	924,718	956,784	32,066
Facilities acquisition, construction and improvements	-	-	3,123
Transfers out	-	3,238	3,238

4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and investments are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash and cash equivalents	\$15,241,935	\$145,292	\$15,387,227
Investments	37,769,514	-	37,769,514
Total	<u>\$53,011,449</u>	<u>\$145,292</u>	<u>\$53,156,741</u>

These deposits and investments are in financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account. They are recorded in District records at fair value.

Deposit risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As of year-end, \$4,530,561 of the District's bank balance of \$15,913,449 was exposed to custodial credit risk because it was uninsured and uncollateralized.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Investments

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
MILAF+ MAX Class	N/A	\$ 121,433	AAAm	S&P
MILAF+ Cash Mgmt Class	N/A	12,153,731	AAAm	S&P
MILAF TERM	Less than 1 year	8,200,000	AAAm	S&P
MILAF Managed Account	N/A	17,294,350	AAAm	S&P
		<u>\$37,769,514</u>		

Investment risk

Interest Rate Risk. State law and District policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific securities as identified in Note 1 of the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. Custodial credit risk cannot be determined for the investment listed above as it is a pooled investment account that does not consist of securities that are specifically identifiable to the District.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

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

The District has the following recurring fair value measurements as of year-end.

- The District does not have any investments that are valued using quoted market prices (Level 1 inputs).

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- The MILAF investment funds are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The District does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 893,561	\$ -	\$ -	\$ 893,561
Construction in progress	12,924,009	15,979,149	16,442,803	12,460,355
Total capital assets, not being depreciated	13,817,570	15,979,149	16,442,803	13,353,916
Capital assets, being depreciated				
Land improvements	3,264,390	140,815	-	3,405,205
Buildings and building improvements	71,132,033	16,401,340	-	87,533,373
Furniture and equipment	4,131,797	704,028	-	4,835,825
Vehicles	449,747	111,714	-	561,461
Total capital assets, being depreciated	78,977,967	17,357,897	-	96,335,864
Less accumulated depreciation for				
Land improvements	1,952,547	165,508	-	2,118,055
Buildings and building improvements	34,870,846	2,144,356	-	37,015,202
Furniture and equipment	2,938,113	559,660	-	3,497,773
Vehicles	337,233	32,225	-	369,458
Total accumulated depreciation	40,098,739	2,901,749	-	43,000,488
Net capital assets, being depreciated	38,879,228	14,456,148	-	53,335,376
Intangible assets				
Right-of-use subscriptions	365,717	-	-	365,717
Less accumulated amortization	24,909	60,953	-	85,862
Net intangible assets	340,808	(60,953)	-	279,855
Governmental activities capital assets, net	\$53,037,606	\$30,374,344	\$16,442,803	\$66,969,147

Depreciation and amortization expense was charged to activities as follows:

Governmental activities	
Instruction	\$2,071,629
Athletics	109,360
Supporting services	736,555
Food services	45,158
Total depreciation expense - governmental activities	\$2,962,702

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

6. PENSION AND OTHER POST-EMPLOYMENT BENEFITS PLAN

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.

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.

MPERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPERS 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.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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.

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, 2021-September 30, 2022	13.73%-20.14%	7.23%-8.09%
October 1, 2022-September 30, 2023	13.75%-20.16%	7.2%-8.07%

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 September 30, 2022 were \$6,429,951 for the defined benefit plan. For the year ended June 30, 2023, District and employee contributions to the defined contribution pension plan were \$902,472 and \$584,411, respectively.

The District's required and actual OPEB contributions to the plan for the year ended September 30, 2022 were \$1,413,783, which include the District's contributions required for those members with a defined contribution benefit. District and employee contributions to the defined contribution OPEB plan were \$166,131 and \$166,241, respectively.

Net Pension Liabilities

At June 30, 2023, the District reported a liability of \$71,049,230 for its proportionate share of the MPSERS net pension liability. The net pension liability for 2023 was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

actuarial valuation rolled forward from September 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, 2022 and 2021, the District's proportion was 0.18891691% and 0.18893214%, respectively, representing a decrease of 0.00001523%.

Net OPEB Liabilities

At June 30, 2023, the District reported a liability of \$3,931,140, for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net OPEB liability was 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, as actuarially determined. At September 30, 2022 and 2021, the District's proportion was 0.18560075% and 0.18951602%, respectively, representing a decrease of 0.00391527%.

