



**Annual Financial Report
Year Ended June 30, 2023**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Zeeland Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Zeeland Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Zeeland Public Schools' 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 Zeeland Public Schools, as of June 30, 2023, and the respective changes in financial position, thereof 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 Zeeland Public Schools 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 Zeeland Public Schools' 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 Zeeland Public Schools' 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 Zeeland Public Schools' 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 and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 Zeeland Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the 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 additional supplementary information, including 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 3, 2023 on our consideration of Zeeland Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Zeeland Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Zeeland Public Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

October 3, 2023

ZEELAND PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the Zeeland 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.

The management's discussion and analysis are provided at the beginning of the annual financial report to provide in layman's terms the past and current position of the District's financial condition. This summary should not be taken as a replacement for the annual financial report which consists of the financial statements, other supplementary and additional information that presents all the District's revenue and expenditures by program.

FINANCIAL HIGHLIGHTS

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

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

These two statements report the District's net position. In order to measure the District's financial health or financial position, we examine the difference between assets, deferred outflow of resources, liabilities and deferred inflow of resources, as reported in the statement of net position. Over time, increases or decreases in the District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results.

It is important to remember that the District's goal is to provide the best educational opportunities and services possible to Zeeland Public Schools students and not to generate profits as commercial entities do. In keeping, the District must account for the long-term stability and continuation of the District by weighing expenditures against the ability to continue existence. The District must keep in check significant decreases in net position over time.

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

**ZEELAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS**

Our financial statements provide insights into the results of this year's operations.

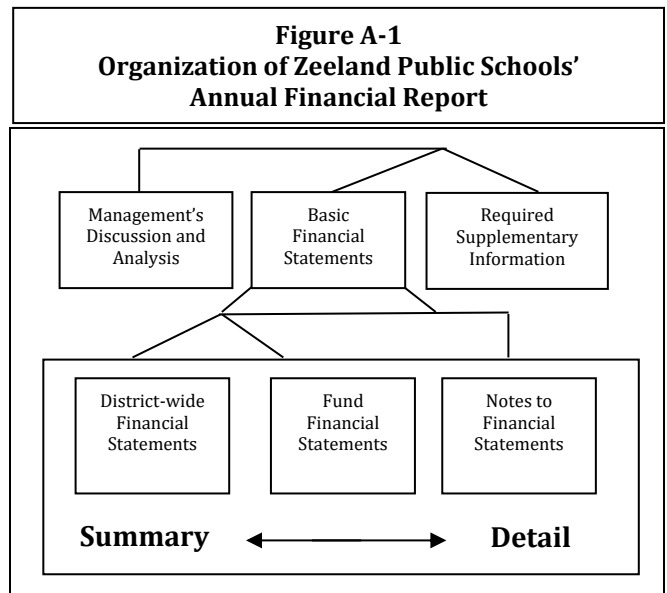
- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$75,192,779 (*net deficit*). The primary reasons for this are that the District is required to recognize their share of the net unfunded pension liability and the net unfunded OPEB liability.
- The District's total net position increased by \$7,520,956.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$73,481,037, an increase of \$23,163,269 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance for the District's operating fund (general fund) was \$15,283,081 or 17.25% of the total expenditures of this operating fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements 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 notes to financial statements.
- The *governmental funds* statements tell how basic services like instruction and support services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year and required supplementary pension information. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



**ZEELAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS**

Figure A-2 Major Features of District-wide and Fund Financial Statements		
Category	District-wide Statements	Governmental Funds
Scope	* Entire District	* The activities of the District that are not proprietary or fiduciary, such as general education and building maintenance.
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	* Accrual accounting and economic resources focus	* Modified accrual accounting and current financial resources focus
Type of asset/liability information	* All assets and liabilities, both financial and capital, short-term and long-term	* Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	* All revenues and expenses during year, regardless of when cash is received or paid	* Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include all of the District's assets, deferred outflows of resources, deferred inflows of resources 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.

ZEELAND PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION & ANALYSIS

The two District-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets, deferred outflows of resources, deferred inflows of resources and liabilities - 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 overall health of the District, you need to consider additional nonfinancial 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:

- **Governmental Activities** - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

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:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying debt, and its capital projects fund) or to show that it is properly using certain revenues (like school lunch and student/school activities).

The District has one kind of fund:

- **Governmental Funds** - Most of the District's basic services are included in 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 you 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, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

**ZEELAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - Restricted net position represents legal constraints from debt covenants and legislation that limit the District's ability to use the net position for day-to-day operations. The following is a summary of the District's net position at June 30, 2023 and 2022.

Table A-3 Zeeland Public Schools' Net Position		
	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets	\$ 89,613,063	\$ 62,067,662
Capital assets, net of accumulated depreciation	<u>121,131,060</u>	<u>115,114,016</u>
TOTAL ASSETS	<u>210,744,123</u>	<u>177,181,678</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>74,481,253</u>	<u>42,387,808</u>
LIABILITIES		
Long-term debt outstanding	133,071,965	114,386,764
Net pension liability	168,760,809	102,755,372
Net other postemployment benefits liability	9,526,855	6,742,669
Other liabilities	<u>16,964,229</u>	<u>12,445,658</u>
TOTAL LIABILITIES	<u>328,323,858</u>	<u>236,330,463</u>
DEFERRED INFLOWS OF RESOURCES	<u>32,094,297</u>	<u>65,952,758</u>
NET POSITION		
Net investment in capital assets	37,805,953	29,531,579
Restricted for debt service	1,141,735	764,553
Restricted for capital projects (sinking fund)	3,512,848	5,074,033
Unrestricted	<u>(117,653,315)</u>	<u>(118,083,900)</u>
TOTAL NET POSITION	<u>\$ (75,192,779)</u>	<u>\$ (82,713,735)</u>

**ZEELAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS**

Table A-4 Changes in Zeeland Public Schools' Net Position		
	2023	2022
REVENUES		
Program revenues		
Charges for services	\$ 3,912,521	\$ 3,113,726
Operating grants and contributions	14,480,890	20,248,538
General revenues		
Property taxes	25,748,206	24,266,177
Investment earnings (loss)	1,150,805	(555,390)
State sources	59,281,467	55,981,226
Intermediate sources	7,876,524	1,996,832
Other	155,031	678,409
TOTAL REVENUES	112,605,444	105,729,518
EXPENSES		
Instruction	54,387,831	46,289,325
Support services	29,957,473	26,180,733
Community services	4,075,054	3,996,084
Student / school activities	2,522,935	2,015,573
Food services	3,124,465	2,772,975
Outgoing transfers and other	163,200	-
Interest on long-term debt	4,326,909	4,507,550
Unallocated depreciation	6,526,621	6,338,918
TOTAL EXPENSES	105,084,488	92,101,158
Change in net position	\$ 7,520,956	\$ 13,628,360

District Governmental Activities

The District's financial condition has come about through a number of areas.

- The State Foundation Allowance was \$9,150 per student in 2023.
- Student count within the District decreased from 6,212 in 2022 to 6,162 in 2023. Attracting and maintaining students has, and will be, a top priority for the District.
- The District's payment into Michigan Public School Employees' Retirement System (MPERS) continues to increase.

**ZEELAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District as a whole has a combined fund balance of \$73,481,037 compared to \$50,317,768 in the prior year. The fund balance increased by \$23,163,269 during the year. There are debt service funds with a combined net fund balance of \$1,973,938, 2023 capital projects fund with a fund balance of \$29,914,853, 2021 capital projects fund with a fund balance of \$16,482,660, capital projects – sinking fund with a fund balance of \$3,512,848, special revenue funds with a combined net fund balance of \$4,255,219, and the technology capital projects fund with a fund balance of \$2,058,438. The general fund increased its fund balance by \$1,032,872, 2021 capital projects fund decreased fund balance by \$8,337,835, debt service fund increased its fund balance by \$513,621, 2018 capital projects fund decreased its fund balance by \$194,949, capital projects -sinking fund decreased its fund balance by \$1,561,185, 2023 capital projects fund increased its fund balance by \$29,914,853 and the nonmajor funds increased their combined fund balance by \$1,795,892 (food service, student/school activities, community service, community recreation, technology capital projects, and chix county store/dux pond).

