



## **WYOMING, MICHIGAN**

FINANCIAL STATEMENTS

and

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2023



Vredeveld Haefner LLC  
CPAs and Consultants

# GODFREY-LEE PUBLIC SCHOOLS

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### INDEPENDENT AUDITORS' REPORT

October 17, 2023

Members of the Board of Education  
Godfrey-Lee Public Schools  
Wyoming, 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 Godfrey-Lee Public Schools, Wyoming, 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 12 and the schedules on pages 41 through 45 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 17, 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.

*Urodeuxeld Haefner LLC*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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As management of the Godfrey-Lee 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 the District's financial statements, which immediately follow this section.

### **Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

### **District-wide Statements**

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position, and how it has changed. Net position, the difference between the District's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are presented as follows:

- *Governmental activities*: The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.



**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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**Condensed District-Wide Financial Information**

The Statement of Net Position provides financial information on the District as a whole.

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets	\$18,547,042	\$28,449,423
Net capital assets	33,237,220	19,542,238
<b>Total Assets</b>	<b>51,784,262</b>	<b>47,991,661</b>
<b>Deferred Outflows of Resources</b>	<b>15,630,760</b>	<b>7,444,107</b>
<b>Liabilities</b>		
Current liabilities	6,327,842	6,362,829
Long-term liabilities	68,684,740	54,235,605
<b>Total Liabilities</b>	<b>75,012,582</b>	<b>60,598,434</b>
<b>Deferred Inflows of Resources</b>	<b>5,585,409</b>	<b>15,999,344</b>
<b>Net Position</b>		
Net investment in capital assets	6,814,610	7,692,597
Restricted	7,632,944	14,162,882
Unrestricted	(27,630,523)	(43,017,489)
<b>Total Net Position</b>	<b>\$(13,182,969)</b>	<b>\$(21,162,010)</b>

Net position of the District increased from \$(21,162,010) to \$(13,182,969) at June 30, 2022 and 2023, respectively.

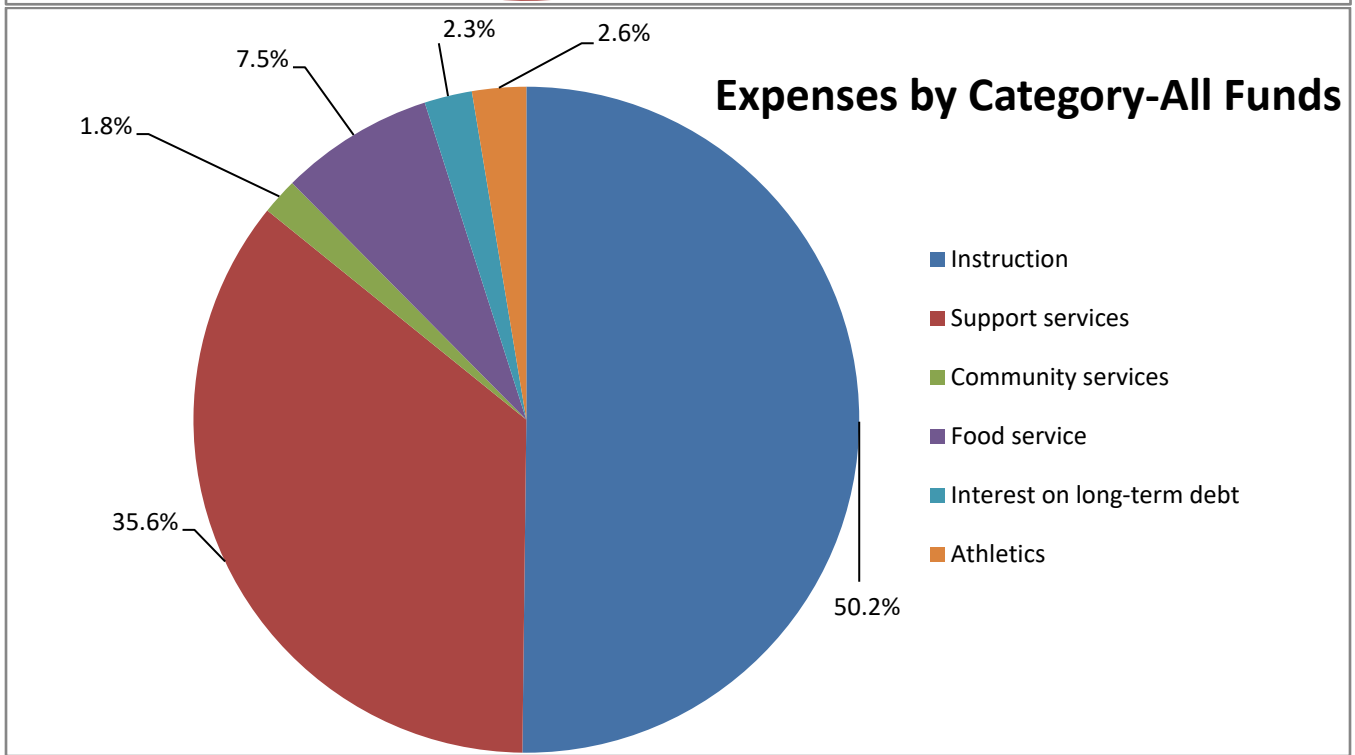
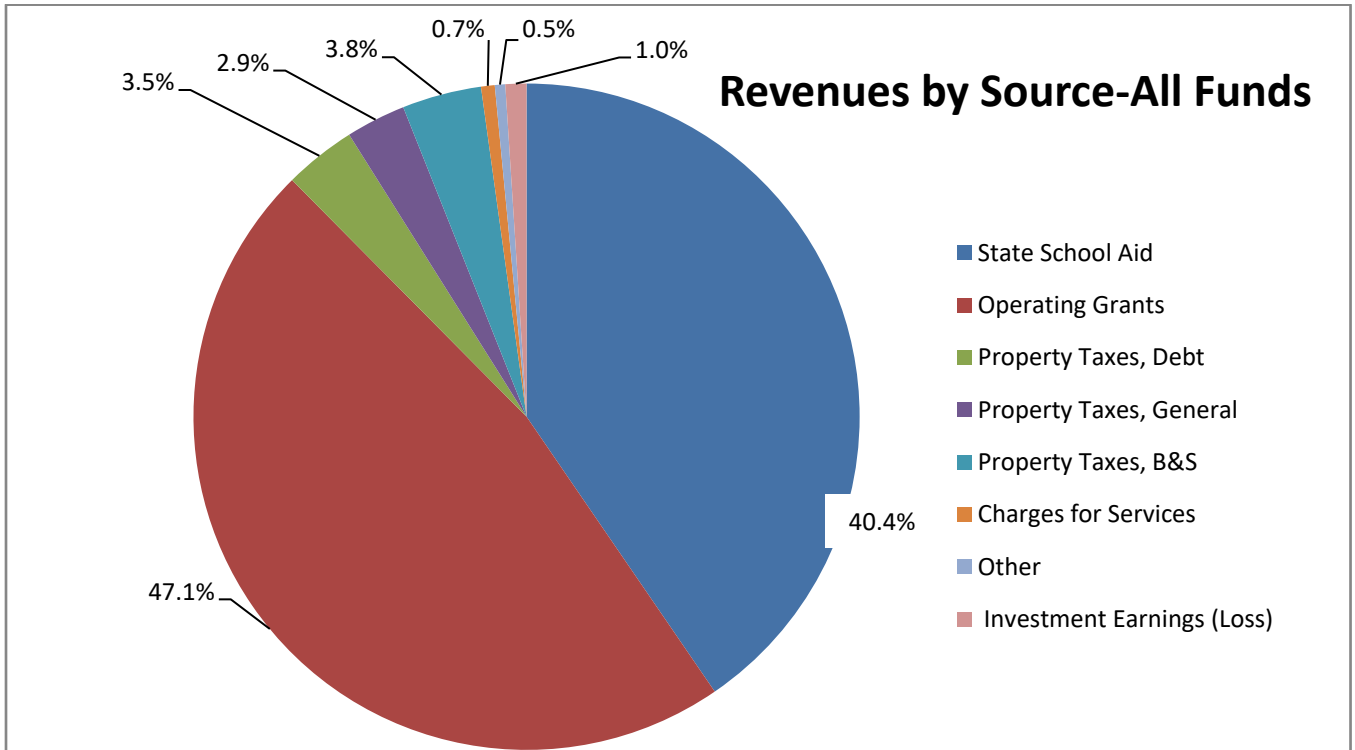
**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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The Statement of Activities presents changes in net position from operating results:

	<u>2023</u>	<u>2022</u>
<b>Program Revenues</b>		
Charges for services	\$ 231,030	\$ 246,127
Operating grants and contributions	16,387,005	12,702,948
<b>General Revenues</b>		
Property taxes	3,561,006	3,132,162
Unrestricted grants and contributions	14,061,267	13,836,100
Interest earnings	354,135	(236,523)
Other	175,448	448,050
<b>Total Revenues</b>	<u>34,769,891</u>	<u>30,128,864</u>
<b>Expenses</b>		
Instruction	13,446,387	12,339,335
Supporting services	9,542,936	8,357,092
Community services	474,167	390,500
Food service	2,004,436	1,737,716
Athletics	620,734	484,856
Interest on long-term debt	702,190	741,624
<b>Total Expenses</b>	<u>26,790,850</u>	<u>24,051,123</u>
Change in net position	7,979,041	6,077,741
<b>Net Position - Beginning of year</b>	<u>(21,162,010)</u>	<u>(27,239,751)</u>
<b>Net Position - End of year</b>	<u><u>\$(13,182,969)</u></u>	<u><u>\$(21,162,010)</u></u>

**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**



**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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**Financial Analysis of the District as a Whole**

The District's financial position is the product of many factors. Growth during the year in grants and categorical funding were significant contributors to revenue increases.

The District's total revenues increased by \$4,641,027 (15.4%) to \$34.770 million. Unrestricted grants and contributions accounted for 40.4% of the revenues, while property taxes amounted to 10.2% of the revenues. The remaining 49.4% came from state and federal programs in addition to other miscellaneous sources.

The total cost of all programs and services increased by \$2,739,727 (11.4%) to \$26.791 million. The District's expenses are predominantly related to instructional services which amount to 50.2% of the total. The majority of the expense decreases (and related revenue increases) were due to the district being awarded restricted and unrestricted state and federal funds to help remedy learning loss after the COVID-19 pandemic, which affected fiscal years 2020 through 2023.

Total revenues surpassed expenses, increasing net position by \$7,979,041 on the Statement of Activities.

The demographics of the District's neighborhood is a factor that contributes to increasing counts for free lunch students, which helps the District qualify for greater categorical assistance for at-risk students at all levels.

- Budgets for 2022-23 were originally created with an estimated enrollment count of 1,665 as compared to the prior year which produced a blended enrollment of 1,731 full-time equivalent students for budget purposes. Actual blended count for the year was 1,639.49 which brought a decrease in State school aid revenue related to the original budgeted amount of nearly \$240,000 based on an FTE amount of \$9,150.
- Categoricals and other grants were budgeted as balanced grants based on preliminary estimates received by the Michigan Department of Education. The District staff worked very hard to identify as many free lunch qualifiers as possible which resulted in increases in some categoricals such as 31a at-risk funding.
- Collaboration with the surrounding districts continued to occur to help reduce expenditures in many areas. The six school districts in the southwest region of Kent County continued to work on ways to combine services where possible. All six districts continued the effort to transport special education and technical center students together and to work on combined trips where possible in other areas. There are also collaborative efforts working to reduce costs on bus maintenance, storage and fuel related costs.
- The \$26.790 million of government-wide expenses was financed with approximately \$3.6 million in property taxes and approximately \$14.1 million of unrestricted grants and contributions which was primarily state-aid based on the state-wide education aid formula. State and Federal grant funding totaled nearly \$16.4 million.
- The administration will continue working with other districts including the Kent Intermediate School District in collaboration efforts for 2023-24.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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The District utilizes only governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.

**Financial Analysis of the District's Funds**

The District uses funds to record and analyze financial information. Godfrey-Lee Public School's funds are described as follows:

**Major Funds**

General Fund

The General fund is the primary operating fund. The General fund had total revenues of \$29,882,517, total expenditures of \$25,966,341 and net other financing uses of \$(5,448,343). It ended the fiscal year with a fund balance of \$6,423,669, down from \$7,955,836, as of June 30, 2023 for a decrease of \$1,532,167.

2021 Building and Site Bonds Capital Projects fund

The fund accounts for the revenues and expenditures related to the 2021 Building and Site Bonds. Total revenues were \$245,231 resulting from investment earnings, with total expenditures of \$13,243,312. The ending fund balances in the fund totaled \$3,864,627 at June 30, 2023.

Lee Construction Capital Projects fund

The fund accounts for the revenues and expenditures for construction work on the Lee High School building. Total revenues were \$11,804 resulting from investment earnings with net other financing sources of \$1,730,593 and total expenditures of \$476,126. The ending fund balances in the fund totaled \$2,955,414 at June 30, 2023.

**Nonmajor Funds**

Special Revenue Funds

The District operates two Special Revenue Funds, the Food Service fund and the Student/School Activity Fund. Total revenues of the Food Service fund were \$1,920,330 with total expenditures of \$1,937,525. The ending fund balance was \$330,306, a decrease of \$317,195. The Student/School Activity Fund had total revenues of \$135,587 and total expenditures of \$179,924. The ending fund balance was \$104,284.

Debt Service Funds

The District operates four Debt Service Funds. Total revenues were \$2,145,477, with net other financing sources of \$449,000 and total expenditures of \$2,578,220. The ending fund balances in the Debt Service Funds totaled \$97,222 at June 30, 2023.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget two times. These budget amendments fall into two categories:

- Changes made in the Fall to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year and other grant related revenue changes.
- Expenditure changes due to updated staffing from the June budget estimate, classroom expenditure needs, technology upgrades and others.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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Although the District's final budget for the General fund anticipated that expenditures and financing uses would exceed revenues including financing sources by \$302,116, the actual results for the year show a \$1,532,167 decrease in fund balance which is \$1,230,051 worse than projected. This is primarily due to the realization of committed funds reserved for construction expenses that were not included in any budgets in 2022-2023.

- Actual revenues were \$323,771 more than expected. The district was awarded nearly \$5.1 million dollars in federal funds that could be used in this year. Of those funds, the district only spent and captured \$4.98 million. This accounted for nearly \$300,000 of federal funds that will be carried over and utilized in the 2023-24 school year.
- Actual expenditures were \$856,845 less than expected. This was due mainly to the unspent Federal and State grant funds mentioned above along with unspent miscellaneous line items.

**Capital Asset and Debt Administration**

Capital Assets

By the end of 2023, the District had \$46,257,249 invested in a broad range of capital assets, including school buildings, athletic facilities, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note 5 in the Notes to Financial Statements.)

At June 30, 2023, the District's investment in capital assets (net of accumulated depreciation) was \$33,237,220. Net capital asset purchases and deletions totaled \$14,046,677 for the fiscal year with net accumulated depreciation increasing \$351,695; the net increase in construction in progress amounted to \$13,909,623 leaving a net increase in the book value of capital assets of \$13,694,982.

Land	\$ 618,754
Construction in progress	18,061,473
Land improvements	393,666
Buildings and improvements	13,039,443
Furniture and equipment	1,010,760
Vehicles	113,124
Equipment under capital leases	-
<b>Total Capital Assets</b>	<b>\$33,237,220</b>

Long-Term Debt

At year-end, the District had \$67,179 million in general obligation bonds, net pension liability, net other post-employment benefits liability and other long-term debt outstanding.

- The District continued to pay down its debt from the 2013, 2016, 2020 and 2021 bond issues and capital lease agreements.
- The District borrowed from the school bond loan fund in order to meet the debt fund obligations.
- The District's bond rating for General Obligation, Unlimited Tax debt through Standard & Poor's is A+. The District's other obligations include capital leases payable, compensated absences and school bond loan fund. There is more detailed information about long-term liabilities in Note 7 in the Notes to Financial Statements.