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

For the year ended June 30, 2023, the District recognized pension expense of \$8,830,181. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 710,740	\$158,859
Changes of assumptions	12,208,804	-
Net difference between projected and actual earnings on pension plan Investments	166,610	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	610,335	60,404
Employer contributions subsequent to the measurement date	6,419,002	-
Total	<u>\$20,115,491</u>	<u>\$219,263</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2023	\$4,031,298
2024	2,966,565
2025	2,402,173
2026	4,077,190

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

For the year ended June 30, 2023, the District recognized OPEB expense of (\$1,582,118). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$7,699,598
Changes of assumptions	3,503,951	285,312
Net difference between projected and actual earnings on OPEB plan investments	307,250	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	297,244	293,554
Employer contributions subsequent to the measurement date	1,732,980	-
Total	<u>\$5,841,425</u>	<u>\$8,278,464</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Amount
2023	\$(1,480,658)
2024	(1,256,906)
2025	(1,191,231)
2026	(123,017)
2027	(109,955)
Thereafter	(8,252)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2021 rolled forward to 2022
Actuarial Cost Method:	Entry Age, Normal
Investment Rate of Return:	
Pension:	6% net of investment expenses
OPEB:	6% net of investment expenses
Healthcare cost trend rate	5.25% to 7.75 year 1 graded to 3.5% in year 15

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant, Employee, Disability Annuitant Mortality Tables, scaled and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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, 2021, for the pension and OPEB plan included a decrease in the discount rate to 6% as noted below.

Discount Rate

The MPSERS Board adopted a dedicated gains policy to lower the discount rate in years where investment returns exceed the current assumption. The MPSERS Board modified the dedicated gains policy to limit the reduction in the discount rate to no lower than 6%. A single discount rate of 6% was used to measure the total pension and OPEB liabilities as of September 30, 2022. In plan fiscal year 2021 a discount rate from 6% to 6.95% (depending on the plan) was used to measure the pension and OPEB liabilities. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	(05)%
	100%	

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

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate 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%	Discount Rate 6.0%	1% Increase 7.0%
\$93,758,589	\$71,049,230	\$52,335,696

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

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

1% Decrease 5.0%	Current Discount Rate 6.0%	1% Increase 7.0%
\$6,594,110	\$3,931,140	\$1,688,590

Sensitivity of the Net OPEB Liability to Healthcare Cost Trend Rate

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

1% Decrease	Current Rate	1% Increase
\$1,646,174	\$3,931,140	\$6,496,061

Pension and OPEB Plan Fiduciary Net Position

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

Payables to the Pension Plan and OPEB Plan

At June 30, 2023, the District reported a payable of \$1,185,552 and \$589,340 for the outstanding amount of contributions to the pension and OPEB plans, respectively, required for the year ended June 30, 2023, consisting of pension and OPEB contributions payable plus any other amounts owed to the plans including the UAAL payments for July and August 2023.

7. LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Bonds					
\$10,460,000 2012 Refunding General Obligation Bonds due in annual installments ranging from \$670,000 to \$1,380,000 through May 2024; plus interest at 4.0%	\$ 2,715,000	\$ -	\$1,360,000	\$ 1,355,000	\$1,355,000

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
\$6,835,000 2016 Refunding General Obligation Bonds, Series A due in annual installments ranging from \$330,000 to \$1,380,000 through May 2032; plus interest at 4.0%	\$4,435,000	\$ -	\$ -	\$4,435,000	\$ -
\$7,060,000 2017 Refunding General Obligation Bonds due in annual installments ranging from \$1,065,000 to \$1,400,000 through November 2029; plus interest at 4.000% to 4.125%	6,595,000	-	-	6,595,000	-
\$6,415,000 2018 Refunding General Obligation Bonds, due in annual installments ranging from \$970,000 to \$1,115,000 through May 2024; plus interest at 4.0% to 5.0%	2,155,000	-	1,085,000	1,070,000	1,070,000
\$6,100,000 2019 Refunding General Obligation Bonds, due in annual installments ranging from \$355,000 to \$1,845,000 through November 2026; plus interest at 2.00% to 2.14%	6,100,000	-	355,000	5,745,000	490,000
\$28,550,000 2021 School Building and Site General Obligation Bonds, due in annual installments ranging from \$220,000 to \$1,250,000 through November 2050; plus interest at 3.0% to 5.0%	28,550,000	-	-	28,550,000	220,000
\$3,040,000 2021 Refunding General Obligation Bonds, due in annual installments ranging from \$575,000 to \$1,890,000 through May 2028; plus interest at 1.02% to 1.56%	3,040,000	-	-	3,040,000	-
\$33,250,000 2023 School Building and Site General Obligation Bonds Series II, due in annual installments ranging from \$90,000 to \$1,900,000 through November 2050; plus interest at 4.5% to 5.0%	-	33,250,000	-	33,250,000	90,000
Total bonds	53,590,000	33,250,000	2,800,000	84,040,000	3,225,000