General Fund and Budget Highlights

During the 2023 fiscal year, the original District budget was amended twice to reflect changes which affected the District.

The initial amendment took place in January, once the student count and staff changes had been determined. This also allowed time to adjust for spending and reduce the projected deficit.

A final amendment took place in June to more accurately reflect payouts, made to District employees retiring and the staff recognition bonus, as well as adjusting for utilities and other expenditure accounts. The final amended budget was to have expenditures and transfers out in excess of revenues and transfers in out by \$806,027.

The final results showed that net revenues came in higher than anticipated, by \$583,223, due to additional state and federal grants being spent than anticipated. The expenditures came in less than anticipated by \$2,418,371 due staff positions unfilled, grant funds not expensed, technology devices not needed, and final expenses less than expected.

**ZEELAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets are as follows:

Table A-5 Zeeland Public Schools' Capital Assets				
	2023			2022
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 6,590,405	\$ -	\$ 6,590,405	\$ 6,183,799
Construction in progress	11,406,741	-	11,406,741	4,002,331
Building and improvements	186,416,553	92,853,950	93,562,603	95,778,510
Land improvements	12,237,291	7,301,727	4,935,564	4,869,700
Furniture and other equipment	13,203,514	10,829,682	2,373,832	1,664,128
Transportation equipment	7,179,980	4,918,065	2,261,915	2,615,548
Total	\$ 237,034,484	\$ 115,903,424	\$ 121,131,060	\$ 115,114,016

The change in the net book value is due to current year depreciation as well as capital asset acquisitions.

LONG-TERM DEBT

At year end the District had \$133,071,965 long-term debt outstanding as shown in Table A-6. More detailed information is available in the notes of the financial statements.

Table A-6 Zeeland Public Schools Outstanding Long-Term Obligations		
	2023	2022
General obligation bonds - net	\$ 131,380,691	\$ 112,577,703
Compensated absences and termination benefits	1,041,274	1,059,061
Notes from direct borrowings and direct placements	650,000	750,000
	\$ 133,071,965	\$ 114,386,764

**ZEELAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS**

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The 2023 – 2024 foundation allowance including categorical funding represents approximately 77% of total District revenue
- The District will be spending the last round of ESSER III federal funds during the 2023-24 school year.
- Student count is projected to decline slowly over the next five years.
- Retirement contributions made to the retirement system are anticipated to continue to increase.
- The District continues to find ways to cut costs in an environment where revenues are not keeping pace with district expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and 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 information, contact the Business Office, 183 W. Roosevelt St., Zeeland MI 49464.

BASIC FINANCIAL STATEMENTS

**ZEELAND PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 19,350,940
Investments	54,023,675
Accounts receivable	16,198,926
Inventories	35,575
Prepaid expenses	3,947
Capital assets not being depreciated	17,997,146
Capital assets, net of accumulated depreciation	103,133,914
TOTAL ASSETS	210,744,123
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	2,308,071
Related to pensions	57,618,788
Related to other postemployment benefits	14,554,394
TOTAL DEFERRED OUTFLOWS OF RESOURCES	74,481,253
LIABILITIES	
Accounts payable	3,450,462
Accrued interest	832,203
Accrued salaries and related items	5,937,711
Accrued retirement	5,242,536
Unearned revenue	1,501,317
Noncurrent liabilities	
Due within one year	11,344,127
Due in more than one year	121,727,838
Net pension liability	168,760,809
Net other postemployment benefits liability	9,526,855
TOTAL LIABILITIES	328,323,858
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	453,168
Related to other postemployment benefits	19,362,703
Related to state aid funding for pension	12,278,426
TOTAL DEFERRED INFLOWS OF RESOURCES	32,094,297
NET POSITION	
Net investment in capital assets	37,805,953
Restricted for debt service	1,141,735
Restricted for capital projects (sinking fund)	3,512,848
Unrestricted	(117,653,315)
TOTAL NET POSITION	\$ (75,192,779)

See notes to financial statements.

**ZEELAND PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 54,387,831	\$ -	\$ 6,614,545	\$ (47,773,286)
Support services	29,957,473	830,648	2,802,636	(26,324,189)
Community services	4,075,054	2,072,852	885,926	(1,116,276)
Food services	3,124,465	1,009,021	1,672,023	(443,421)
Student / school activities	2,522,935	-	2,505,760	(17,175)
Outgoing transfers and other	163,200	-	-	(163,200)
Interest on long-term debt	4,326,909	-	-	(4,326,909)
Unallocated depreciation	6,526,621	-	-	(6,526,621)
Total governmental activities	<u>\$ 105,084,488</u>	<u>\$ 3,912,521</u>	<u>\$ 14,480,890</u>	<u>(86,691,077)</u>
General revenues				
Property taxes, levied for general purposes				9,585,946
Property taxes, levied for debt service				13,648,963
Property taxes, levied for capital projects (sinking fund)				1,795,500
Property taxes, levied for community recreation				717,797
Investment earnings				1,150,805
State sources				59,281,467
Intermediate sources				7,876,524
Other				155,031
Total general revenues				<u>94,212,033</u>
CHANGE IN NET POSITION				7,520,956
NET POSITION, beginning of year				<u>(82,713,735)</u>
NET POSITION, end of year				<u>\$ (75,192,779)</u>

See notes to financial statements.

**ZEELAND PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Debt Service Fund	2023 Capital Projects Fund	2021 Capital Projects Fund	2018 Capital Projects Fund	Capital Projects- Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 7,247,856	\$ 2,021,917	\$ 5,048	\$ 5,415	\$ -	\$ 3,676,696	\$ 6,394,008	\$ 19,350,940
Investments	4,826,395	-	29,909,805	19,287,330	145	-	-	54,023,675
Accounts receivable	15,802,008	45	-	-	-	6	396,867	16,198,926
Inventories	-	-	-	-	-	-	35,575	35,575
Prepaid expenses	1,784	-	-	-	-	-	2,163	3,947
TOTAL ASSETS	\$ 27,878,043	\$ 2,021,962	\$ 29,914,853	\$ 19,292,745	\$ 145	\$ 3,676,702	\$ 6,828,613	\$ 89,613,063
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 282,581	\$ 48,024	\$ -	\$ 2,810,085	\$ 145	\$ 163,854	\$ 145,773	\$ 3,450,462
Accrued salaries and related items	5,867,648	-	-	-	-	-	70,063	5,937,711
Accrued retirement	5,220,237	-	-	-	-	-	22,299	5,242,536
Unearned revenue	1,224,496	-	-	-	-	-	276,821	1,501,317
TOTAL LIABILITIES	12,594,962	48,024	-	2,810,085	145	163,854	514,956	16,132,026
FUND BALANCES								
Nonspendable								
Inventories	-	-	-	-	-	-	35,575	35,575
Prepays	1,784	-	-	-	-	-	2,163	3,947

See notes to financial statements.