**GODFREY-LEE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District's proximity between Grand Rapids and Wyoming makes it a totally market driven district which must have the breadth of programs and updated infrastructure to compete in this age of choice in schools. The addition of new charter schools in recent years may possibly impact student enrollment going forward.
- The District will once again be receiving general education funds through the Enhancement Millage that was voted on in May 2017 in Kent County. It is expected this will bring in an estimated \$250 per pupil for the 2023-24 school year.
- The State of Michigan is slowly starting to realize the impact of COVID-19, which has impacted the employment and overall economy. At this time, the worst seems to be behind us, but it still is unknown when we will be back to normal. We have not had a chance to see the long-term effects that this virus has had on the school system and overall economy for the foreseeable future. As of the summer of 2023, revenues at the state level have outpaced forecasts which is possible great news.
- The district has been awarded significant federal funds related to COVID-19. Although the district has used many of these funds in the 22-23 school year, there are still additional funds remaining through ESSER III at the federal level. The district will likely continue to have some of these federal funds up until at least 2024.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Godfrey-Lee Public Schools, 1324 Burton St. SW, Wyoming, MI, 49509. Contact by e-mail: [mbradstreet@godfrey-lee.org](mailto:mbradstreet@godfrey-lee.org).

## **BASIC FINANCIAL STATEMENTS**



**GODFREY-LEE PUBLIC SCHOOLS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 6,836,824
Investments	6,682,055
Accounts receivable	30,499
Due from other governments	4,695,613
Prepaid items	286,412
Inventory	15,639
Capital assets, net	
Land	618,754
Construction in progress	18,061,473
Land improvements, buildings, furniture and equipment, vehicles	<u>14,556,993</u>
<b>Total assets</b>	<u>51,784,262</u>
<b>Deferred outflows of resources</b>	
Deferred charge on refunding	96,019
Deferred outflows related to pension	11,503,740
Deferred outflows related to other post-employment benefits	<u>4,031,001</u>
<b>Total deferred outflows of resources</b>	<u>15,630,760</u>
<b>Liabilities</b>	
Accounts payable	2,481,105
Accrued liabilities	994,404
Due to other governments	794,119
Unearned revenue	233,214
Debt due within one year	1,825,000
Noncurrent liabilities	
Compensated absences	385,459
Bond premium	2,945,244
Net pension liability	41,369,836
Net other post-employment benefits liability	2,331,835
Debt due in more than one year	<u>21,652,366</u>
<b>Total liabilities</b>	<u>75,012,582</u>
<b>Deferred inflows of resources</b>	
Deferred inflows related to pensions	630,235
Deferred inflows related to other post-employment benefits	<u>4,955,174</u>
<b>Total deferred inflows of resources</b>	<u>5,585,409</u>
<b>Net position</b>	
Net investment in capital assets	6,814,610
Restricted for	
Food service	314,112
Capital projects	401,569
Debt service	97,222
Unrestricted deficit	<u>(20,810,482)</u>
<b>Total net position</b>	<u>\$ (13,182,969)</u>

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

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**GODFREY-LEE PUBLIC SCHOOLS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
<u>Expenses</u>	<u>Charges</u>	<u>Operating</u>	<u>Grants and</u>	<u>Revenue</u>
	<u>for Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Revenue</u>
<b>Primary government</b>				
Governmental activities				
Instruction	\$ 13,446,387	\$ -	\$ 10,836,970	\$ (2,609,417)
Support services	9,542,936	11,136	3,890,040	(5,641,760)
Community services	474,167	-	-	(474,167)
Food service	2,004,436	219,894	1,659,995	(124,547)
Athletic	620,734	-	-	(620,734)
Interest on long-term debt	702,190	-	-	(702,190)
	<u>\$ 26,790,850</u>	<u>\$ 231,030</u>	<u>\$ 16,387,005</u>	<u>(10,172,815)</u>
<b>Total governmental activities</b>				
General revenues				
Property taxes				
Operating				1,008,745
Debt				1,213,701
Capital improvements				1,338,560
Unrestricted grants and contributions				14,061,267
Interest earnings				354,135
Other				175,448
				<u>18,151,856</u>
<b>Total general revenues</b>				
Change in net position				7,979,041
<b>Net position, beginning of year</b>				<u>(21,162,010)</u>
<b>Net position, end of year</b>				<u>\$ (13,182,969)</u>

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

**GODFREY-LEE PUBLIC SCHOOLS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**JUNE 30, 2023**

	<b>General</b>	<b>2021 Building &amp; Site Bonds Capital Projects</b>	<b>Lee Construction Fund Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Assets</b>					
Cash	\$ 3,671,929	\$ 1,002,133	\$ 1,271,741	\$ 891,021	\$ 6,836,824
Investments	-	6,682,055	-	-	6,682,055
Accounts receivable	30,499	-	-	-	30,499
Due from other funds	18,324	-	1,726,669	693	1,745,686
Due from other governments	4,614,369	-	-	81,244	4,695,613
Prepaid items	285,857	-	-	555	286,412
Inventory	-	-	-	15,639	15,639
<b>Total assets</b>	<b>\$ 8,620,978</b>	<b>\$ 7,684,188</b>	<b>\$ 2,998,410</b>	<b>\$ 989,152</b>	<b>\$ 20,292,728</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 307,927	\$ 2,092,664	\$ 42,996	\$ 37,518	\$ 2,481,105
Accrued liabilities	861,357	-	-	157	861,514
Due to other funds	693	1,726,897	-	18,096	1,745,686
Due to other governments	794,118	-	-	-	794,118
Unearned revenue	233,214	-	-	-	233,214
<b>Total liabilities</b>	<b>2,197,309</b>	<b>3,819,561</b>	<b>42,996</b>	<b>55,771</b>	<b>6,115,637</b>
<b>Fund balances</b>					
Non-spendable					
Inventory	-	-	-	15,639	15,639
Prepaid items	285,857	-	-	555	286,412
Restricted					
Food service	-	-	-	314,112	314,112
Debt service	-	-	-	97,222	97,222
Capital projects	-	-	-	401,569	401,569
Committed					
Student/school activity	-	-	-	104,284	104,284
Assigned					
Subsequent year expenditures	743,162	-	-	-	743,162
Unassigned	5,394,650	3,864,627	2,955,414	-	12,214,691
<b>Total fund balances</b>	<b>6,423,669</b>	<b>3,864,627</b>	<b>2,955,414</b>	<b>933,381</b>	<b>14,177,091</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,620,978</b>	<b>\$ 7,684,188</b>	<b>\$ 2,998,410</b>	<b>\$ 989,152</b>	<b>\$ 20,292,728</b>

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

**GODFREY-LEE 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**

<b>Fund balances - total governmental funds</b>	<b>\$ 14,177,091</b>
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because</p>	
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.</p>	
Add - capital assets (net)	33,237,220
<p>Bond refunding losses are not expensed but are amortized over the life of the new bond issue.</p>	
Add - deferred charge on bond refunding	96,019
<p>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.</p>	
Deduct - compensated absences payable	(385,459)
Deduct - debt payable	(23,477,366)
Deduct - net pension liability	(41,369,836)
Deduct - net other post-employment benefits liability	(2,331,835)
Deduct - deferred inflows related to pensions	(630,235)
Deduct - deferred inflows related to other post-employment benefits	(4,955,174)
Add - deferred outflows related to pensions	11,503,740
Add - deferred outflows related to other post-employment benefits	4,031,001
Deduct - unamortized bond premium	(2,945,244)
Deduct - accrued interest on bonds	(132,891)
<b>Net position of governmental activities</b>	<b>\$ (13,182,969)</b>