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Direct placements and direct borrowings					
School loan revolving fund	\$ 2,061,727	\$ 71,387	\$ 821,645	\$ 1,311,469	\$ -
Other debt					
Unamortized premium	4,539,416	2,530,475	459,108	6,610,783	-
Contractual agreement	100,584	-	59,144	41,440	41,440
Compensated absences	1,366,303	-	116,311	1,249,992	-
Total	<u>\$61,658,030</u>	<u>\$35,851,862</u>	<u>\$4,256,208</u>	<u>\$93,253,684</u>	<u>\$3,266,440</u>

Borrowing through the school loan revolving fund is facilitated through the State of Michigan. This borrowing was necessary when debt service requirements exceeded debt service funding within allowable debt millage limits. Payment of the school loan revolving fund balances is required as debt service funding within allowable debt millage limits becomes available. The balances of school loan revolving fund payable above includes accrued interest on these borrowings to date.

The outstanding direct placements and direct borrowings contain a provision that in the event of default or the unavailability or insufficiency of funds, the notes are payable from taxes levied within the District's constitutional and statutory limitations or from its unencumbered funds. The District has pledged its limited full faith and credit.

Compensated absences are expected to be liquidated with General fund resources.

The annual requirements to amortize all bonds as of June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,225,000	\$ 3,445,418
2025	3,375,000	3,159,638
2026	4,050,000	3,052,243
2027	4,130,000	2,929,986
2028	4,405,000	2,810,184
2029-2033	12,450,000	12,270,650
2034-2038	13,685,000	9,707,000
2039-2043	15,535,000	6,675,100
2044-2048	15,360,000	3,399,900
2049-2051	7,825,000	594,472
Total	<u>\$84,040,000</u>	<u>\$48,044,591</u>

8. BOND COMPLIANCE

The 2021 Building & Site Bonds Capital Projects fund of the District includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the Revised School Code.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The 2023 Building & Site Bonds Capital Projects fund of the District includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the Revised School Code.

9. TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions granted by various cities and townships in the Counties of Kent and Newaygo. IFT exemptions entered into under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An IFT certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government and is computed at half the local property tax millage rate, amounting to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2023, the District's property tax revenues were reduced by the following as a result of Industrial Facilities Tax exemptions:

<u>Municipality</u>	<u>Amount</u>
Algoma Township	\$40,344
City of Cedar Springs	19,088

The District is reimbursed from the State of Michigan under the school aid formula for lost revenue caused by tax abatements on the operating millage of non-homestead properties. The District is not reimbursed for lost revenue from building and site or debt service millages. There are no abatements made by the District.

10. CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management believes such disallowances, if any, will not be material to the financial position of the District.

11. PRIOR PERIOD ADJUSTMENT

Beginning net position of the governmental activities was increased by \$340,808 to implement new accounting standard GASB 96 – Subscription Based Information Technology Arrangements.

REQUIRED SUPPLEMENTARY INFORMATION

CEDAR SPRINGS PUBLIC SCHOOLS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Local sources				
Property taxes	\$ 2,960,878	\$ 2,888,959	\$ 2,890,605	\$ 1,646
Investment earnings	-	-	9	9
Fees and charges	131,318	133,720	141,696	7,976
Other	3,844,732	4,263,246	4,411,877	148,631
State sources	34,279,467	36,252,176	36,184,333	(67,843)
Federal sources	3,876,658	3,700,357	3,685,808	(14,549)
Total revenues	<u>45,093,053</u>	<u>47,238,458</u>	<u>47,314,328</u>	<u>75,870</u>
Expenditures				
Current				
Instruction				
Basic programs	20,833,004	20,485,271	20,393,123	92,148
Added needs	5,315,756	5,792,983	5,740,814	52,169
Adult/continuing education	1,750	21,309	21,309	-
Support services				
Pupil service	2,664,656	2,962,941	2,905,103	57,838
Instructional staff	1,756,166	2,183,944	2,111,840	72,104
General administration	453,914	522,999	482,477	40,522
School administration	2,480,047	2,927,047	2,860,381	66,666
Business services	635,007	793,612	810,125	(16,513)
Operations and maintenance	3,974,904	4,721,725	4,548,404	173,321
Pupil transportation services	3,569,985	3,513,822	3,466,354	47,468
Central services	1,413,530	1,543,819	1,462,863	80,956
Athletics	801,361	924,718	956,784	(32,066)
Community services	12,652	24,063	11,460	12,603
Facilities acquisition, construction and improvements	-	-	3,123	(3,123)
Debt service				
Principal	60,461	60,241	59,144	1,097
Interest	8,402	4,439	4,421	18
Total expenditures	<u>43,981,594</u>	<u>46,482,932</u>	<u>45,837,725</u>	<u>645,207</u>
Revenues over (under) expenditures	<u>1,111,459</u>	<u>755,526</u>	<u>1,476,603</u>	<u>721,077</u>
Other financing sources (uses)				
Insurance recoveries	-	3,092	3,092	-
Transfers in	60,000	25,275	20,674	(4,601)
Transfers out	-	-	(3,238)	(3,238)
Total other financing sources (uses)	<u>60,000</u>	<u>28,367</u>	<u>20,528</u>	<u>(7,839)</u>
Net changes in fund balance	1,171,459	783,893	1,497,131	713,238
Fund balance, beginning of year	<u>11,485,181</u>	<u>11,485,181</u>	<u>11,485,181</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,656,640</u>	<u>\$ 12,269,074</u>	<u>\$ 12,982,312</u>	<u>\$ 713,238</u>