	General Fund	Debt Service Fund	2023 Capital Projects Fund	2021 Capital Projects Fund	2018 Capital Projects Fund	Capital Projects-Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES (continued)								
Restricted for:								
Debt service	\$ -	\$ 1,973,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,973,938
Food service	-	-	-	-	-	-	1,510,295	1,510,295
Community recreation	-	-	-	-	-	-	683,617	683,617
Capital projects (bonds)	-	-	29,914,853	16,482,660	-	-	-	46,397,513
Capital projects (sinking fund)	-	-	-	-	-	3,512,848	-	3,512,848
Committed for:								
Community services	-	-	-	-	-	-	1,209,540	1,209,540
Student/school activities	-	-	-	-	-	-	814,029	814,029
Assigned for:								
Capital projects	-	-	-	-	-	-	2,058,438	2,058,438
Subsequent year expenditures	709,745	-	-	-	-	-	-	709,745
Unassigned	14,571,552	-	-	-	-	-	-	14,571,552
TOTAL FUND BALANCES	15,283,081	1,973,938	29,914,853	16,482,660	-	3,512,848	6,313,657	73,481,037
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,878,043	\$ 2,021,962	\$ 29,914,853	\$ 19,292,745	\$ 145	\$ 3,676,702	\$ 6,828,613	\$ 89,613,063

Total governmental fund balances

\$ 73,481,037

Amounts reported for governmental activities in the statement of net position are different because:

Deferred outflows of resources - deferred changes on refunding	2,308,071
Deferred outflows of resources - related to pensions	57,618,788
Deferred inflows of resources - related to pensions	(453,168)
Deferred outflows of resources - related to other postemployment benefits	14,554,394
Deferred inflows of resources - related to other postemployment benefits	(19,362,703)
Deferred inflows of resources - related to state aid funding for pensions	(12,278,426)

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

The cost of the capital assets is	\$ 237,034,484
Accumulated depreciation is	(115,903,424)
	121,131,060

Long-term liabilities are not due and payable in the current period and are not reported in the funds

General obligation bonds	(131,380,691)
Direct borrowing and direct placement	(650,000)
Compensated absences and termination benefits	(1,041,274)
Accrued interest	(832,203)
Net pension liability	(168,760,809)
Net other postemployment benefits liability	(9,526,855)

Net position of governmental activities

\$ (75,192,779)

ZEELAND PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>2023 Capital Projects Fund</u>	<u>2021 Capital Projects Fund</u>	<u>2018 Capital Projects Fund</u>	<u>Capital Projects- Sinking Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES								
Local sources	\$ 11,196,439	\$ 13,831,477	\$ 60,344	\$ 645,345	\$ 3,321	\$ 1,963,295	\$ 6,471,079	\$ 34,171,300
State sources	66,979,660	920,475	-	-	-	132,654	543,754	68,576,543
Federal sources	5,484,630	-	-	-	-	-	1,784,524	7,269,154
Intermediate school districts	7,876,524	-	-	-	-	-	-	7,876,524
TOTAL REVENUES	91,537,253	14,751,952	60,344	645,345	3,321	2,095,949	8,799,357	117,893,521
EXPENDITURES								
Current								
Instruction	56,370,031	-	-	-	-	-	-	56,370,031
Supporting services	31,068,469	-	-	-	-	-	-	31,068,469
Food service activities	-	-	-	-	-	-	3,213,343	3,213,343
Community recreation activities	-	-	-	-	-	-	1,809,174	1,809,174
Community service activities	969,372	-	-	-	-	-	1,300,942	2,270,314
Chix Country Store/ Dux Pond activities	-	-	-	-	-	-	45,380	45,380
Student / school activities	-	-	-	-	-	-	2,522,935	2,522,935

See notes to financial statements.

	General Fund	Debt Service Fund	2023 Capital Projects Fund	2021 Capital Projects Fund	2018 Capital Projects Fund	Capital Projects-Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)								
Capital outlay	\$ -	\$ -	\$ -	\$ 10,652,180	\$ 171,466	\$ 1,899,049	\$ -	\$ 12,722,695
Facilities acquisition	45,000	-	-	-	-	-	-	45,000
Outgoing transfers and other	163,200	-	-	-	-	-	-	163,200
Debt service								
Principal repayment	-	10,060,000	-	-	-	100,000	-	10,160,000
Interest	-	4,174,581	-	-	-	15,889	-	4,190,470
Other	-	3,750	291,380	-	-	-	-	295,130
TOTAL EXPENDITURES	88,616,072	14,238,331	291,380	10,652,180	171,466	2,014,938	8,891,774	124,876,141
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,921,181	513,621	(231,036)	(10,006,835)	(168,145)	81,011	(92,417)	(6,982,620)
OTHER FINANCING SOURCES (USES)								
Proceeds from issuance of bonds	-	-	27,115,000	-	-	-	-	27,115,000
Premium on issuance of bonds	-	-	3,030,889	-	-	-	-	3,030,889
Transfers in	167,000	-	-	1,669,000	-	26,804	2,087,495	3,950,299
Transfers out	(2,055,309)	-	-	-	(26,804)	(1,669,000)	(199,186)	(3,950,299)
TOTAL OTHER FINANCING SOURCES (USES)	(1,888,309)	-	30,145,889	1,669,000	(26,804)	(1,642,196)	1,888,309	30,145,889
NET CHANGE IN FUND BALANCES	1,032,872	513,621	29,914,853	(8,337,835)	(194,949)	(1,561,185)	1,795,892	23,163,269
FUND BALANCES								
Beginning of year	14,250,209	1,460,317	-	24,820,495	194,949	5,074,033	4,517,765	50,317,768
End of year	<u>\$ 15,283,081</u>	<u>\$ 1,973,938</u>	<u>\$ 29,914,853</u>	<u>\$ 16,482,660</u>	<u>\$ -</u>	<u>\$ 3,512,848</u>	<u>\$ 6,313,657</u>	<u>\$ 73,481,037</u>

See notes to financial statements.

**ZEELAND PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances Total Governmental Funds \$ 23,163,269

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

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation

Depreciation expense	(6,526,621)
Capital outlay	12,543,665

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid

Accrued interest payable, beginning of the year	695,764
Accrued interest payable, end of the year	(832,203)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

Proceeds from issuance of bonds	(27,115,000)
Premium on issuance of bonds	(3,030,889)
Payments on bonded debt	10,060,000
Payments on notes from direct borrowings and direct placement	100,000
Amortization of deferred charges on refunding	(421,751)
Amortization of bond premium	1,282,901

Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds

Accrued compensated absences and termination benefits	
Beginning of the year	1,059,061
End of the year	(1,041,274)

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

Pension related items	(3,490,401)
Other postemployment benefits related items	6,362,512

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147c pension contributions subsequent to the measurement period

State aid funding for pension, beginning of the year	6,990,349
State aid funding for pension, end of the year	(12,278,426)

Change in net position of governmental activities \$ 7,520,956

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide 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 District. All fiduciary activities, if any, are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

Reporting Entity

The Zeeland Public Schools (the “District”) is governed by the Zeeland Public Schools Board of Education (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2023 Capital Project Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The 2023 Capital Project Fund 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 §1351a of the Revised School Code.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The *2021 Capital Project Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The 2021 Capital Project Fund 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 §1351a of the Revised School Code. The bonds were considered substantively completed as of June 30, 2021.

The *2018 Capital Project Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The 2018 Capital Project Fund 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 §1351a of the Revised School Code. The bonds were considered substantively completed.

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the 2023, 2021, and 2018 capital project funds activity:

	2023 Capital Projects	2021 Capital Projects	2018 Capital Projects
Revenues and other financing sources	\$ 30,206,233	\$ 32,092,303	\$ 13,225,151
Expenditures and other financing uses	\$ 291,380	\$ 15,609,643	\$ 13,225,151

The above revenue and other financing sources figure does include the total 2023, 2021 and 2018 bond proceeds and premium of \$30,145,889, \$30,143,764 and \$12,854,783, respectively.

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Other Nonmajor Funds

The *Special Revenue Funds* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, community recreation, community service, Chix Country Store/Dux Pond and student/school activities in the special revenue funds.

The *Technology Capital Projects Fund* accounts for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects. The District maintains one nonmajor capital projects fund for various assigned purposes.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Other Nonmajor Funds (continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes.

The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

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

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended twice during the year. The final budget was approved prior to the June 30, 2023 year-end with more than originally expected revenues and appropriations due to previous uncertainty in state and federal funding when the original budget was adopted. Although the district does consider these amendments to be significant, they were deemed necessary due to considerable uncertainty at the time the original budget was adopted.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

Capital Assets

Capital assets, which include land, construction in progress, building and additions, land improvements, computer and office equipment, outdoor equipment, and transportation equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress, if any, are not depreciated. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Building and improvements	20 - 50 years
Land improvements	15 - 20 years
Furniture and other equipment	5 - 20 years
Transportation equipment	5 - 10 years

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public 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.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows

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 three items that qualify for reporting in this category. They are the deferred charge on refunding and pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

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 and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Subscription Based IT Arrangements (SBITA)

Subscriber: The District may at times be a subscriber for a noncancelable subscription of an IT arrangement. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

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

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

- The District uses the interest rate charged by lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancelable period of the subscription. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Subscription Based IT Arrangements (SBITA) (continued)

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term obligations on the statement of net position.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2023, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General Fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property (CPP)	6.0000
Debt Service Fund	
PRE, Industrial Personal Property, Non-PRE, CPP	7.4500
Community Recreation Fund	
PRE, Industrial Personal Property, Non-PRE, CPP	0.3919
Capital Projects Sinking Fund	
PRE, Industrial Personal Property, Non-PRE, CPP	0.9802

Compensated Absences and Termination Benefits

The District’s policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee leaves, resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. 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 over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023 the District had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, \$19,577,288 of the District's bank balance of \$19,827,288 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$19,350,940.