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

**GODFREY-LEE 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 &amp; Site Bonds Capital Projects</u>	<u>Lee Construction Fund Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Local sources	\$ 1,263,717	\$ 245,231	\$ 11,804	\$ 2,934,311	\$ 4,455,063
State sources	21,672,766	-	-	82,895	21,755,661
Federal sources	4,984,191	-	-	1,610,990	6,595,181
Interdistrict sources	<u>1,961,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,961,843</u>
<b>Total revenues</b>	<u>29,882,517</u>	<u>245,231</u>	<u>11,804</u>	<u>4,628,196</u>	<u>34,767,748</u>
<b>Expenditures</b>					
Current					
Instruction	14,584,726	-	-	-	14,584,726
Support services	10,911,503	-	-	-	10,911,503
Community services	470,112	-	-	-	470,112
Food service	-	-	-	1,937,525	1,937,525
Student/school activity	-	-	-	179,924	179,924
Capital outlay	-	13,234,742	476,126	191,274	13,902,142
Debt service					
Principal	-	-	-	1,740,000	1,740,000
Interest	<u>-</u>	<u>8,570</u>	<u>-</u>	<u>838,220</u>	<u>846,790</u>
<b>Total expenditures</b>	<u>25,966,341</u>	<u>13,243,312</u>	<u>476,126</u>	<u>4,886,943</u>	<u>44,572,722</u>
Revenues over (under) expenditures	<u>3,916,176</u>	<u>(12,998,081)</u>	<u>(464,322)</u>	<u>(258,747)</u>	<u>(9,804,974)</u>
<b>Other financing sources (uses)</b>					
Insurance recoveries	2,143	-	-	-	2,143
Transfers in	-	3,570,893	3,238,361	449,000	7,258,254
Transfers out	<u>(5,450,486)</u>	<u>-</u>	<u>(1,507,768)</u>	<u>(300,000)</u>	<u>(7,258,254)</u>
<b>Total other financing sources (uses)</b>	<u>(5,448,343)</u>	<u>3,570,893</u>	<u>1,730,593</u>	<u>149,000</u>	<u>2,143</u>
Net changes in fund balances	(1,532,167)	(9,427,188)	1,266,271	(109,747)	(9,802,831)
<b>Fund balances, beginning of year</b>	<u>7,955,836</u>	<u>13,291,815</u>	<u>1,689,143</u>	<u>1,043,128</u>	<u>23,979,922</u>
<b>Fund balances, end of year</b>	<u>\$ 6,423,669</u>	<u>\$ 3,864,627</u>	<u>\$ 2,955,414</u>	<u>\$ 933,381</u>	<u>\$ 14,177,091</u>

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

**GODFREY-LEE 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**

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ (9,802,831)</b>
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because</p> <p>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.</p>	
Add - capital outlay	14,376,006
Deduct - depreciation expense	(663,566)
Deduct - loss on disposal of capital assets	(17,458)
<p>Long-term debt provides 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.</p>	
Deduct - interest added to principal balance of school loan revolving fund	(23,496)
Add - principal payment on bonds	1,740,000
Add - principal payments on contractual agreements	24,339
<p>Losses on bond refundings are amortized over the life of the new bond issue.</p>	
Deduct - amortization of loss on bond refunding	(13,717)
<p>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.</p>	
Deduct - increase in compensated absences	(150,863)
Add - increase in deferred outflows related to pensions	6,837,940
Add - increase in deferred outflows related to other post-employment benefits	1,362,430
Deduct - increase in net pension liability	(15,626,715)
Deduct - increase in net other post-employment benefits liability	(658,776)
Add - decrease in deferred inflows related to pensions	8,792,543
Add - decrease in deferred inflows related to other post-employment benefits	1,621,392
Add - decrease in accrued interest payable	6,529
Add - amortization of bond premium	175,284
<b>Change in net position of governmental activities</b>	<b>\$ 7,979,041</b>

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

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# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Godfrey-Lee Public Schools, Wyoming, 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 in the County of Kent. The District provides education and related services to approximately 1,700 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 Godfrey-Lee Public Schools. There are no component units to be included. The criteria for including a component unit includes 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 or fiduciary 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. 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 *Lee Construction Capital Projects Fund* is used to account for funds set aside for future school facility improvements.

# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

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Additionally, the District reports the following fund types:

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

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 of governmental funds.

The *Capital Projects Fund* accounts for the accumulation and disbursement of resources for the construction of capital projects.

#### **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, 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 fund balances. 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 adopted for General and special revenue funds. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, District administrative personnel and department heads work with the Superintendent and Director of Finance, Human Resources and Administration to establish a proposed operating budget for the fiscal year commencing the following July 1 and submits the budget to the Board of Education.
2. Public hearings are conducted to obtain taxpayer comments.

# **GODFREY-LEE PUBLIC SCHOOLS**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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3. Prior to July 1, the budget is legally enacted through passage of a resolution. The operating budget is adopted by activity.
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.
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 activities of the District. Any amendment to the original budget must meet the requirements of Michigan Law. Any revisions that alter the total expenditures of any activity must be approved by the School Board. The District amended its budget during the current fiscal year.

### ***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.

### ***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 an expenditure at the time the inventory is consumed.

# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### **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	10-20
Buildings and improvements	40-50
Furniture and equipment	3-10
Vehicles	5-10

### **Unavailable Revenue**

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

### **Unearned Revenue**

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

### **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 straight-line method which approximates the effective interest method.

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 an other financing use. Issuance costs are reported as expenditures/expenses regardless of activity or fund.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has several items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying

# **GODFREY-LEE PUBLIC SCHOOLS**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2023**

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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.

#### ***Pension***

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

#### ***Post-employment Benefits Other Than Pensions***

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

#### ***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.

#### ***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 aid funding accounted for approximately 71% 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. The unrestricted portion is for use in the general operations of the District.

#### ***Property Taxes***

The District levies its property taxes July 1 which are due 75 days after the levy date. Taxes are collected and paid to the District by the City of Wyoming. 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 City. The District levied 18 mills for operations on non-homestead properties and 2.9133 mills for building/site and 12.55 mills for debt service on both homestead and non-homestead properties.

# **GODFREY-LEE PUBLIC SCHOOLS**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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### ***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 two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency.

The District continues to carry commercial insurance for other risks of loss, including employee health 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 (the District Superintendent or his designee) 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 will maintain a minimum fund balance in its General fund ranging from 10% to 15% of the current year's actual expenditures and outgoing transfers. If the fund balance falls below the minimum 10%, the District will reduce recurring expenditures to eliminate any structural deficit, increase revenues or pursue other funding sources to replenish the funding deficiency. Fund balance in the General fund at June 30, 2023 was 20% of the current year's actual expenditures and outgoing transfers.

# GODFREY-LEE 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 resources 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 \$13,182,969.

**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 certain budgeted funds which were in excess of the amounts appropriated.

	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
<b>General Fund</b>			
Pupil services	\$2,800,192	\$2,920,622	\$(120,430)
Transfers out	3,687,361	5,450,486	(1,763,125)

**4. CASH AND INVESTMENTS**

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

	<u>Governmental Activities</u>
Cash	\$ 6,836,824
Investments	<u>6,682,055</u>
Total	<u>\$13,518,879</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, \$6,971,294 of the District’s bank balance of \$7,221,294 was exposed to custodial credit risk because it was uninsured and uncollateralized.

# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

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#### 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+ Cash Mgmt Class	N/A	\$ 913,011	AAAm	S&P
MILAF+ MAX Class	N/A	5	AAAm	S&P
US Treasury Notes	Less than 1 year	<u>5,769,039</u>	AA+	S&P
		<u>\$6,682,055</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 investments listed above as they are pooled investment accounts that do 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).



# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

- The MILAF+ investments and US Treasury Notes 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:

	<b>Balance July 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2023</b>
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 618,754	\$ -	\$ -	\$ 618,754
Construction in progress	4,151,850	13,909,623	-	18,061,473
Total capital assets, not being depreciated	4,770,604	13,909,623	-	18,680,227
<b>Capital assets, being depreciated</b>				
Land improvements	2,339,052	5,017	164,977	2,179,092
Building and improvements	22,699,941	28,729	86,791	22,641,879
Furniture and equipment	1,946,750	315,822	77,561	2,185,011
Vehicles	352,414	116,815	-	469,229
Equipment under capital leases	101,811	-	-	101,811
Total capital assets, being depreciated	27,439,968	466,383	329,329	27,577,022
Less accumulated depreciation for				
Land improvements	1,891,875	53,618	160,067	1,785,426
Building and improvements	9,218,470	458,209	74,243	9,602,436
Furniture and equipment	1,152,313	99,499	77,561	1,174,251
Vehicles	317,773	38,332	-	356,105
Equipment under capital leases	87,903	13,908	-	101,811
Total accumulated depreciation	12,668,334	663,566	311,871	13,020,029
<b>Net capital assets, being depreciated</b>	14,771,634	(197,183)	17,458	14,556,993
<b>Governmental activities capital assets, net</b>	<b>\$19,542,238</b>	<b>\$13,712,440</b>	<b>\$17,458</b>	<b>\$33,237,220</b>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental activities</b>	
Instruction	\$461,745
Supporting services	100,263
Community services	25,966
Food service	61,093
Athletic	14,499
<b>Total depreciation expense - governmental activities</b>	<b>\$663,566</b>

# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### 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.