CEDAR SPRINGS PUBLIC SCHOOLS
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (%)	0.1889169%	0.1889321%	0.1870489%	0.1837759%	0.1838183%	0.1888831%	0.1924100%	0.1857320%	0.18392%
District's proportionate share of the net pension liability	\$ 71,049,230	\$ 44,730,463	\$ 64,253,346	\$ 60,860,383	\$ 55,259,093	\$ 48,947,641	\$ 48,005,367	\$ 45,365,210	\$ 40,511,266
District's covered payroll	18,157,096	17,227,142	16,724,179	16,331,077	15,440,276	15,614,667	16,535,695	16,020,050	15,655,706
District's proportionate share of the net pension liability as a percentage of its covered payroll (%)	391.30%	259.65%	384.19%	372.67%	357.89%	313.47%	290.31%	283.18%	258.76%
Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Notes to schedule:

Amounts were determined as of September 30 of each fiscal year.

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

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

This schedule is being accumulated prospectively until ten years of data is presented.

CEDAR SPRINGS PUBLIC SCHOOLS
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 6,429,951	\$ 5,672,918	\$ 5,140,348	\$ 4,882,077	\$ 5,005,411	\$ 4,430,311	\$ 4,699,847	\$ 4,098,226	\$ 3,403,684
Contributions in relation to statutorily required contributions *	<u>6,429,951</u>	<u>5,672,918</u>	<u>5,140,348</u>	<u>4,882,077</u>	<u>5,005,411</u>	<u>4,430,311</u>	<u>4,699,847</u>	<u>4,098,226</u>	<u>3,403,684</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 19,749,702	\$ 17,932,799	\$ 17,005,937	\$ 16,473,262	\$ 16,185,818	\$ 15,319,061	\$ 15,692,167	\$ 15,817,331	\$ 15,569,909
Contributions as a percentage of covered payroll	32.6%	31.6%	30.2%	29.6%	30.9%	28.9%	30.0%	25.9%	21.9%
	-	-	-	-	-	-	-	-	-

* Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

Notes to schedule:

Amounts were determined as of June 30 of each fiscal year.

This schedule is being accumulated prospectively until ten years of data is presented.

CEDAR SPRINGS PUBLIC SCHOOLS

OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
NET OPEB LIABILITY

FOR THE YEAR ENDED JUNE 30, 2023

	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability (%)	0.18560%	0.18952%	0.18807%	0.18651%	0.18118%	0.18982%
District's proportionate share of the net OPEB liability	\$ 3,931,140	\$ 2,892,731	\$ 10,075,220	\$ 13,387,501	\$ 14,402,131	\$ 16,809,733
District's covered payroll	\$ 18,157,096	\$ 17,227,142	\$ 16,724,179	\$ 16,331,077	\$ 15,440,276	\$ 15,614,667
District's proportionate share of the net OPEB liability as a percentage of its covered payroll (%)	21.65%	16.79%	60.24%	81.98%	93.28%	107.65%
Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Notes to schedule:

Amounts were determined as of September 30 of each fiscal year.

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

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

This schedule is being accumulated prospectively until ten years of data is presented.

