KALKASKA PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS

JUNE 30, 2022

Baird, Cotter & Bishop, P.C.
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS
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KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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August 25, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Kalkaska Public Schools
Kalkaska, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kalkaska Public Schools, Kalkaska, Michigan as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kalkaska 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 these 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 Kalkaska 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 judgement 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 judgement 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 Kalkaska 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kalkaska 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 required supplementary information, as identified in the table of contents, on pages iv through xii and 38-43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kalkaska Public Schools' basic financial statements. The accompanying combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, 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 August 25, 2022, on our consideration of Kalkaska 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 Kalkaska 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 Kalkaska Public Schools' internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

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

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

Financial Highlights Section

Government-Wide

- 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 $16,991,367, creating a deficit net position. Of this amount, net capital assets net of related debt was a positive $6,491,138.

- The government's total net deficit decreased by $2,122,495.

Fund Level

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $18,538,446, a decrease of $1,429,745 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $3,524,920.

Overview of the Financial Statements

A. Government-Wide Financial Statements

The government-wide statements provide short-term and long-term financial information about the District's overall financial status. The district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, and liabilities. All of the year's revenue and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets, deferred outflows of resources and liabilities – are one way to measure the District's financial health or position.

Over time, increases and decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District requires consideration of additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all shown in one category titled "Governmental Activities". These activities, including regular and special education, transportation, administration, food services, athletic activities, and community services, are primarily financed with state and federal aids and property taxes.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called "non-major" funds. Detailed financial information for non-major funds can be found in the combining and individual fund statements section.

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 may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

***Governmental Funds* –** The District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can be readily 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 to determine whether there are more or less 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 government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

***Fiduciary Funds* –** The District is a trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

The District maintains one type of fiduciary fund. The Custodial fund reports resources held by the District in a custodial capacity for individuals, private organizations and other governments.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-37 of this report.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

C. Summary of Net Position

The following schedule summarizes the net position at fiscal year ended June 30.

	2022	2021
Assets		
Current Assets	$ 21,157,659	$ 21,925,840
Non Current Assets		
Capital Assets	43,828,260	42,096,726
Less Accumulated Depreciation	(27,770,391)	(25,805,231)
Total Non Current Assets	16,057,869	16,291,495
Total Assets	37,215,528	38,217,335
Deferred Outflows of Resources	8,013,173	11,055,298
Liabilities		
Current Liabilities	4,796,905	4,502,971
Non Current Liabilities	43,689,666	58,821,368
Total Liabilities	48,486,571	63,324,339
Deferred Inflows of Resources	13,733,497	5,062,156
Net Position		
Net Investment in Capital Assets	6,491,138	5,969,434
Restricted for Debt Service	467,774	726,110
Unrestricted - (Deficit)	(23,950,279)	(25,809,406)
Total Net Position - (Deficit)	$ (16,991,367)	$ (19,113,862)

D. Analysis of Financial Position

During the fiscal year ended June 30, 2022, the District's net position increased by $2,122,495. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation Expense

The District is required to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2022, $2,078,676 was recorded for depreciation expense.

2. ***Pension and Other Postemployment Benefits Expenses***

GASB 68 and 75 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or a decrease in net position depending on whether the District's proportionate share of the net pension and other postemployment benefit liabilities increases or decreases in any given year. For the year ended June 30, 2022, the District reported an increase in net position related to GASB 68 and 75, which indicates that the District's proportionate share of the net pension and other postemployment benefits liability has decreased by that amount.

3. ***Capital Outlay Acquisitions***

For the fiscal year ended June 30, 2022, $1,845,050 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, retired capital assets, and the current year's depreciation is a decrease to capital assets in the amount of $233,626 for the fiscal year ended June 30, 2022.

E. Change in Net Position

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30.