# GODFREY-LEE 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:

	<u>Pension</u>	<u>OPEB</u>
October 1, 2021-September 30,2022	13.73%-20.14%	7.23%-8.09%
October 1, 2022-September 30,2023	13.75%-20.16%	7.21%-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 \$3,743,967 for the defined benefit plan. For the year ended June 30, 2023, District and employee contributions to the defined contribution pension plan were \$129,385 and \$246,294, respectively.

The District's required and actual OPEB contributions to the plan for the year ended September 30, 2022 were \$838,614, 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 \$69,640 and \$69,640, respectively.

#### Net Pension Liabilities

At June 30, 2023, the District reported a liability of \$41,369,836 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

# GODFREY-LEE 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 0.11000065% and 0.10873357%, respectively, representing an increase of 0.00126708%.

#### Net OPEB Liabilities

At June 30, 2023, the District reported a liability of \$2,331,835, 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 0.11009284% and 0.10960975%, respectively, representing an increase of 0.00048309%.

#### 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 \$4,698,176. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 413,843	\$ 92,499
Changes of assumptions	7,108,820	-
Net difference between projected and actual earnings on pension plan Investments	97,012	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	291,195	537,736
Employer contributions subsequent to the measurement date	3,592,870	-
Total	<b>\$11,503,740</b>	<b>\$630,235</b>

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:

<b><u>Year Ending September 30,</u></b>	<b><u>Amount</u></b>
2023	\$1,898,963
2024	1,536,698
2025	1,435,749
2026	2,409,225

# GODFREY-LEE 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 (\$991,781). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ -	\$4,567,172
Changes of assumptions	2,078,440	169,238
Net difference between projected and actual earnings on OPEB plan investments	182,251	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,318	218,764
Employer contributions subsequent to the measurement date	1,710,992	-
 Total	<b>\$4,031,001</b>	<b>\$4,955,174</b>

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:

<b>Year Ending September 30,</b>	<b>Amount</b>
2023	\$(972,341)
2024	(855,625)
2025	(719,423)
2026	(51,138)
2027	(38,042)
Thereafter	1,404

**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

# GODFREY-LEE 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	<u>2.0%</u>	(05)%
	<b>100%</b>	

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

# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

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#### 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%
\$54,592,814	\$41,369,836	\$30,473,506

#### 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%
\$3,911,429	\$2,331,835	\$1,001,621

#### 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
\$976,461	\$2,331,835	\$3,853,270

#### 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 \$522,015 and \$248,600 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.

# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

#### 7. DEBT

##### Long-term Debt

The following is a summary of the long-term debt transactions of the District 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>
<b>Governmental Activities</b>					
<b>Public Offering Bonds</b>					
\$2,200,000 2013 Building and Site Bonds; due in annual installments of \$80,000 to \$145,000 through 2033; interest payable at 2.00% to 4.00%	\$1,410,000	\$ -	\$ 105,000	\$ 1,305,000	\$ 110,000
\$8,985,000 2015 General Obligation Refunding Bonds; due in annual installments of \$210,000 to \$830,000 through 2030; interest payable at 0.70% to 3.20%	4,350,000	-	740,000	3,610,000	725,000
\$5,360,000 2020 General Obligation Refunding Bonds; due in annual installments of \$31,509 to \$966,162 through 2027; interest payable at 1.70% to 2.25%	4,205,000	-	695,000	3,510,000	790,000
\$14,550,000 2021 Building and Site Bonds; due in annual installments of \$200,000 to \$895,000 through 2050; interest payable at 4.00%	14,550,000	-	200,000	14,350,000	200,000
<b>Total bonds</b>	<b>24,515,000</b>	<b>-</b>	<b>1,740,000</b>	<b>22,775,000</b>	<b>1,825,000</b>
<b>Direct placements and direct borrowings</b>					
School bond loan fund	678,870	23,496	-	702,366	-
<b>Other debt</b>					
Unamortized premium	3,120,528	-	175,284	2,945,244	-
Contractual agreement	24,339	-	24,339	-	-
Compensated absences	234,596	150,863	-	385,459	-
<b>Total</b>	<b>\$28,573,333</b>	<b>\$174,359</b>	<b>\$1,939,623</b>	<b>\$26,808,069</b>	<b>\$1,825,000</b>

The District is required to obtain loans from the Michigan School Bond Loan Fund (the MSBLF) for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year \$23,496 of accrued interest was added to the District's liability to the MSBLF.



# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

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 debt outstanding (excluding school bond loan fund, unamortized premium, contractual agreements, and compensated absences) as of June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,825,000	\$ 797,342
2025	1,925,000	752,468
2026	2,000,000	703,022
2027	2,030,000	649,798
2028	595,000	594,026
2029-2033	3,025,000	2,630,350
2034-2038	2,605,000	2,075,000
2039-2043	3,180,000	1,510,000
2044-2048	3,840,000	820,400
2049-2053	1,750,000	105,800
<b>Total</b>	<b>\$22,775,000</b>	<b>\$10,638,206</b>

#### 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.

#### 9. INTERFUND TRANSACTIONS

Interfund receivables and payables are utilized to facilitate temporary cash flow needs between funds. Amounts due to and from other funds at June 30, 2023 are as follows:

	<u>Payable</u>			<u>Total</u>
	<u>General fund</u>	<u>2021 Building &amp; Site Bonds Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 228	\$18,096	<b>\$ 18,324</b>
Lee Construction Fund	-	1,726,669	-	<b>1,726,669</b>
Nonmajor Funds	693	-	-	<b>693</b>
<b>Total</b>	<b>\$693</b>	<b>\$1,726,897</b>	<b>\$18,096</b>	<b>\$1,745,686</b>

# GODFREY-LEE PUBLIC SCHOOLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

Transfers are used to (1) move unrestricted revenues collected in the General fund to finance debt service accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them. Transfers in and out for the year ended June 30, 2023 are as follows:

<b>Transfers In</b>	<b>Transfers Out</b>			<b>Total</b>
	<u>General Fund</u>	<u>Lee Construction Fund</u>	<u>Nonmajor Funds</u>	
2021 Building & Site Bonds Fund	\$1,763,125	\$1,507,768	\$300,000	<b>\$3,570,893</b>
Lee Construction Fund	3,238,361	-	-	<b>3,238,361</b>
Nonmajor Funds	449,000	-	-	<b>449,000</b>
<b>Total</b>	<b>\$5,450,486</b>	<b>\$1,507,768</b>	<b>\$300,000</b>	<b>\$7,258,254</b>

#### 10. 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 County of Kent. 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 from the City of Wyoming were reduced by \$12,307 as a result of Industrial Facilities Tax exemptions.

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.

#### 11. 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.

#### 12. COMMITMENTS

As of June 30, 2023, the District has outstanding commitments for several construction projects of approximately \$4,700,000.