CEDAR SPRINGS PUBLIC SCHOOLS
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 1,413,783	\$ 1,406,862	\$ 1,328,736	\$ 1,280,619	\$ 1,176,051	\$ 1,477,853
Contributions in relation to statutorily required contributions *	<u>1,413,783</u>	<u>1,406,862</u>	<u>1,328,736</u>	<u>1,280,619</u>	<u>1,176,051</u>	<u>1,477,853</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 19,749,702	\$ 17,932,799	\$ 17,005,937	\$ 16,473,262	\$ 16,185,818	\$ 15,319,061
Contributions as a percentage of covered payroll	7.2%	7.8%	7.8%	7.8%	7.3%	9.6%

* Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

Notes to schedule:

Amounts were determined as of June 30 of each fiscal year.

This schedule is being accumulated prospectively until ten years of data is presented.

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**COMBINING FUND FINANCIAL
STATEMENTS**

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CEDAR SPRINGS PUBLIC SCHOOLS

GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

JUNE 30, 2023

	Special Revenue				2012
	Food	Community	Student/School	Sinking Fund	Refunding
	Service	Service	Activity	Capital Projects	Bonds
Assets					
Cash and cash equivalents	\$ 752,854	\$ 444,973	\$ 307,093	\$ 1,991,290	\$ 169,002
Investments	-	-	-	56	29
Accounts receivable	-	-	550	-	-
Due from other funds	9,974	28,862	-	-	-
Due from other governmental units	25,244	10,805	-	-	-
Prepaid items	2,130	-	-	-	-
Inventory	24,679	-	-	-	-
Total assets	<u>\$ 814,881</u>	<u>\$ 484,640</u>	<u>\$ 307,643</u>	<u>\$ 1,991,346</u>	<u>\$ 169,031</u>
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 14,038	\$ 3,186	\$ 8,294	\$ -	\$ -
Due to other governments	-	-	-	-	153,595
Accrued liabilities	1,964	16,208	-	-	-
Due to other funds	68,305	2,628	21,296	-	-
Unearned revenue	23,956	-	-	-	-
Total liabilities	<u>108,263</u>	<u>22,022</u>	<u>29,590</u>	<u>-</u>	<u>153,595</u>
Fund balances					
Non-spendable					
Inventory	24,679	-	-	-	-
Prepaid items	2,130	-	-	-	-
Restricted					
Food service	679,809	-	-	-	-
Capital projects	-	-	-	1,991,346	-
Debt service	-	-	-	-	15,436
Committed					
Community service	-	462,618	-	-	-
Student/school activity	-	-	278,053	-	-
Total fund balances	<u>706,618</u>	<u>462,618</u>	<u>278,053</u>	<u>1,991,346</u>	<u>15,436</u>
Total liabilities and fund balances	<u>\$ 814,881</u>	<u>\$ 484,640</u>	<u>\$ 307,643</u>	<u>\$ 1,991,346</u>	<u>\$ 169,031</u>

Debt Service							
2016A Refunding Bonds	2017 Refunding Bonds	2018 Refunding Bonds	2019 Refunding Bonds	2021 Refunding Bonds	2021 Building and Site Bonds	2023 Building and Site Bonds	Total
\$ 108,500	\$ 115,566	\$ 143,207	\$ 113,656	\$ 98,800	\$ 158,883	\$ 605	\$ 4,404,429
3	5	21	3	-	-	-	117
-	-	-	-	-	-	-	550
-	-	-	-	-	-	-	38,836
-	-	-	-	-	-	-	36,049
-	-	-	-	500	500	-	3,130
-	-	-	-	-	-	-	24,679
<u>\$ 108,503</u>	<u>\$ 115,571</u>	<u>\$ 143,228</u>	<u>\$ 113,659</u>	<u>\$ 99,300</u>	<u>\$ 159,383</u>	<u>\$ 605</u>	<u>\$ 4,507,790</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,518
96,341	103,655	130,164	103,244	92,880	141,766	-	821,645
-	-	-	-	-	-	-	18,172
-	-	-	-	500	500	-	93,229
-	-	-	-	-	-	-	23,956
<u>96,341</u>	<u>103,655</u>	<u>130,164</u>	<u>103,244</u>	<u>93,380</u>	<u>142,266</u>	<u>-</u>	<u>982,520</u>
-	-	-	-	-	-	-	24,679
-	-	-	-	500	500	-	3,130
-	-	-	-	-	-	-	679,809
-	-	-	-	-	-	-	1,991,346
12,162	11,916	13,064	10,415	5,420	16,617	605	85,635
-	-	-	-	-	-	-	462,618
-	-	-	-	-	-	-	278,053
<u>12,162</u>	<u>11,916</u>	<u>13,064</u>	<u>10,415</u>	<u>5,920</u>	<u>17,117</u>	<u>605</u>	<u>3,525,270</u>
<u>\$ 108,503</u>	<u>\$ 115,571</u>	<u>\$ 143,228</u>	<u>\$ 113,659</u>	<u>\$ 99,300</u>	<u>\$ 159,383</u>	<u>\$ 605</u>	<u>\$ 4,507,790</u>