Custodial Credit Risk - Investments

For an investment, this 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.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury Notes & Bonds	\$ 9,429,104	0.5233
U.S. Agency Bonds	1,787,139	1.6137
Federated Government Obligations	42,807,432	0.0027
Total fair value	\$ 54,023,675	
Portfolio weighted average maturity		0.1469

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
Federated Government Obligations	\$ 42,807,432	AAAm	Standard & Poor's
Total	\$ 42,807,432		

Foreign Currency Risk

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

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	Level 1	Level 2	Level 3	Balance at June 30, 2023
Investments by fair value level				
U.S. Treasury Notes & Bonds	\$ -	\$ 9,429,104	\$ -	\$ 9,429,104
U.S. Agency Bonds	-	1,787,139	-	1,787,139
Federated Government Obligations	-	42,807,432	-	42,807,432
	<u>\$ -</u>	<u>\$ 54,023,675</u>	<u>\$ -</u>	<u>\$ 54,023,675</u>

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

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government
Cash and cash equivalents	\$ 19,350,940
Investments	<u>54,023,675</u>
	<u>\$ 73,374,615</u>

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 consist of the following:

	Government- wide
State aid	\$ 12,420,541
Federal revenue	3,582,733
Intermediate	115,561
Other	80,091
	\$ 16,198,926

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Assets not being depreciated				
Land	\$ 6,183,799	\$ 406,606	\$ -	\$ 6,590,405
Construction in progress	4,002,331	7,404,410	-	11,406,741
Total assets not being depreciated	10,186,130	7,811,016	-	17,997,146
Capital assets being depreciated				
Building and improvements	183,465,535	2,951,018	-	186,416,553
Land improvements	11,604,639	632,652	-	12,237,291
Furniture and other equipment	12,154,369	1,055,679	6,534	13,203,514
Transportation equipment	7,086,680	93,300	-	7,179,980
Subtotal	214,311,223	4,732,649	6,534	219,037,338
Accumulated depreciation				
Building and improvements	87,687,025	5,166,925	-	92,853,950
Land improvements	6,734,939	566,788	-	7,301,727
Furniture and other equipment	10,490,241	345,975	6,534	10,829,682
Transportation equipment	4,471,132	446,933	-	4,918,065
Total accumulated depreciation	109,383,337	6,526,621	6,534	115,903,424
Net capital assets being depreciated	104,927,886	(1,793,972)	-	103,133,914
Net governmental capital assets	\$ 115,114,016	\$ 6,017,044	\$ -	\$ 121,131,060

Depreciation for the fiscal year ended June 30, 2023 amounted to \$6,526,621. The District determined that it was impractical to allocate depreciation to the various activities as follows as they serve multiple functions.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS

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

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences and Termination Benefits	Total
Balance July 1, 2022	\$ 112,577,703	\$ 750,000	\$ 1,059,061	\$ 114,386,764
Additions	30,145,889	-	10,125	30,156,014
Deletions	(11,342,901)	(100,000)	(27,912)	(11,470,813)
Balance June 30, 2023	131,380,691	650,000	1,041,274	133,071,965
Due within one year	(11,140,000)	(100,000)	(104,127)	(11,344,127)
Due in more than one year	<u>\$ 120,240,691</u>	<u>\$ 550,000</u>	<u>\$ 937,147</u>	<u>\$ 121,727,838</u>

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2023 are comprised of the following issues:

General Obligation Bonds

2012 Refunding bonds due in annual installments of \$1,455,000 to \$1,915,000 through May 1, 2027, with interest ranging from 3.000% to 3.125%.	\$ 7,060,000
2015 Refunding bonds due in annual installments of \$3,130,000 to \$3,510,000 through May 1, 2025, with interest at 5.000%.	6,640,000
2015 Building and Site bonds due in annual installments of \$425,000 to \$4,225,000 through May 1, 2033, with interest at 5.000%.	26,000,000
2017 Refunding bonds due in an annual installment of \$1,125,000 at May 1, 2024, with interest at 4.000%.	1,125,000
2017 Refunding bonds due in annual installments of \$1,200,000 to \$2,000,000 through May 1, 2030, with interest ranging from 2.500% to 5.000%.	12,140,000
2018 Building and Site bonds due in annual installments of \$565,000 to \$1,925,000 through May 1, 2028, with interest at 4.000%.	6,910,000
2020 Refunding bonds due in annual installments of \$1,625,000 to \$2,250,000 through May 1, 2034, with interest ranging from 1.775% to 2.325%.	12,250,000
2021 Building and Site bonds due in annual installments of \$720,000 to \$1,715,000 through May 1, 2041, with interest ranging from 3.000% to 4.000%.	22,250,000
2023 Building and Site bonds due in annual installments of \$540,000 to \$2,240,000 through May 1, 2043, with interest ranging at 5.000%	27,115,000
Plus issuance premium	<u>9,890,691</u>
Total general obligation bonds	131,380,691

Direct Borrowing and Direct Placement

Note payable to Huntington National Bank for purchase of land. Due in quarterly principal payments of \$25,000 with an interest rate of 2.23%.	650,000
Compensated absences and termination benefits	<u>1,041,274</u>
Total general long-term obligations	<u><u>\$ 133,071,965</u></u>

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$650,000 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Termination benefits are offered to members of the District's teacher's union as an incentive/severance pay. The schedule of benefits is outlined in the negotiated contract between the District and the teacher's union. The benefits and payments can be scheduled over one to seven years and are reflected as expenditures when granted. The estimated liability for future payments is recorded as a noncurrent liability in the governmental-wide statement of net position.

The annual requirements to amortize long-term obligations outstanding, including interest of \$38,222,588, exclusive of compensated absences and termination benefit payments as of June 30, 2023, are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowing and Direct Placement		Compensated Absences and Termination Benefits	Total
	Principal	Interest	Principal	Interest		
2024	\$ 11,140,000	\$ 5,053,476	\$ 100,000	\$ 13,659	\$ -	\$ 16,193,476
2025	11,370,000	4,642,732	100,000	11,429	-	16,012,732
2026	9,650,000	4,126,932	100,000	9,199	-	13,776,932
2027	8,345,000	3,705,844	100,000	6,969	-	12,050,844
2028	8,860,000	3,350,950	100,000	4,739	-	12,210,950
2029 - 2033	42,520,000	11,331,942	150,000	2,927	-	53,851,942
2034 - 2038	16,785,000	4,534,262	-	-	-	21,319,262
2039 - 2043	12,820,000	1,476,450	-	-	-	14,296,450
	121,490,000	38,222,588	650,000	48,922	-	159,712,588
Issuance premium	9,890,691	-	-	-	-	9,890,691
Compensated absences and termination benefits	-	-	-	-	1,041,274	1,041,274
	<u>\$ 131,380,691</u>	<u>\$ 38,222,588</u>	<u>\$ 650,000</u>	<u>\$ 48,922</u>	<u>\$ 1,041,274</u>	<u>\$ 170,644,553</u>

Interest expense (all funds) for the year ended June 30, 2023 was approximately \$4,190,470.