	2022	2021
General Revenues		
Property Taxes	$ 8,908,031	$ 8,629,186
Investment Earnings	18,018	3,615
State Sources	5,656,830	5,513,901
Other	117,715	39,120
Total General Revenues	14,700,594	14,185,822
Program Revenues		
Charges for Services	196,469	122,071
Operating Grants and Contributions	7,907,184	6,575,397
Capital Grants and Contributions	51,851	46,278
Total Program Revenues	8,155,504	6,743,746
Total Revenues	22,856,098	20,929,568

	2022	2021
Expenses		
Instruction	10,787,456	11,867,268
Supporting Services	5,794,767	6,777,446
Community Services	90,233	61,706
Payments to Other Districts	16,450	19,780
Facilities Acquisition, Construction, and Improvements	86,800	18,145
Food Service	999,963	933,068
Interest on Long-Term Debt	879,258	1,464,767
Bond Issuance Costs	0	179,737
Unallocated Depreciation	2,078,676	2,095,431
Total Expenses	20,733,603	23,417,348
Changes in Net Position	$ 2,122,495	$ (2,487,780)

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies 18 mills of property taxes for operations (General Fund) on Non-Principal Residence Exemption properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

The District's non-principal property taxable value for the 2021-2022 fiscal year was $342,294,079 and the commercial personal property taxable value was $11,436,600 for a total of $353,730,679. The non-principal residence and commercial personal property taxable value increased by 2.73% over the prior year.

The following table summarizes the District's non homestead taxable value for the past five years:

Fiscal Year	Non-homestead Taxable Value	% Increase from Prior Year
2021-2022	$ 353,730,679	2.73%
2020-2021	344,321,260	1.68%
2019-2020	338,617,471	2.97%
2018-2019	328,859,150	1.61%
2017-2018	323,633,211	1.07%

2. *State Sources*

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. For fiscal year ended June 30, 2022, the per pupil foundation allowance was $8,700 for Kalkaska Public Schools.

3. *Student Enrollment*

The following schedule summarizes the blended student enrollment for the past five fiscal years:

Fiscal Year	Blended Student FTE
2021-2022	1,412
2020-2021	1,451
2019-2020	1,472
2018-2019	1,508
2017-2018	1,546

4. *Operating Grants*

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2022, federal, state, and other grants of this type were $7,907,184.

G. Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	2022	2021	Increase (Decrease)
Major Funds			
General Fund	$ 3,731,125	$ 3,221,825	$ 509,300
2021 Capital Projects Fund	13,294,020	15,154,657	(1,860,637)
2010 QSCB Debt Service Fund	391,066	512,862	(121,796)
Nonmajor Funds			
Food Service	587,055	451,653	135,402
Student Activities	280,780	248,624	32,156
2021 Debt Service Fund	216,489	0	216,489
2010 QZAB Debt Service Fund	37,911	222,247	(184,336)
2016 Tech Debt Service Fund	0	156,323	(156,323)
Total Governmental Funds	$ 18,538,446	$ 19,968,191	$ (1,429,745)

In 2021-2022, the General Fund balance increased 15.81% primarily due to increase in taxes and state aid.

The 2021 Capital Projects Fund balance decrease is a result of the significant spending that has begun.

The 2010 QSCB Debt Service Fund balance decreased due to debt service payments for the year exceeding the revenues.

The Food Service Fund had an increase due to an increase in federal reimbursements from being seamless summer option all year.

The Student Activities Fund had an increase due to monies collected being more than paid out.

The 2021 Debt Service Fund is new due to a new bond issuance.

The 2010 QZAB Debt Service Fund experienced a decrease in fund balance due to the debt service payments exceeding the amount of revenues during the fiscal year.

The 2016 Tech Debt Service Fund decreased to $0 due to debt service being paid off and the remaining balance transferred to the 2010 QSCB Debt Service Fund.

H. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2021-2022 fiscal year, the District amended the general fund budget at various times. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues and Incoming Transfers	$ 17,350,000	$ 18,429,000	$ 18,537,802
EXPENDITURES			
Instruction	$ 11,320,482	$ 11,414,631	$ 11,627,678
Supporting Services	5,968,219	6,183,939	6,145,853
Community Services	93,116	89,317	90,109
Payments to Other Districts	19,520	16,450	16,450
Debt Service	148,663	148,663	148,412
Total Expenditures	$ 17,550,000	$ 17,853,000	$ 18,028,502

The revenue budget was amended as it became clearer on the amounts the District would receive for State and Federal Funding, as well as funding from Property Taxes and Local Grants. The expenditures were amended to account for the anticipated spending. The variance between actual and amended revenues was mostly attributable to some late arriving billings for various grant programs supported after the final budget was approved. The variance between actual and amended expenditures was minimal and represented 0.98% of total expenditures.

I. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2022, the District has $43,828,260 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a decrease of $233,626 after factoring in additions and dispositions over the prior fiscal year. Depreciation expense for the year amounted to $2,078,676 bringing the accumulated depreciation to $27,770,391 as of June 30, 2022. The District purchased new buildings and additions of $25,260, furniture and equipment for $169,425, land improvements for $19,063, and construction in progress of $1,631,302.

Prior to the end of the fiscal year the District committed to spend $317,780 on three buses, these buses will be funded by a grant and bond money. The District also has a large construction project under the 2021 bond of $14,219,858. As of June 30, 2022, $12,602,409 is remaining to be spent on the project.

2. Long-Term Obligations

At June 30, 2022, the District had $19,740,000 in bonded obligations outstanding. This represents a decrease of $2,380,000 from the amount outstanding at the close of the prior fiscal year. Additionally, at June 30, 2022, the estimated net pension and other postemployment benefits liabilities are $21,460,253 and $1,368,662 respectively.

J. Factors Bearing on the District's Future

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

- The current retirement rate is estimated to be 43.28%. Although the District will see some cost containment in this area due to enacted reforms, we are concerned about State Aid funding stability and how the future retirement rates will be calculated with changes in legislation.

- Uncertainties related to enrollment counts continue to present budgeting challenges for all Michigan school districts. Enrollment projections were consistent with fiscal year 2021-2022 actual counts.

- As currently approved, the State Aid Bill is expected to provide the District with per-pupil funding that is equivalent to the adopted budget projection, which was conservatively derived.

K. Contacting the District's Financial Management

This financial report is designed to provide 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 financial information, please contact Kalkaska Public Schools, 315 S. Coral, Kalkaska, MI 49646.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 1,988,450
Restricted Cash	6,281,532
Investments	3,534,862
Restricted Investments	7,323,885
Accounts Receivable	11,306
Due from Other Governmental Units	1,987,110
Prepaid Expenses	24,205
Inventory	6,309
Total Current Assets	21,157,659
NON CURRENT ASSETS	
Capital Assets	43,828,260
Less Accumulated Depreciation	(27,770,391)
Total Non Current Assets	16,057,869
TOTAL ASSETS	37,215,528
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	5,784,740
Deferred Outflows Related to Other Postemployment Benefits	2,228,433
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,013,173

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	425,100
Due to Other Governmental Units	308,943
Salaries Payable	1,062,852
Accrued Expenses	514,041
Unearned Revenue	308,277
Accrued Interest Payable	177,692
Current Portion of Non Current Liabilities	2,000,000
Total Current Liabilities	4,796,905
NON CURRENT LIABILITIES	
Bonds Payable (Net)	22,860,751
Net Pension Liability	21,460,253
Net Other Postemployment Benefits Liability	1,368,662
Less Current Portion of Non Current Liabilities	(2,000,000)
Total Non Current Liabilities	43,689,666
TOTAL LIABILITIES	48,486,571
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	8,467,070
Deferred Inflows Related to Other Postemployment Benefits	5,266,427
TOTAL DEFERRED INFLOWS OF RESOURCES	13,733,497
NET POSITION	
Net Investment in Capital Assets	6,491,138
Restricted for Debt Service	467,774
Unrestricted (Deficit)	(23,950,279)
TOTAL NET POSITION (Deficit)	$ (16,991,367)

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES: NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 10,787,456	$ 103,774	$ 4,346,968	$ 9,810	$ (6,326,904)
Supporting Services	5,794,767	50,052	1,935,089	0	(3,809,626)
Community Services	90,233	0	1,345	0	(88,888)
Payments to Other Districts	16,450	0	0	0	(16,450)
Facilities Acquisition, Construction, and Improvements	86,800	0	0	42,041	(44,759)
Food Service	999,963	42,643	1,158,477	0	201,157
Interest on Long Term Debt	879,258	0	465,305	0	(413,953)
Unallocated Depreciation	2,078,676	0	0	0	(2,078,676)
TOTAL GOVERNMENTAL ACTIVITIES	$ 20,733,603	$ 196,469	$ 7,907,184	$ 51,851	(12,578,099)
GENERAL REVENUES					
Property Taxes - General Purposes					6,286,499
Property Taxes - Debt Service					2,621,532
Investment Earnings					18,018
State Sources					5,656,830
Other					117,715
Total General Revenues					14,700,594
Change in Net Position					2,122,495
NET POSITION - Beginning of Year (Deficit)					(19,113,862)
NET POSITION - End of Year (Deficit)					$ (16,991,367)