CEDAR SPRINGS PUBLIC SCHOOLS

GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue			Sinking Fund	2012
	Food Service	Community Service	Student/School Activity	Capital Projects	Refunding Bonds
Revenues					
Local sources					
Property taxes	\$ -	\$ -	\$ -	\$ 78	\$ 1,572,091
Investment earnings	-	-	-	48,564	20,701
Fees and charges	434,778	445,926	-	-	-
Other	39,168	60,084	335,921	-	-
State sources	67,866	-	-	-	-
Federal sources	1,281,496	394,285	-	-	-
Total revenues	<u>1,823,308</u>	<u>900,295</u>	<u>335,921</u>	<u>48,642</u>	<u>1,592,792</u>
Expenditures					
Current					
Food service	2,053,863	-	-	-	-
Community service	-	582,647	-	-	-
Student/school activity	-	-	307,014	-	-
Debt service					
Principal	-	-	-	-	1,513,595
Interest and fees	-	-	-	-	109,687
Capital outlay	-	-	-	7,040	-
Total expenditures	<u>2,053,863</u>	<u>582,647</u>	<u>307,014</u>	<u>7,040</u>	<u>1,623,282</u>
Revenues over (under) expenditures	<u>(230,555)</u>	<u>317,648</u>	<u>28,907</u>	<u>41,602</u>	<u>(30,490)</u>
Other financing sources (uses)					
Transfers in	3,238	-	-	-	-
Transfers out	-	-	(20,674)	-	-
Total other financing sources (uses)	<u>3,238</u>	<u>-</u>	<u>(20,674)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(227,317)</u>	<u>317,648</u>	<u>8,233</u>	<u>41,602</u>	<u>(30,490)</u>
Fund balances, beginning of year	<u>933,935</u>	<u>144,970</u>	<u>269,820</u>	<u>1,949,744</u>	<u>45,926</u>
Fund balances, end of year	<u>\$ 706,618</u>	<u>\$ 462,618</u>	<u>\$ 278,053</u>	<u>\$ 1,991,346</u>	<u>\$ 15,436</u>

Debt Service							
<u>2016A</u> <u>Refunding</u> <u>Bonds</u>	<u>2017</u> <u>Refunding</u> <u>Bonds</u>	<u>2018</u> <u>Refunding</u> <u>Bonds</u>	<u>2019</u> <u>Refunding</u> <u>Bonds</u>	<u>2021</u> <u>Refunding</u> <u>Bonds</u>	<u>2021</u> <u>Building and</u> <u>Site Bonds</u>	<u>2023</u> <u>Building and</u> <u>Site Bonds</u>	<u>Total</u>
\$ 275,780	\$ 364,193	\$ 1,304,406	\$ 580,159	\$ 136,932	\$ 1,075,378	\$ -	\$ 5,309,017
3,704	6,614	17,118	7,839	1,790	14,167	605	121,102
-	-	-	-	-	-	-	880,704
-	-	-	-	-	-	-	435,173
-	-	-	-	-	-	-	67,866
-	-	-	-	-	-	-	1,675,781
<u>279,484</u>	<u>370,807</u>	<u>1,321,524</u>	<u>587,998</u>	<u>138,722</u>	<u>1,089,545</u>	<u>605</u>	<u>8,489,643</u>
-	-	-	-	-	-	-	2,053,863
-	-	-	-	-	-	-	582,647
-	-	-	-	-	-	-	307,014
96,341	103,655	1,215,164	458,244	92,880	141,766	-	3,621,645
178,007	264,442	108,635	124,841	43,837	964,121	-	1,793,570
-	-	-	-	-	-	-	7,040
<u>274,348</u>	<u>368,097</u>	<u>1,323,799</u>	<u>583,085</u>	<u>136,717</u>	<u>1,105,887</u>	<u>-</u>	<u>8,365,779</u>
<u>5,136</u>	<u>2,710</u>	<u>(2,275)</u>	<u>4,913</u>	<u>2,005</u>	<u>(16,342)</u>	<u>605</u>	<u>123,864</u>
-	-	-	-	-	-	-	3,238
-	-	-	-	-	-	-	(20,674)
-	-	-	-	-	-	-	(17,436)
5,136	2,710	(2,275)	4,913	2,005	(16,342)	605	106,428
<u>7,026</u>	<u>9,206</u>	<u>15,339</u>	<u>5,502</u>	<u>3,915</u>	<u>33,459</u>	<u>-</u>	<u>3,418,842</u>
<u>\$ 12,162</u>	<u>\$ 11,916</u>	<u>\$ 13,064</u>	<u>\$ 10,415</u>	<u>\$ 5,920</u>	<u>\$ 17,117</u>	<u>\$ 605</u>	<u>\$ 3,525,270</u>