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

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

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

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012 (continued)

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$20,898,000. Of the total pension contributions approximately \$20,380,000 was contributed to fund the Defined Benefit Plan and approximately \$518,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately \$3,904,000. Of the total OPEB contributions approximately \$3,590,000 was contributed to fund the Defined Benefit Plan and approximately \$314,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB)

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

Pension Liabilities

The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. 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, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2022	September 30, 2021
Total Pension Liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan Fiduciary Net Position	\$ 58,268,076,344	\$ 62,717,060,920
Net Pension Liability	\$ 37,608,719,276	\$ 23,675,412,475
Proportionate Share	0.44873%	0.43402%
Net Pension Liability for the District	\$ 168,760,809	\$ 102,755,372

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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 \$23,870,802.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual pension plan investment earnings	\$ 395,744	\$ -
Differences between expected and actual experience	1,688,197	(377,331)
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,337,329	(75,837)
Changes of assumptions	28,999,154	-
Reporting Unit's contributions subsequent to the measurement date	<u>19,198,364</u>	<u>-</u>
	<u>\$ 57,618,788</u>	<u>\$ (453,168)</u>

\$19,198,364, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	<u>Amount</u>
2023	\$ 11,934,328
2024	8,931,971
2025	7,021,181
2026	10,079,776

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Liabilities

The net OPEB liability 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 date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total other postemployment benefits liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan fiduciary net position	\$ 10,404,650,683	\$ 10,520,015,621
Net other postemployment benefits liability	\$ 2,118,062,641	\$ 1,526,377,890
Proportionate share	0.44979%	0.44174%
Net other postemployment benefits liability for the District	\$ 9,526,855	\$ 6,742,669

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 benefit of \$2,772,622.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual other postemployment benefits plan investment earnings	\$ 744,599	\$ -
Differences between expected and actual experience	-	(18,659,459)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,216,272	(11,810)
Changes of assumptions	8,491,592	(691,434)
Reporting Unit's contributions subsequent to the measurement date	3,101,931	-
	<u>\$ 14,554,394</u>	<u>\$ (19,362,703)</u>

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

\$3,101,931, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	Amount
2023	\$ (2,856,196)
2024	(2,574,884)
2025	(2,441,179)
2026	18,674
2027	(75,383)
2028	18,728

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, and Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit – Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree’s death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.1%
International Equity Pools	15.0%	6.7%
Private Equity Pools	16.0%	8.7%
Real Estate and Infrastructure Pools	10.0%	5.3%
Fixed Income Pools	13.0%	-0.2%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	-0.5%
	<u>100.0%</u>	

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

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those 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.

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. 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 school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 222,701,572	\$ 168,760,809	\$ 124,311,190

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 15,980,383	\$ 9,526,855	\$ 4,092,184

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 3,989,391	\$ 9,526,855	\$ 15,742,768

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors 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 workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2023 or any of the prior three years.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2023 are as follows:

	Transfers In				Total
	General Fund	2021 Capital Projects	Capital Projects- Sinking Fund	Nonmajor Governmental Funds	
Transfers out					
General Fund	\$ -	\$ -	\$ -	\$ 2,055,309	\$ 2,055,309
2018 Capital Projects	-	-	26,804	-	26,804
Capital Projects - Sinking Fund	-	1,669,000	-	-	1,669,000
Nonmajor governmental funds	167,000	-	-	32,186	199,186
	\$ 167,000	\$ 1,669,000	\$ 26,804	\$ 2,087,495	

During the year, transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

NOTE 10 - COMMITMENTS

The District has active capital projects outstanding at June 30, 2023. Approximately \$16,483,000 and \$29,915,000 is restricted and recorded as fund balance in the 2021 and 2023 capital projects funds, respectively.

NOTE 11 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77 (*Tax Abatements*). For the year ended June 30, 2023, the District received reduced property tax revenue as a result of property tax abatement agreements entered into by cities and townships with local businesses under the Industrial Facilities Tax PA 198 of 1974, as amended. The IFT provides a tax incentive to manufacturers to enable renovations and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. The IFT on a new plant and non-industrial property, such as some high-tech facilities, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

**ZEELAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - TAX ABATEMENTS (continued)

For the year ended June 30, 2023, the District’s property tax revenue abated under the program is as follows:

Municipality	Taxes Abated
Holland Township	\$ 101,737
Olive Township	59,008
City of Zeeland	945,890
Zeeland Township	1,247,913
	\$ 2,354,548

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the District’s financial statement after the adoption of GASB Statement No. 96.

REQUIRED SUPPLEMENTARY INFORMATION

**ZEELAND PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 10,385,604	\$ 11,162,171	\$ 11,196,439	\$ 34,268
State sources	62,118,820	67,271,337	66,979,660	(291,677)
Federal sources	5,244,945	5,809,026	5,484,630	(324,396)
Intermediate school districts	7,514,896	7,877,962	7,876,524	(1,438)
TOTAL REVENUES	85,264,265	92,120,496	91,537,253	(583,243)
EXPENDITURES				
Current				
Instruction				
Basic programs	41,539,894	45,213,772	44,868,191	345,581
Added needs	10,667,854	11,500,635	10,950,025	550,610
Adult and continuing education	655,163	621,720	551,815	69,905
Total instruction	52,862,911	57,336,127	56,370,031	966,096
Supporting services				
Pupil	5,815,647	5,938,674	5,886,801	51,873
Instructional staff	3,511,400	3,578,783	3,422,618	156,165
General administration	1,066,194	1,174,945	1,087,672	87,273
School administration	4,356,717	4,492,188	4,442,625	49,563
Business	942,567	905,273	855,957	49,316
Operation and maintenance	7,518,202	8,236,029	7,895,097	340,932
Pupil transportation	3,393,123	3,807,968	3,207,841	600,127
Central	2,562,193	2,158,286	2,046,195	112,091
Athletics	2,182,358	2,228,430	2,223,663	4,767
Total supporting services	31,348,401	32,520,576	31,068,469	1,452,107
Community services	978,644	979,160	969,372	9,788
Facilities acquisition	-	45,000	45,000	-
Outgoing transfers and other	-	153,600	163,200	(9,600)
TOTAL EXPENDITURES	85,189,956	91,034,463	88,616,072	2,418,391
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	74,309	1,086,033	2,921,181	1,835,148
OTHER FINANCING SOURCES (USES)				
Transfers in	167,000	167,000	167,000	-
Transfers out	(6,000)	(2,059,060)	(2,055,309)	3,751
TOTAL OTHER FINANCING SOURCES (USES)	161,000	(1,892,060)	(1,888,309)	3,751
NET CHANGE IN FUND BALANCE	\$ 235,309	\$ (806,027)	1,032,872	\$ 1,838,899
FUND BALANCE				
Beginning of year			14,250,209	
End of year			<u>\$ 15,283,081</u>	

**ZEELAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.44873%	0.43402%	0.41915%	0.40561%	0.39548%	0.39312%	0.39146%	0.38912%	0.37415%
Reporting Unit's proportionate share of net pension liability	\$ 168,760,809	\$ 102,755,372	\$ 143,981,389	\$ 134,324,928	\$ 118,887,874	\$ 101,875,319	\$ 97,665,411	\$ 95,042,667	\$ 82,411,102
Reporting Unit's covered-employee payroll	\$ 43,858,573	\$ 40,088,685	\$ 37,840,961	\$ 36,146,879	\$ 33,938,994	\$ 32,997,921	\$ 33,263,832	\$ 32,545,164	\$ 31,838,045
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	384.78%	256.32%	380.49%	371.61%	350.30%	308.73%	293.61%	292.03%	258.84%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**ZEELAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED OF THE YEAR ENDED JUNE 30)**