**GODFREY-LEE PUBLIC SCHOOLS**

***NOTES TO THE FINANCIAL STATEMENTS***

***FOR THE YEAR ENDED JUNE 30, 2023***

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**13. SUBSEQUENT EVENTS**

Subsequent to year-end, the District approved an agreement to purchase a building for approximately \$875,000.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**GODFREY-LEE 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 Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local sources	\$ 1,196,986	\$ 1,299,594	\$ 1,263,717	\$ (35,877)
State sources	19,493,459	21,794,493	21,672,766	(121,727)
Federal sources	1,854,383	5,158,446	4,984,191	(174,255)
Interdistrict sources	1,901,485	1,953,755	1,961,843	8,088
<b>Total revenues</b>	<u>24,446,313</u>	<u>30,206,288</u>	<u>29,882,517</u>	<u>(323,771)</u>
<b>Expenditures</b>				
Current				
Instruction				
Basic programs	10,135,221	11,331,445	11,013,083	318,362
Added needs	4,106,063	3,969,967	3,571,643	398,324
	<u>14,241,283</u>	<u>15,301,412</u>	<u>14,584,726</u>	<u>716,686</u>
Support services				
Pupil services	2,395,027	2,800,192	2,920,622	(120,430)
Instructional staff services	1,327,461	1,467,490	1,460,705	6,785
General administrative services	499,460	442,727	440,636	2,091
School administrative services	1,081,372	1,168,186	1,152,143	16,043
Business services	346,877	279,953	278,247	1,706
Operation and maintenance	1,954,079	2,196,142	2,138,378	57,764
Pupil transportation	553,190	651,690	605,004	46,686
Central services	1,066,951	1,291,686	1,235,684	56,002
Athletics	622,106	691,947	680,084	11,863
	<u>9,846,523</u>	<u>10,990,013</u>	<u>10,911,503</u>	<u>78,510</u>
Community services	330,697	531,761	470,112	61,649
<b>Total expenditures</b>	<u>24,418,503</u>	<u>26,823,186</u>	<u>25,966,341</u>	<u>856,845</u>
Revenues over (under) expenditures	<u>27,810</u>	<u>3,383,102</u>	<u>3,916,176</u>	<u>533,074</u>
<b>Other financing sources (uses)</b>				
Insurance recoveries	-	2,143	2,143	-
Transfers out	-	(3,687,361)	(5,450,486)	(1,763,125)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(3,685,218)</u>	<u>(5,448,343)</u>	<u>(1,763,125)</u>
Net changes in fund balance	27,810	(302,116)	(1,532,167)	(1,230,051)
<b>Fund balance, beginning of year</b>	<u>7,955,836</u>	<u>7,955,836</u>	<u>7,955,836</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 7,983,646</u>	<u>\$ 7,653,720</u>	<u>\$ 6,423,669</u>	<u>\$ (1,230,051)</u>

**GODFREY-LEE 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 (%)	0.11000%	0.10873%	0.10942%	0.11281%	0.11616%	0.11569%	0.11355%	0.11164%	0.10237%
District's proportionate share of the net pension liability	\$ 41,369,836	\$ 25,743,121	\$ 37,587,781	\$ 37,357,710	\$ 34,918,840	\$ 29,980,588	\$ 28,330,722	\$ 27,269,277	\$ 22,548,668
District's covered payroll	\$ 10,732,288	\$ 9,916,761	\$ 9,674,487	\$ 9,677,482	\$ 9,905,833	\$ 9,759,400	\$ 9,709,663	\$ 9,636,546	\$ 9,590,248
District's proportionate share of the net pension liability as a percentage of its covered payroll (%)	385.47%	259.59%	388.52%	386.03%	352.51%	307.20%	291.78%	282.98%	235.12%
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.

**GODFREY-LEE PUBLIC SCHOOLS**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF DISTRICT'S PENSION 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>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 3,743,967	\$ 3,264,858	\$ 3,007,070	\$ 2,996,748	\$ 3,162,975	\$ 2,713,580	\$ 2,549,908	\$ 2,153,774	\$ 2,014,199
Contributions in relation to statutorily required contributions *	<u>3,743,967</u>	<u>3,264,858</u>	<u>3,007,070</u>	<u>2,996,748</u>	<u>3,162,975</u>	<u>2,713,580</u>	<u>2,549,908</u>	<u>2,153,774</u>	<u>2,014,199</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	\$ 11,449,181	\$ 10,529,978	\$ 9,686,981	\$ 9,801,790	\$ 9,556,972	\$ 9,928,993	\$ 9,677,268	\$ 9,541,399	\$ 9,590,248
Contributions as a percentage of covered payroll	32.7%	31.0%	31.0%	30.6%	33.1%	27.3%	26.3%	22.6%	21.0%

\* 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.



**GODFREY-LEE PUBLIC SCHOOLS**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
District's proportion of the net OPEB liability (%)	0.11009%	0.10961%	0.10924%	0.11082%	0.11642%	0.11589%
District's proportionate share of the net OPEB liability	\$ 2,331,835	\$ 1,673,059	\$ 5,852,179	\$ 7,954,088	\$ 9,254,325	\$ 10,262,675
District's covered payroll	\$ 10,732,288	\$ 9,916,761	\$ 9,674,487	\$ 9,677,482	\$ 9,905,833	\$ 9,759,400
District's proportionate share of the net OPEB liability as a percentage of its covered payroll (%)	21.73%	16.87%	60.49%	82.19%	93.42%	105.16%
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.

**GODFREY-LEE 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	\$ 838,614	\$ 813,682	\$ 771,796	\$ 760,871	\$ 755,691	\$ 902,258
Contributions in relation to statutorily required contributions *	<u>838,614</u>	<u>813,682</u>	<u>771,796</u>	<u>760,871</u>	<u>755,691</u>	<u>902,258</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,449,181	\$ 10,529,978	\$ 9,686,981	\$ 9,801,790	\$ 9,556,972	\$ 9,928,993
Contributions as a percentage of covered payroll	7.3%	7.7%	8.0%	7.8%	7.9%	9.1%

\* 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 AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

# GODFREY-LEE PUBLIC SCHOOLS

## GENERAL FUND SCHEDULE OF REVENUES

FOR THE YEAR ENDED JUNE 30, 2023

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### Revenues

Local sources	
Property taxes	\$ 1,008,745
Universal service funding	29,252
Donations	10,000
Interest	70,633
Athletic events	11,136
Other	<u>133,951</u>
Total local sources	<u>1,263,717</u>
State sources	
State aid	21,230,513
Special education - itinerants	87,006
Special education - transportation	233,695
Other	<u>121,552</u>
Total state sources	<u>21,672,766</u>
Federal sources	
Title I	557,110
Title IIA	34,982
Title III	138,182
Title IV	46,257
ESSER	3,478,866
I.D.E.A. program	596,738
Medicaid - school based	2,713
Team 21 grant	85,010
Health resource advocate grant	34,036
McKinney Vento homeless grant	<u>10,297</u>
Total federal sources	<u>4,984,191</u>
Interdistrict sources	
Special education - county	1,269,500
Enhancement - county	462,003
Medicaid fee for service	<u>230,340</u>
Total interdistrict sources	<u>1,961,843</u>
<b>Total revenues</b>	<b><u><u>\$ 29,882,517</u></u></b>

# GODFREY-LEE PUBLIC SCHOOLS

## GENERAL FUND SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2023

---

### Expenditures

#### Current

##### Instruction

##### Basic programs

Elementary

\$ 4,997,484

Middle school

2,329,735

High school

3,588,346

Summer school

97,518

Total basic programs

11,013,083

##### Added needs

Special education

1,910,395

Compensatory education

1,661,248

Total added needs

3,571,643

Total instruction

14,584,726

##### Support services

##### Pupil services

Attendance services

630,300

Guidance services

372,681

Health services

139,007

Psychological services

228,777

Speech pathology services

406,779

Social worker services

861,266

Other pupil services

281,812

Total pupil services

2,920,622

##### Instructional staff services

Improvement of instruction

723,787

Educational media services

218,919

Supervision and direction of instruction

491,715

Testing support

26,284

Total instructional staff services

1,460,705

##### General administrative services

Board of education

93,805

Executive administration

346,831

Total general administrative services

440,636

(Continued)

# GODFREY-LEE PUBLIC SCHOOLS

## GENERAL FUND SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2023

---

School administrative services	
Office of the principal	\$ 1,141,634
Other school administration	<u>10,509</u>
Total school administrative services	<u>1,152,143</u>
Business services	
Fiscal services	267,064
Other business services	<u>11,183</u>
Total business services	<u>278,247</u>
Operation and maintenance	
Operation and maintenance	1,933,997
Security	<u>204,381</u>
Total operation and maintenance	<u>2,138,378</u>
Pupil transportation	<u>605,004</u>
Central services	
Staff/personnel services	293,959
Technology services	774,378
Pupil accounting	135,790
Other central services	<u>31,557</u>
Total central services	<u>1,235,684</u>
Athletics	<u>680,084</u>
Total support services	<u>10,911,503</u>
Community services	<u>470,112</u>
<b>Total expenditures</b>	<b><u>\$ 25,966,341</u></b>

(Concluded)