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SINGLE AUDIT SECTION



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

October 23, 2023

Members of the Board of Education
Cedar Springs Public Schools
Cedar Springs, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Springs Public Schools, Cedar Springs, Michigan (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 23, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Vredexeld Haefner LLC



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

October 23, 2023

Members of the Board of Education
Cedar Springs Public Schools
Cedar Springs, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cedar Springs Public Schools, Cedar Springs, Michigan's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. the District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will

always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Uredaxeld Haefner LLC

CEDAR SPRINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal Assistance Listing Number	Approved Grant Award Amount	Accrued (Deferred) Revenue 7/1/2022	Current Year Receipts (Cash Basis)	Expenditures (Accrual Basis) (Memo Only) Prior YearCurrent Year		Accrued (Deferred) Revenue 6/30/2023
U.S. Department of Education							
Passed through Michigan Department of Education							
Title I	84.010						
221530-2122		\$ 372,767	\$ 135,681	\$ 135,681	\$ 335,122	\$ -	\$ -
231530-2223		415,229	-	351,478	-	407,898	56,420
Total Title I		787,996	135,681	487,159	335,122	407,898	56,420
Title II	84.367						
220520-2122		185,200	47,793	47,793	80,062	-	-
230520-2223		159,355	-	62,761	-	77,242	14,481
Total Title II		344,555	47,793	110,554	80,062	77,242	14,481
Title IV, Part A SSAE	84.424						
220750-2122		25,817	-	-	25,817	-	-
230750-2223		26,028	-	18,463	-	25,793	7,330
Total Title IV, Part A SSAE		51,845	-	18,463	25,817	25,793	7,330
ESSER II	84.425D						
213722-2122		308,550	42,347	56,614	274,015	14,267	-
213742-2122		119,900	35,115	74,673	80,342	39,558	-
213712-2021		1,226,722	272,453	328,901	1,157,079	69,643	13,195
213782-2223		172,140	-	-	-	160,709	160,709
Total ESSER II		1,827,312	349,915	460,188	1,511,436	284,177	173,904
ARP/ESSER III	84.425U						
213713-2122		2,757,003	-	1,081,691	638,520	1,081,691	-
Total ARP/ESSER III		2,757,003	-	1,081,691	638,520	1,081,691	-
ESSER III 11t	84.425C						
213723-2122		1,110,348	-	537,649	-	660,759	123,110
Total ESSER III 11t		1,110,348	-	537,649	-	660,759	123,110
Total passed through Michigan Department of Education		6,879,059	533,389	2,695,704	2,590,957	2,537,560	375,245
Passed through Kent Intermediate School District							
Special Education Cluster							
IDEA Grants to States	84.027A						
220450-2122		906,953	200,940	200,940	906,953	-	-
530450-2223		887,250	-	676,747	-	887,250	210,503
Total IDEA Grants to States		1,794,203	200,940	877,687	906,953	887,250	210,503
IDEA Preschool	84.173A						
220460-2122		\$ 18,501	\$ 3,721	\$ 3,721	\$ 18,501	\$ -	\$ -
230460-2223		28,676	-	22,377	-	28,676	6,299
Total IDEA Preschool		47,177	3,721	26,098	18,501	28,676	6,299

(continued)