	<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 pension contributions	\$ 20,380,401	\$ 14,711,377	\$ 12,940,519	\$ 11,419,773	\$ 10,667,167	\$ 10,041,830	\$ 9,378,125	\$ 9,170,646	\$ 7,268,997
Pension contributions in relation to statutorily required contributions	<u>20,380,401</u>	<u>14,711,377</u>	<u>12,940,519</u>	<u>11,419,773</u>	<u>10,667,167</u>	<u>10,041,830</u>	<u>9,378,125</u>	<u>9,170,646</u>	<u>7,268,997</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (pension)	\$ 43,808,325	\$ 41,560,190	\$ 39,512,895	\$ 37,596,062	\$ 35,509,584	\$ 33,749,225	\$ 33,899,736	\$ 33,187,911	\$ 32,505,926
Pension contributions as a percentage of covered-employee payroll	46.52%	35.40%	32.75%	30.37%	30.04%	29.75%	27.66%	27.63%	22.36%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**ZEELAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net other postemployment benefits liability (%)	0.44979%	0.44174%	0.42647%	0.41333%	0.39839%	0.39381%
Reporting Unit's proportionate share of net other post employment benefits liability	\$ 9,526,855	\$ 6,742,669	\$ 22,847,317	\$ 29,667,644	\$ 31,668,147	\$ 34,873,336
Reporting Unit's covered-employee payroll	\$ 43,858,573	\$ 40,088,685	\$ 37,840,961	\$ 36,146,879	\$ 33,938,994	\$ 32,997,921
Reporting Unit's proportionate share of net other postemployment benefits liability as a percentage of its covered-employee payroll	21.72%	16.82%	60.38%	82.08%	93.31%	105.68%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers)	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**ZEELAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED OF THE YEAR ENDED JUNE 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required other postemployment benefits contributions	\$ 3,589,890	\$ 3,434,221	\$ 3,222,298	\$ 2,984,960	\$ 2,777,815	\$ 2,454,177
Other postemployment benefits contributions in relation to statutorily required contributions	<u>3,589,890</u>	<u>3,434,221</u>	<u>3,222,298</u>	<u>2,984,960</u>	<u>2,777,815</u>	<u>2,454,177</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (OPEB)	\$ 43,808,325	\$ 41,560,190	\$ 39,512,895	\$ 37,596,062	\$ 35,509,584	\$ 33,749,225
Other post employment benefit contributions as a percentage of covered-employee payroll	8.19%	8.26%	8.16%	7.94%	7.82%	7.27%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**ZEELAND PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate decreased to 6.00% from 6.95%.

ADDITIONAL SUPPLEMENTARY INFORMATION

**ZEELAND PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds					Total Nonmajor Funds
	Food Service	Community Recreation	Community Services	Student/ School Activities	Technology Capital Projects	
ASSETS						
Cash and cash equivalents	\$ 1,424,635	\$ 882,028	\$ 1,214,878	\$ 814,029	\$ 2,058,438	\$ 6,394,008
Accounts receivable	204,217	88,217	104,433	-	-	396,867
Inventories	35,575	-	-	-	-	35,575
Prepaid expenses	2,163	-	-	-	-	2,163
TOTAL ASSETS	\$ 1,666,590	\$ 970,245	\$ 1,319,311	\$ 814,029	\$ 2,058,438	\$ 6,828,613
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 23,947	\$ 87,684	\$ 34,142	\$ -	\$ -	\$ 145,773
Accrued salaries and related items	15,012	13,976	41,075	-	-	70,063
Accrued retirement	2,404	4,389	15,506	-	-	22,299
Unearned revenue	77,194	180,579	19,048	-	-	276,821
TOTAL LIABILITIES	118,557	286,628	109,771	-	-	514,956
FUND BALANCES						
Nonspendable						
Inventories	35,575	-	-	-	-	35,575
Prepays	2,163	-	-	-	-	2,163
Restricted	1,510,295	683,617	-	-	-	2,193,912
Committed	-	-	1,209,540	814,029	-	2,023,569
Assigned for capital projects	-	-	-	-	2,058,438	2,058,438
TOTAL FUND BALANCES	1,548,033	683,617	1,209,540	814,029	2,058,438	6,313,657
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,666,590	\$ 970,245	\$ 1,319,311	\$ 814,029	\$ 2,058,438	\$ 6,828,613

**ZEELAND PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds						Total Nonmajor Funds
	Food Service	Community Recreation	Community Services	Chix Country Store/ Dux Pond	Student/ School Activities	Technology Capital Projects	
REVENUES							
Local sources	\$ 1,024,757	\$ 1,857,574	\$ 1,041,917	\$ 35,693	\$ 2,505,760	\$ 5,378	\$ 6,471,079
State sources	298,793	140,528	104,433	-	-	-	543,754
Federal sources	1,371,875	-	412,649	-	-	-	1,784,524
TOTAL REVENUES	2,695,425	1,998,102	1,558,999	35,693	2,505,760	5,378	8,799,357
EXPENDITURES							
Current							
Salaries	693,948	576,131	720,327	-	-	-	1,990,406
Benefits	410,597	310,014	361,407	-	-	-	1,082,018
Purchased services	92,510	528,176	80,345	-	-	-	701,031
Supplies and materials	281,584	191,975	82,924	-	-	-	556,483
Food purchases	681,392	-	-	-	-	-	681,392
Donated commodities	121,564	-	-	-	-	-	121,564
Student/school activities	-	-	-	-	2,522,935	-	2,522,935
Other expenditures	-	138,619	25,277	45,329	-	-	209,225
Capital outlay	884,949	64,259	30,662	51	-	-	979,921
Other	46,799	-	-	-	-	-	46,799
TOTAL EXPENDITURES	3,213,343	1,809,174	1,300,942	45,380	2,522,935	-	8,891,774
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(517,918)	188,928	258,057	(9,687)	(17,175)	5,378	(92,417)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	2,249	-	-	32,186	2,053,060	2,087,495
Transfers out	(85,000)	(45,000)	(37,000)	(32,186)	-	-	(199,186)
TOTAL OTHER FINANCING SOURCES (USES)	(85,000)	(42,751)	(37,000)	(32,186)	32,186	2,053,060	1,888,309
NET CHANGE IN FUND BALANCES	(602,918)	146,177	221,057	(41,873)	15,011	2,058,438	1,795,892
FUND BALANCES							
Beginning of year	2,150,951	537,440	988,483	41,873	799,018	-	4,517,765
End of year	\$ 1,548,033	\$ 683,617	\$ 1,209,540	\$ -	\$ 814,029	\$ 2,058,438	\$ 6,313,657

**ZEELAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$21,745,000 Refunding bonds issued in 2012.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,455,000	\$ 108,266	\$ 108,266	2024	\$ 1,671,532
1,820,000	86,441	86,441	2025	1,992,882
1,870,000	59,141	59,141	2026	1,988,282
1,915,000	29,922	29,922	2027	1,974,844
<u>\$ 7,060,000</u>	<u>\$ 283,770</u>	<u>\$ 283,770</u>		<u>\$ 7,627,540</u>

**ZEELAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$25,055,000 Refunding bonds issued in 2015.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 3,130,000	\$ 166,000	\$ 166,000	2024	\$ 3,462,000
<u>3,510,000</u>	<u>87,750</u>	<u>87,750</u>	2025	<u>3,685,500</u>
<u>\$ 6,640,000</u>	<u>\$ 253,750</u>	<u>\$ 253,750</u>		<u>\$ 7,147,500</u>

**ZEELAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$38,250,000 Building and Site bonds issued 2015.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 425,000	\$ 650,000	\$ 650,000	2024	\$ 1,725,000
850,000	639,375	639,375	2025	2,128,750
1,850,000	618,125	618,125	2026	3,086,250
1,950,000	571,875	571,875	2027	3,093,750
2,075,000	523,125	523,125	2028	3,121,250
2,225,000	471,250	471,250	2029	3,167,500
4,100,000	415,625	415,625	2030	4,931,250
4,125,000	313,125	313,125	2031	4,751,250
4,175,000	210,000	210,000	2032	4,595,000
4,225,000	105,625	105,625	2033	4,436,250
<u>\$ 26,000,000</u>	<u>\$ 4,518,125</u>	<u>\$ 4,518,125</u>		<u>\$ 35,036,250</u>

**ZEELAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$8,065,000 Refunding bonds issued 2017.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,125,000	\$ 22,500	\$ 22,500	2024	\$ 1,170,000

**ZEELAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$14,600,000 Refunding bonds issued 2017.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,200,000	\$ 288,500	\$ 288,500	2024	\$ 1,777,000
1,445,000	273,500	273,500	2025	1,992,000
1,745,000	237,375	237,375	2026	2,219,750
1,835,000	193,750	193,750	2027	2,222,500
1,915,000	147,875	147,875	2028	2,210,750
2,000,000	100,000	100,000	2029	2,200,000
2,000,000	50,000	50,000	2030	2,100,000
<u>\$ 12,140,000</u>	<u>\$ 1,291,000</u>	<u>\$ 1,291,000</u>		<u>\$ 14,722,000</u>

**ZEELAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$10,345,000 Building and Site bonds issued in 2018.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 565,000	\$ 138,200	\$ 138,200	2024	\$ 841,400
595,000	126,900	126,900	2025	848,800
1,900,000	115,000	115,000	2026	2,130,000
1,925,000	77,000	77,000	2027	2,079,000
1,925,000	38,500	38,500	2028	2,002,000
<u>\$ 6,910,000</u>	<u>\$ 495,600</u>	<u>\$ 495,600</u>		<u>\$ 7,901,200</u>

**ZEELAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$13,360,000 Refunding bonds issued in 2020.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ -	\$ 129,300	\$ 129,300	2024	\$ 258,600
-	129,300	129,300	2025	258,600
-	129,300	129,300	2026	258,600
-	129,300	129,300	2027	258,600
1,625,000	129,300	129,300	2028	1,883,600
1,625,000	114,878	114,878	2029	1,854,756
-	99,562	99,562	2030	199,124
2,250,000	99,562	99,562	2031	2,449,124
2,250,000	76,219	76,219	2032	2,402,438
2,250,000	51,750	51,750	2033	2,353,500
2,250,000	26,156	26,156	2034	2,302,312
<u>\$ 12,250,000</u>	<u>\$ 1,114,627</u>	<u>\$ 1,114,627</u>		<u>\$ 14,479,254</u>

**ZEELAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$26,630,000 Building and Site bonds issued in 2021.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,000,000	\$ 376,225	\$ 376,225	2024	\$ 1,752,450
1,035,000	356,225	356,225	2025	1,747,450
735,000	335,525	335,525	2026	1,406,050
720,000	320,825	320,825	2027	1,361,650
780,000	306,425	306,425	2028	1,392,850
1,000,000	290,825	290,825	2029	1,581,650
1,000,000	270,825	270,825	2030	1,541,650
1,000,000	250,825	250,825	2031	1,501,650
1,225,000	230,825	230,825	2032	1,686,650
1,345,000	206,325	206,325	2033	1,757,650
1,385,000	186,150	186,150	2034	1,757,300
1,425,000	165,375	165,375	2035	1,755,750
1,510,000	144,000	144,000	2036	1,798,000
1,525,000	121,350	121,350	2037	1,767,700
1,570,000	98,475	98,475	2038	1,766,950
1,615,000	74,925	74,925	2039	1,764,850
1,665,000	50,700	50,700	2040	1,766,400
1,715,000	25,725	25,725	2041	1,766,450
<u>\$ 22,250,000</u>	<u>\$ 3,811,550</u>	<u>\$ 3,811,550</u>		<u>\$ 29,873,100</u>

**ZEELAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$27,115,000 Building and Site bonds issued in 2023.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 2,240,000	\$ 677,875	\$ 617,619	2024	\$ 3,535,494
2,115,000	621,875	621,875	2025	3,358,750
1,550,000	569,000	569,000	2026	2,688,000
-	530,250	530,250	2027	1,060,500
540,000	530,250	530,250	2028	1,600,500
1,065,000	516,750	516,750	2029	2,098,500
1,090,000	490,125	490,125	2030	2,070,250
1,140,000	462,875	462,875	2031	2,065,750
1,190,000	434,375	434,375	2032	2,058,750
1,240,000	404,625	404,625	2033	2,049,250
1,315,000	373,625	373,625	2034	2,062,250
1,370,000	340,750	340,750	2035	2,051,500
1,425,000	306,500	306,500	2036	2,038,000
1,480,000	270,875	270,875	2037	2,021,750
1,530,000	233,875	233,875	2038	1,997,750
1,565,000	195,625	195,625	2039	1,956,250
1,565,000	156,500	156,500	2040	1,878,000
1,565,000	117,375	117,375	2041	1,799,750
1,565,000	78,250	78,250	2042	1,721,500
1,565,000	39,125	39,125	2043	1,643,250
<u>\$ 27,115,000</u>	<u>\$ 7,350,500</u>	<u>\$ 7,290,244</u>		<u>\$ 41,755,744</u>

**ZEELAND PUBLIC SCHOOLS
DIRECT BORROWING AND DIRECT PLACEMENT
JUNE 30, 2023**

<u>Principal</u>	<u>Interest</u>	<u>Debt Service Requirement for Fiscal Year</u>	
		<u>June 30,</u>	<u>Amount</u>
\$ 100,000	\$ 13,659	2024	\$ 113,659
100,000	11,429	2025	111,429
100,000	9,199	2026	109,199
100,000	6,969	2027	106,969
100,000	4,739	2028	104,739
100,000	2,509	2029	102,509
<u>50,000</u>	<u>418</u>	2030	<u>50,418</u>
<u><u>\$ 650,000</u></u>	<u><u>\$ 48,922</u></u>		<u><u>\$ 698,922</u></u>

**ZEELAND PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
<u>U.S. Department of Agriculture</u>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
Entitlement Donated Foods	10.555		\$ 119,086	\$ -	\$ -	\$ -	\$ 119,086	\$ 119,086	\$ -
Bonus Entitlement Donated Foods			2,478	-	-	-	2,478	2,478	-
Non-cash Assistance subtotal			<u>121,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,564</u>	<u>121,564</u>	<u>-</u>
Cash Assistance									
National School Lunch Program	10.555	211961	2,106,870	68,761	2,106,870	-	-	68,761	-
National School Lunch Program		220910	134,375	-	-	-	134,375	134,375	-
National School Lunch Program		221960	107,418	-	-	-	107,418	107,418	-
National School Lunch Program		230910	64,328	-	-	-	64,328	64,328	-
National School Lunch Program		231960	756,474	-	-	-	756,474	735,433	21,041
			<u>3,169,465</u>	<u>68,761</u>	<u>2,106,870</u>	<u>-</u>	<u>1,062,595</u>	<u>1,110,315</u>	<u>21,041</u>
Total ALN 10.555			<u>3,291,029</u>	<u>68,761</u>	<u>2,106,870</u>	<u>-</u>	<u>1,184,159</u>	<u>1,231,879</u>	<u>21,041</u>
School Breakfast Program	10.553	211971	527,894	27,043	527,894	-	-	27,043	-
School Breakfast Program		221970	15,857	-	-	-	15,857	15,857	-
School Breakfast Program		231970	146,827	-	-	-	146,827	139,818	7,009
Total ALN 10.553			<u>690,578</u>	<u>27,043</u>	<u>527,894</u>	<u>-</u>	<u>162,684</u>	<u>182,718</u>	<u>7,009</u>
Total cash assistance			<u>3,860,043</u>	<u>95,804</u>	<u>2,634,764</u>	<u>-</u>	<u>1,225,279</u>	<u>1,293,033</u>	<u>28,050</u>
Total Child Nutrition Cluster			<u>3,981,607</u>	<u>95,804</u>	<u>2,634,764</u>	<u>-</u>	<u>1,346,843</u>	<u>1,414,597</u>	<u>28,050</u>
Local Food for Schools	10.185	230985	25,032	-	-	-	25,032	25,032	-
COVID-19 Pandemic EBT Local Level Costs	10.649	220980	3,135	-	-	-	3,135	3,135	-
Total U.S. Department of Agriculture			<u>4,009,774</u>	<u>95,804</u>	<u>2,634,764</u>	<u>-</u>	<u>1,375,010</u>	<u>1,442,764</u>	<u>28,050</u>

The accompanying notes are an integral part of this schedule.