**GODFREY-LEE PUBLIC SCHOOLS**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**JUNE 30, 2023**

	Special Revenue		Debt Service		
	Food Service	Student/School Activity	2013	2016	2020
<b>Assets</b>					
Cash	\$ 283,664	\$ 105,294	\$ 16,887	\$ 9,370	\$ 8,933
Due from other funds	16	677	-	-	-
Due from other governments	81,244	-	-	-	-
Prepaid items	555	-	-	-	-
Inventory	15,639	-	-	-	-
<b>Total assets</b>	<u>\$ 381,118</u>	<u>\$ 105,971</u>	<u>\$ 16,887</u>	<u>\$ 9,370</u>	<u>\$ 8,933</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 33,805	\$ 441	\$ -	\$ -	\$ -
Accrued liabilities	157	-	-	-	-
Due to other funds	16,850	1,246	-	-	-
<b>Total Liabilities</b>	<u>50,812</u>	<u>1,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>					
Non-spendable					
Inventory	15,639	-	-	-	-
Prepaid items	555	-	-	-	-
Restricted					
Food service	314,112	-	-	-	-
Debt service	-	-	16,887	9,370	8,933
Capital projects	-	-	-	-	-
Committed					
Student/school activity	-	104,284	-	-	-
<b>Total fund balances</b>	<u>330,306</u>	<u>104,284</u>	<u>16,887</u>	<u>9,370</u>	<u>8,933</u>
<b>Total liabilities and fund balances</b>	<u>\$ 381,118</u>	<u>\$ 105,971</u>	<u>\$ 16,887</u>	<u>\$ 9,370</u>	<u>\$ 8,933</u>



**Capital  
Project**

<u>2021</u>	<u>Sinking Fund</u>	<u>Total</u>
\$ 62,032	\$ 404,841	\$ 891,021
-	-	693
-	-	81,244
-	-	555
<u>-</u>	<u>-</u>	<u>15,639</u>
<u>\$ 62,032</u>	<u>\$ 404,841</u>	<u>\$ 989,152</u>

\$ -	\$ 3,272	\$ 37,518
-	-	157
<u>-</u>	<u>-</u>	<u>18,096</u>
<u>-</u>	<u>3,272</u>	<u>55,771</u>

-	-	15,639
-	-	555
-	-	314,112
62,032	-	97,222
-	401,569	401,569
<u>-</u>	<u>-</u>	<u>104,284</u>
<u>62,032</u>	<u>401,569</u>	<u>933,381</u>
<u>\$ 62,032</u>	<u>\$ 404,841</u>	<u>\$ 989,152</u>

**GODFREY-LEE PUBLIC SCHOOLS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue		Debt Service		
	Food Service	Student/School Activity	2013	2016	2020
<b>Revenues</b>					
Local sources	\$ 226,445	\$ 135,587	\$ 160,405	\$ 748,807	\$ 763,799
State sources	82,895	-	-	-	-
Federal sources	1,610,990	-	-	-	-
<b>Total revenues</b>	<u>1,920,330</u>	<u>135,587</u>	<u>160,405</u>	<u>748,807</u>	<u>763,799</u>
<b>Expenditures</b>					
Current					
Food service	1,937,525	-	-	-	-
Student/school activity	-	179,924	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	105,000	740,000	695,000
Interest	-	-	55,550	111,580	88,590
<b>Total expenditures</b>	<u>1,937,525</u>	<u>179,924</u>	<u>160,550</u>	<u>851,580</u>	<u>783,590</u>
Revenues over (under) expenditures	<u>(17,195)</u>	<u>(44,337)</u>	<u>(145)</u>	<u>(102,773)</u>	<u>(19,791)</u>
Other financing sources (uses)					
Transfers in	-	-	-	85,000	4,000
Transfers out	(300,000)	-	-	-	-
Total other financing sources (uses)	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>4,000</u>
Net changes in fund balances	<u>(317,195)</u>	<u>(44,337)</u>	<u>(145)</u>	<u>(17,773)</u>	<u>(15,791)</u>
<b>Fund balances, beginning of year</b>	<u>647,501</u>	<u>148,621</u>	<u>17,032</u>	<u>27,143</u>	<u>24,724</u>
<b>Fund balances, end of year</b>	<u>\$ 330,306</u>	<u>\$ 104,284</u>	<u>\$ 16,887</u>	<u>\$ 9,370</u>	<u>\$ 8,933</u>

<b>Capital Project</b>		
<b>2021</b>	<b>Sinking Fund</b>	<b>Total</b>
\$ 472,466	\$ 426,802	\$ 2,934,311
-	-	82,895
<u>-</u>	<u>-</u>	<u>1,610,990</u>
<u>472,466</u>	<u>426,802</u>	<u>4,628,196</u>
-	-	1,937,525
-	-	179,924
-	191,274	191,274
200,000	-	1,740,000
<u>582,500</u>	<u>-</u>	<u>838,220</u>
<u>782,500</u>	<u>191,274</u>	<u>4,886,943</u>
<u>(310,034)</u>	<u>235,528</u>	<u>(258,747)</u>
360,000	-	449,000
<u>-</u>	<u>-</u>	<u>(300,000)</u>
<u>360,000</u>	<u>-</u>	<u>149,000</u>
49,966	235,528	(109,747)
<u>12,066</u>	<u>166,041</u>	<u>1,043,128</u>
<u>\$ 62,032</u>	<u>\$ 401,569</u>	<u>\$ 933,381</u>

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## **SINGLE AUDIT SECTION**



## Vredeveld Haefner LLC

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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 17, 2023

Members of the Board of Education  
Godfrey-Lee Public Schools  
Wyoming, 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 Godfrey-Lee Public Schools, Wyoming, 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 17, 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.

*Ordevelo Haefner LLC*



## Vredeveld 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 17, 2023

Members of the Board of Education  
Godfrey-Lee Public Schools  
Wyoming, Michigan

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited Godfrey-Lee Public Schools, Wyoming, 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.

*Uredexold Haefner LLC*

**GODFREY-LEE 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 at July 1, 2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at June 30, 2023
<b>U.S. Department of Education</b>							
<b>Passed through Michigan Department of Education</b>							
Title I, Part A							
221530 2122	84.010	\$ 595,288	\$ 162,439	\$ 537,222	\$ -	\$ 162,439	\$ -
231530 2223	84.010	536,194	-	-	481,064	201,535	279,529
Total Title I, Part A		<u>1,131,482</u>	<u>162,439</u>	<u>537,222</u>	<u>481,064</u>	<u>363,974</u>	<u>279,529</u>
Title II, Part A							
220520 2122	84.367	122,135	33,516	103,034	-	33,516	-
230520 2223	84.367	80,934	-	-	34,982	10,519	24,463
Total Title II, Part A		<u>203,069</u>	<u>33,516</u>	<u>103,034</u>	<u>34,982</u>	<u>44,035</u>	<u>24,463</u>
Title III							
220580 2122	84.365	130,062	36,629	122,124	-	36,629	-
220570 2122	84.365	16,114	299	9,563	-	299	-
230580 2122	84.365	128,442	-	-	126,193	61,766	64,427
230570 2122	84.365	14,123	-	-	11,989	-	11,989
Total Title III		<u>288,741</u>	<u>36,928</u>	<u>131,687</u>	<u>138,182</u>	<u>98,694</u>	<u>76,416</u>
Title IV, Part A							
220750 2122	84.424	51,894	15,359	44,653	-	15,359	-
230750 2223	84.424	46,619	-	-	46,257	10,470	35,787
Total Title IV, Part A		<u>98,513</u>	<u>15,359</u>	<u>44,653</u>	<u>46,257</u>	<u>25,829</u>	<u>35,787</u>
COVID-19 - Education Stabilization Funds							
GEER II - Teacher & Support Staff Payments							
201201 2122	84.425C	3,173	3,173	3,173	-	3,173	-
Total GEER II		<u>3,173</u>	<u>3,173</u>	<u>3,173</u>	<u>-</u>	<u>3,173</u>	<u>-</u>
ESSER II - Formula							
213712 2122	84.425D	1,723,290	1,579,912	1,579,912	143,378	1,723,290	-
Total ESSER II - Formula		<u>1,723,290</u>	<u>1,579,912</u>	<u>1,579,912</u>	<u>143,378</u>	<u>1,723,290</u>	<u>-</u>
ESSER III - Formula							
213713 2122	84.425U	3,873,017	33,027	576,929	3,245,985	3,217,804	61,208
Total ESSER III - Formula		<u>3,873,017</u>	<u>33,027</u>	<u>576,929</u>	<u>3,245,985</u>	<u>3,217,804</u>	<u>61,208</u>
ESSER 98c Learning Loss							
213782 2223	84.425D	89,503	-	-	89,503	-	89,503
Total ESSER 98c Learning Loss		<u>89,503</u>	<u>-</u>	<u>-</u>	<u>89,503</u>	<u>-</u>	<u>89,503</u>
<b>Total passed through Michigan Department of Education</b>		<u>7,410,788</u>	<u>1,864,354</u>	<u>2,976,610</u>	<u>4,179,351</u>	<u>5,476,799</u>	<u>566,906</u>
<b>Passed through Calhoun Intermediate School District</b>							
TAG Title Assistance							
231580 2223	84.010	40,000	-	-	35,466	-	35,466
Total TAG Title Assistance		<u>40,000</u>	<u>-</u>	<u>-</u>	<u>35,466</u>	<u>-</u>	<u>35,466</u>