CEDAR SPRINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal Assistance Listing Number	Approved Grant Award Amount	Accrued (Deferred) Revenue 7/1/2022	Current Year Receipts (Cash Basis)	Expenditures (Accrual Basis)		Accrued (Deferred) Revenue 6/30/2023
					(Memo Only) Prior Year	Current Year	
IDEA ARP Flowthrough	84.027X						
221280-2122		106,784	20,216	20,216	106,784	-	-
231280-2223		110,330	-	86,053	-	110,330	24,277
Total IDEA ARP Flowthrough		217,114	20,216	106,269	106,784	110,330	24,277
IDEA ARP Preschool	84.173X						
221285-2122		4,591	-	-	4,594	-	-
231285-2223		4,588	-	3,577	-	4,588	1,011
Total IDEA ARP Preschool		9,179	-	3,577	4,594	4,588	1,011
Total Special Education Cluster		2,067,673	224,877	1,013,631	1,036,832	1,030,844	242,090
Total U.S. Department of Education		8,946,732	758,266	3,709,335	3,627,789	3,568,404	617,335
U.S. Department of Agriculture							
Passed through Michigan Department of Education							
Nutrition Cluster							
Non-Cash Assistance (USDA Commodities)							
Entitlement Commodities	10.555	121,454	-	121,454	-	121,454	-
Entitlement Commodities - Bonus		12,589	-	12,589	-	12,589	-
Total Non-Cash Assistance		134,043	-	134,043	-	134,043	-
Cash Assistance							
SFSP Operating							
220900	10.559	9,981	-	9,981	-	9,981	-
220904		11,587	11,587	11,587	11,587	-	-
230900		14,659	-	-	-	14,659	14,659
Total SFSP Operating		36,227	11,587	21,568	11,587	24,640	14,659
National School Lunch Program							
221960	10.555	99,605	-	99,605	-	99,605	-
231960		635,052	-	635,052	-	635,052	-
Total National School Lunch Program		734,657	-	734,657	-	734,657	-
School Breakfast Program							
221970	10.553	24,261	-	24,261	-	24,261	-
231970		224,247	-	224,247	-	224,247	-
Total School Breakfast Program		248,508	-	248,508	-	248,508	-
NSLP - Afterschool Snacks							
221980	10.555	21,688	-	4,428	17,260	4,428	-
231980		25,031	-	25,031	-	25,031	-
Total NSLP - Afterschool Snacks		46,719	-	29,459	17,260	29,459	-

(continued)

CEDAR SPRINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal Assistance Listing Number	Approved Grant Award Amount	Accrued (Deferred) Revenue 7/1/2022	Current Year Receipts (Cash Basis)	Expenditures (Accrual Basis)		Accrued (Deferred) Revenue 6/30/2023
					(Memo Only) Prior Year	Current Year	
Supply Chain Assistance	10.555						
220910		130,946	-	66,045	64,901	66,045	-
230910		34,330	-	34,330	-	34,330	-
Total Supply Chain Assistance		165,276	-	100,375	64,901	100,375	-
Total Cash Assistance		1,231,387	11,587	1,134,567	93,748	1,137,639	14,659
Total Nutrition Cluster		1,365,430	11,587	1,268,610	93,748	1,271,682	14,659
Child and Adult Care Food Program	10.558						
221920		5,349	-	593	4,756	593	-
231920		6,109	-	6,109	-	6,109	-
Total Child and Adult Care Food Program		11,458	-	6,702	4,756	6,702	-
Pandemic-EBT (P-EBT) Local Level Administrative Cost Grant	10.649						
220980-2122		3,135	-	3,135	-	3,135	-
Total Pandemic-EBT (P-EBT) Local Level Administrative Cost Grant		3,135	-	3,135	-	3,135	-
Local Food for Schools Cooperative Agreement Program	10.185						
230985-2223		3,112	-	3,112	-	3,112	-
Total Local Food for Schools Cooperative Agreement Program		3,112	-	3,112	-	3,112	-
Total U.S. Department of Agriculture		1,383,135	11,587	1,281,559	98,504	1,284,631	14,659
U.S. Department of Health and Human Services							
Passed through Kent Intermediate School District							
Medical Assistance Program	93.778						
1718		13,749	-	-	-	13,749	13,749
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323						
222810-HRA2022		57,210	57,210	57,210	57,210	-	-
232810-HRA2023		91,577	-	51,686	-	91,577	39,891
Total Epidemiology and Laboratory Capacity for Infectious Diseases		148,787	57,210	108,896	57,210	91,577	39,891
Total U.S. Department of Health and Human Services		162,536	57,210	108,896	57,210	105,326	53,640
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 10,492,403	\$ 827,063	\$ 5,099,790	\$ 3,783,503	\$ 4,958,361	\$ 685,634

(concluded)

See notes to schedule of expenditures of federal awards.

CEDAR SPRINGS PUBLIC SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.
2. Management has utilized the Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.
3. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per the Schedule of Expenditures of Federal Awards:

Revenues from federal sources per governmental fund financial statements	\$ 5,361,589
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Federal revenues not included on the Schedule of Expenditures of Federal Awards as the District is not a subrecipient of the pass through entity	<u>(403,228)</u>
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Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 4,958,361</u>
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4. The District did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

CEDAR SPRINGS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported	
Type of auditors' report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	<u> </u> yes	<u> X </u> no	

Identification of major programs:

CFDA Number(s)

10.553; 10.555; 10.559

Name of Federal Program or Cluster

Nutrition Cluster

Dollar threshold used to distinguish between Type A and B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None noted