**ZEELAND PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
U.S. Department of Education									
Passed through Michigan Department of Education									
Adult Education	84.002	221120	\$ 46,483	\$ 9,222	\$ 46,483	\$ -	\$ -	\$ 9,222	\$ -
Adult Education		221130	192,347	45,019	192,347	-	-	45,019	-
Adult Education		221190	49,963	49,963	49,963	-	-	49,963	-
Adult Education		231120	48,180	-	-	-	48,180	35,307	12,873
Adult Education		231130	194,471	-	-	-	194,471	127,530	66,941
Adult Education		231190	51,047	-	-	-	51,047	43,575	7,472
Total ALN 84.002			582,491	104,204	288,793	-	293,698	310,616	87,286
Title I Grants to Local Educational Agencies	84.010	221530-2122	160,374	30,463	122,811	-	-	30,463	-
Title I Grants to Local Educational Agencies		231530-2223	191,536	-	-	-	189,114	116,012	73,102
Total ALN 84.010			351,910	30,463	122,811	-	189,114	146,475	73,102
Title III English Language Acquisition	84.365	220580-2122	32,107	10,819	32,107	-	-	10,819	-
Title III English Language Acquisition		230580-2223	26,445	-	-	-	26,445	15,057	11,388
Total ALN 84.365			58,552	10,819	32,107	-	26,445	25,876	11,388
Title II, Part A-Student Support and Academic Achievement	84.367	220520-2122	116,241	62,535	74,066	-	10,680	73,215	-
Title II, Part A-Student Support and Academic Achievement		230520-2223	118,973	-	-	-	101,770	49,041	52,729
Total ALN 84.367			235,214	62,535	74,066	-	112,450	122,256	52,729
Student Support and Academic Enrichment	84.424	220750-2122	11,450	1,863	8,004	-	3,160	5,023	-
Student Support and Academic Enrichment		230750-2223	11,818	-	-	-	9,910	4,223	5,687
Total ALN 84.424			23,268	1,863	8,004	-	13,070	9,246	5,687
Education Stabilization Fund									
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER Formula Funds II)	84.425D	213712-2021	494,103	493,776	493,776	-	-	493,776	-
Emergency Relief Fund (ESSER Discretionary Summer School)	84.425D	213722-2122	172,700	9,604	126,695	-	-	9,604	-
Emergency Relief Fund (98c Learning Loss)	84.425D	213782-2223	1,110,473	728,484	728,484	-	289,870	728,484	289,870
Emergency Relief Fund (ESSER Formula Funds III)	84.425U	213713-2122	5,845,772	80,906	80,906	-	2,617,275	606,013	2,092,168
Emergency Relief Fund (ESSER Discretionary 11t)	84.425U	213723-2122	321,274	-	-	-	321,274	-	321,274
Total ALN 84.425			7,944,322	1,312,770	1,429,861	-	3,228,419	1,837,877	2,703,312

The accompanying notes are an integral part of this schedule.

**ZEELAND PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
<u>U.S. Department of Education</u>									
Passed through Ottawa Intermediate School District									
Special Education Cluster									
IDEA Flowthrough	84.027A	220450-2122	\$ 1,268,977	\$ 774,419	\$ 1,258,155	\$ -	\$ 10,822	\$ 785,241	\$ -
IDEA Flowthrough	84.027A	230450-2223	1,324,575	-	-	-	1,324,575	792,858	531,717
COVID-19 IDEA Flowthrough (ARP)	84.027X	221280-2122	291,262	86,887	86,887	-	204,375	212,382	78,880
Total ALN 84.027			<u>2,884,814</u>	<u>861,306</u>	<u>1,345,042</u>	<u>-</u>	<u>1,539,772</u>	<u>1,790,481</u>	<u>610,597</u>
Special Education Preschool Grants	84.173A	220460-2122	27,679	16,460	27,679	-	-	16,460	-
Special Education Preschool Grants	84.173A	230460-2122	37,443	-	-	-	37,443	26,861	10,582
COVID-19 Special Education Preschool Grants (ARP)	84.173X	221285-2122	20,861	20,861	20,861	-	-	20,861	-
Total ALN 84.173			<u>85,983</u>	<u>37,321</u>	<u>48,540</u>	<u>-</u>	<u>37,443</u>	<u>64,182</u>	<u>10,582</u>
Total Special Education Cluster			<u>2,970,797</u>	<u>898,627</u>	<u>1,393,582</u>	<u>-</u>	<u>1,577,215</u>	<u>1,854,663</u>	<u>621,179</u>
Homeless Students Grant	84.196	232320-2223	712	-	-	-	712	712	-
Total U.S. Department of Education			<u>12,167,266</u>	<u>2,421,281</u>	<u>3,349,224</u>	<u>-</u>	<u>5,441,123</u>	<u>4,307,721</u>	<u>3,554,683</u>
<u>U.S. Department of Health and Human Services</u>									
Passed through Ottawa County									
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	NU50CK00510	22,562	-	-	-	22,562	22,562	-
Passed through Allegan Area Education Service Agency									
Medicaid Cluster									
Medical Assistance Program	93.778	2023	17,810	-	-	-	17,810	17,810	-
Total U.S. Department of Health and Human Services			<u>40,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,372</u>	<u>40,372</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 16,217,412</u></u>	<u><u>\$ 2,517,085</u></u>	<u><u>\$ 5,983,988</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,856,505</u></u>	<u><u>\$ 5,790,857</u></u>	<u><u>\$ 3,582,733</u></u>

The accompanying notes are an integral part of this schedule.

**ZEELAND PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Zeeland Public Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Zeeland Public Schools, it is not intended to and does not present the financial position or changes in net position of Zeeland Public Schools.

Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Zeeland Public Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements June 30, 2023:

General fund	\$ 5,484,630
Other nonmajor governmental funds	1,784,524
	7,269,154
Total federal revenue in the fund financial statements	7,269,154
Federal revenue not subject to single audit act	(412,649)
	(412,649)
Expenditures per schedule of expenditures of federal awards	\$ 6,856,505

NOTE 4 - PROGRAM CLUSTERS

Program clusters contained within the schedule are as follows:

Child Nutrition Cluster consists of Assistance Listing #10.553 and #10.555. The Special Education Cluster consists of Assistance Listing #84.027 and #84.173. The Medicaid Cluster consists of Assistance Listing #93.778.



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**INDEPENDENT AUDITOR'S 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***

To the Board of Education of
Zeeland Public Schools

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 Zeeland Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Zeeland Public Schools' basic financial statements, and have issued our report thereon dated October 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Zeeland Public Schools' internal control over financial reporting (internal control) as a basis for designing 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 Zeeland Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Zeeland Public Schools' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Zeeland Public Schools' financial statements are free from 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 financial statements. 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

October 3, 2023



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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

To the Board of Education of
Zeeland Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Zeeland Public Schools' 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 Zeeland Public Schools' major federal programs for the year ended June 30, 2023. Zeeland Public Schools' 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, Zeeland Public Schools 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 Zeeland Public Schools 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 Zeeland Public Schools' 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 Zeeland Public Schools' 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 Zeeland Public Schools' 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 Zeeland Public Schools' 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 Zeeland Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Zeeland Public Schools' 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 Zeeland Public Schools' 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.

Maney Costeiran PC

October 3, 2023

**ZEELAND PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X None
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X None

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X None
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

ALN(s)	Name of Federal Program or Cluster
10.553 and 10.555 84.425	Child Nutrition Cluster Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Question Costs

None

**ZEELAND PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Award Findings and Questioned Costs

Finding 2022-001: Considered a significant deficiency in internal control over compliance..

Criteria: In order to comply with Michigan Department of Education requirements, the District's food service fund balance cannot exceed three months of operating expenditures.

Condition: Zeeland Public Schools currently has more than the allowable fund balance in the non-profit food service fund. As a result, the District will be required to develop a spending plan to reduce the balance to an acceptable level during the 2021-2022 school year. The plan must be submitted to the Michigan Department of Education prior to implementation. Excess funds cannot be transferred to the general fund except to the extent of the allowable indirect costs transfer.

Questioned costs: None

Cause: The District's received more funding than anticipated through the seamless summer option meals and was unable to reduce the fund balance before year end.

Effect: The District has an excess fund balance in the non-profit food service fund.

Recommendation: The District should submit and implement a spend down plan for the 2021-2022 school year that will adequately reduce the food service fund balance to an acceptable level in accordance with MDE guidelines.

District's Response: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

Status: Michigan Department of Education is no longer requesting excess fund balances to be reported as a finding. Michigan Department of Education is requesting that auditors inform the District via a management comment in the management letter instead.