**GODFREY-LEE 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 at July 1, 2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at June 30, 2023
<b>Passed through Kent Intermediate School District</b>							
Special Education Cluster							
IDEA Grants to States							
220450 2122	84.027A	\$ 512,368	\$ 123,139	\$ 499,772	\$ 12,596	\$ 109,926	\$ 25,809
230450 2223	84.027A	493,025	-	-	480,429	361,332	119,097
Total IDEA Grants to States		<u>1,005,393</u>	<u>123,139</u>	<u>499,772</u>	<u>493,025</u>	<u>471,258</u>	<u>144,906</u>
IDEA Grants to States							
210450 2122	84.173A	32,175	8,768	32,175	-	8,768	-
220460 2223	84.173A	26,989	-	-	26,989	26,989	-
Total IDEA Grants to States		<u>59,164</u>	<u>8,768</u>	<u>32,175</u>	<u>26,989</u>	<u>35,757</u>	<u>-</u>
ARP IDEA Flowthrough							
221280 2122	84.027X	57,949	57,949	57,949	-	57,949	-
221280 2223	84.027X	67,858	-	-	67,858	61,247	6,611
Total ARP IDEA Flowthrough		<u>125,807</u>	<u>57,949</u>	<u>57,949</u>	<u>67,858</u>	<u>119,196</u>	<u>6,611</u>
ARP IDEA Preschool							
221285 2122	84.173X	7,989	7,989	7,989	-	7,989	-
221285 2223	84.173X	8,866	-	-	8,866	7,979	887
Total ARP IDEA Preschool		<u>16,855</u>	<u>7,989</u>	<u>7,989</u>	<u>8,866</u>	<u>15,968</u>	<u>887</u>
Total Special Education Cluster		<u>1,207,219</u>	<u>197,845</u>	<u>597,885</u>	<u>596,738</u>	<u>642,179</u>	<u>152,404</u>
<b>Total U.S. Department of Education</b>		<b><u>8,658,007</u></b>	<b><u>2,062,199</u></b>	<b><u>3,574,495</u></b>	<b><u>4,811,555</u></b>	<b><u>6,118,978</u></b>	<b><u>754,776</u></b>
<b>U.S. Department of Treasury</b>							
<b>Passed through Federal Communications Commission</b>							
Emergency Connectivity Funds (ECF)							
	32.009	205,200	94,666	94,666	-	94,666	-
<b>Total U.S. Department of Treasury</b>		<b><u>205,200</u></b>	<b><u>94,666</u></b>	<b><u>94,666</u></b>	<b><u>-</u></b>	<b><u>94,666</u></b>	<b><u>-</u></b>
<b>U.S. Department of Health and Human Services</b>							
<b>Passed through Kent Intermediate School District</b>							
Medical Assistance Program							
2223 Medicaid	93.778	2,713	-	-	2,713	2,713	-
Total Medical Assistance Program		<u>2,713</u>	<u>-</u>	<u>-</u>	<u>2,713</u>	<u>2,713</u>	<u>-</u>
Health Resource Advocates							
222810-HRA2022	93.323	39,083	20,758	23,015	16,068	36,826	-
222810-HRA2023	93.323	34,036	-	-	17,968	17,968	-
Total Health Resource Advocates		<u>73,119</u>	<u>20,758</u>	<u>23,015</u>	<u>34,036</u>	<u>54,794</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>		<b><u>75,832</u></b>	<b><u>20,758</u></b>	<b><u>23,015</u></b>	<b><u>36,749</u></b>	<b><u>57,507</u></b>	<b><u>-</u></b>

(continued)

**GODFREY-LEE 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 at July 1, 2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at June 30, 2023
<b>U.S. Department of Agriculture</b>							
<b>Passed through Michigan Department of Education</b>							
Nutrition Cluster							
Non-Cash Assistance (USDA Commodities)							
Entitlement Commodities	10.555	\$ 106,324	\$ -	\$ -	\$ 106,324	\$ 106,324	\$ -
Cash Assistance							
School Breakfast Program							
221971	10.553	344,225	9,505	344,225	-	9,505	-
231970		388,864	-	-	388,864	380,851	8,013
Total School Breakfast Program		<u>733,089</u>	<u>9,505</u>	<u>344,225</u>	<u>388,864</u>	<u>390,356</u>	<u>8,013</u>
National School Lunch Program							
221961	10.555	918,550	21,850	918,550	-	21,850	-
221960	10.555	155,413	-	-	155,413	155,413	-
220910	10.555	36,385	-	-	36,385	36,385	-
230910	10.555	19,990	-	-	19,990	19,990	-
231960	10.555	813,410	-	-	813,410	796,704	16,706
Total National School Lunch Program		<u>1,943,748</u>	<u>21,850</u>	<u>918,550</u>	<u>1,025,198</u>	<u>1,030,342</u>	<u>16,706</u>
Total Cash Assistance		<u>2,676,837</u>	<u>31,355</u>	<u>1,262,775</u>	<u>1,414,062</u>	<u>1,420,698</u>	<u>24,719</u>
Total Nutrition Cluster		<u>2,783,161</u>	<u>31,355</u>	<u>1,262,775</u>	<u>1,520,386</u>	<u>1,527,022</u>	<u>24,719</u>
Local Food for Schools							
230985	10.185	11,151	-	-	11,151	11,151	-
Total Local Food for Schools		<u>11,151</u>	<u>-</u>	<u>-</u>	<u>11,151</u>	<u>11,151</u>	<u>-</u>
School Breakfast Expansion							
230985	10.579	7,119	-	-	7,119	-	7,119
Total School Breakfast Expansion		<u>7,119</u>	<u>-</u>	<u>-</u>	<u>7,119</u>	<u>-</u>	<u>7,119</u>
PEBT Local							
220980 2022	10.649	3,135	-	-	3,135	3,135	-
Total PEBT Local		<u>3,135</u>	<u>-</u>	<u>-</u>	<u>3,135</u>	<u>3,135</u>	<u>-</u>
Child Care Food Program							
221920	10.558	41,470	-	34,610	6,860	6,860	-
231920	10.558	59,066	-	-	59,066	59,066	-
222010	10.558	2,087	-	1,738	349	349	-
232010	10.558	2,924	-	-	2,924	2,924	-
Total Child Care Food Program		<u>105,547</u>	<u>-</u>	<u>36,348</u>	<u>69,199</u>	<u>69,199</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>		<u><b>2,910,113</b></u>	<u><b>31,355</b></u>	<u><b>1,299,123</b></u>	<u><b>1,610,990</b></u>	<u><b>1,610,507</b></u>	<u><b>31,838</b></u>
<b>Total Federal Financial Assistance</b>		<u><b>\$ 11,849,152</b></u>	<u><b>\$ 2,208,978</b></u>	<u><b>\$ 4,991,299</b></u>	<u><b>\$ 6,459,294</b></u>	<u><b>\$ 7,881,658</b></u>	<u><b>\$ 786,614</b></u>

(concluded)

See notes to schedule of expenditures of federal awards.

**GODFREY-LEE PUBLIC SCHOOLS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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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 funds financial statements	\$ 6,595,181
Federal revenues not included on the Schedule of Expenditures of Federal Awards as the District is a vendor not a subrecipient of the pass through entity	<u>(135,887)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 6,459,294</u>

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.

**GODFREY-LEE 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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553; 10.555	Nutrition Cluster

Dollar threshold used to distinguish between Type A and B programs:	<u>      </u> \$ <u>  750,000  </u>
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Auditee qualified as low-risk auditee?	<u>  X  </u> yes	<u>      </u> no
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

None noted

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted

**SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS**

**2022-001**

The District should develop and implement a plan to reduce its net cash resources to the allowable limit.

Corrective action was taken and this finding was resolved