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2022

	GENERAL FUND	2021 CAPITAL PROJECTS FUND	2010 QSCB DEBT SERVICE FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 1,056,581	$ 0	$ 5,156	$ 926,713	$ 1,988,450
Restricted Cash	0	6,281,532	0	0	6,281,532
Investments	2,901,107	0	385,910	247,845	3,534,862
Restricted Investments	0	7,323,885	0	0	7,323,885
Accounts Receivable	10,316	0	0	990	11,306
Due from Other Funds	76,800	13,752	0	0	90,552
Due from Other Governmental Units	1,937,236	26,289	0	23,585	1,987,110
Prepaid Expenditures	24,205	0	0	0	24,205
Inventory	0	0	0	6,309	6,309
TOTAL ASSETS	$ 6,006,245	$ 13,645,458	$ 391,066	$ 1,205,442	$ 21,248,211
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 70,297	$ 351,438	$ 0	$ 3,365	$ 425,100
Due to Other Funds	13,752	0	0	76,800	90,552
Due to Other Governmental Units	308,943	0	0	0	308,943
Salaries Payable	1,062,852	0	0	0	1,062,852
Accrued Expenses	514,041	0	0	0	514,041
Unearned Revenue	305,235	0	0	3,042	308,277
Total Liabilities	2,275,120	351,438	0	83,207	2,709,765
FUND BALANCES					
Nonspendable:					
Inventory	0	0	0	6,309	6,309
Prepaid Expenditures	24,205	0	0	0	24,205
Restricted for:					
Food Service	0	0	0	580,746	580,746
Debt Service	0	0	391,066	254,400	645,466
Capital Projects	0	13,294,020	0	0	13,294,020
Assigned for:					
Subsequent Year Budget	182,000	0	0	0	182,000
Student Activities	0	0	0	280,780	280,780
Unassigned	3,524,920	0	0	0	3,524,920
Total Fund Balances	3,731,125	13,294,020	391,066	1,122,235	18,538,446
TOTAL LIABILITIES AND FUND BALANCES	$ 6,006,245	$ 13,645,458	$ 391,066	$ 1,205,442	$ 21,248,211

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

Total Governmental Fund Balances		$ 18,538,446
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 43,828,260	
Accumulated depreciation is	(27,770,391)	16,057,869
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(19,740,000)
Net Pension Liability		(21,460,253)
Net Other Postemployment Benefits Liability		(1,368,662)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid.		(177,692)
Governmental funds expense 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.		
Bond Premium Net of Amortization		(3,153,548)
Bond Discount Net of Amortization		32,797
Deferred outflows and (inflows) of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources - related to pensions		5,784,740
Deferred inflows of resources - related to pensions		(8,467,070)
Deferred outflows of resources - related to other postemployment benefits		2,228,433
Deferred inflows of resources - related to other postemployment benefits		(5,266,427)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (16,991,367)

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

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

YEAR ENDED JUNE 30, 2022

	GENERAL FUND	2021 CAPITAL PROJECTS FUND	2010 QSCB DEBT SERVICE FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	$ 6,518,986	$ 11,602	$ 1,230,294	$ 1,683,204	$ 9,444,086
State Sources	9,390,613	0	0	110,975	9,501,588
Federal Sources	1,612,240	42,041	401,341	1,120,383	3,176,005
Other Transactions	947,963	0	0	0	947,963
Total Revenues	18,469,802	53,643	1,631,635	2,914,562	23,069,642
EXPENDITURES					
Instruction					
Basic Programs	9,814,269	0	0	0	9,814,269
Added Needs	1,813,409	0	0	0	1,813,409
Supporting Services					
Pupil	507,201	0	0	0	507,201
Instructional Staff	99,364	0	0	0	99,364
General Administration	477,716	0	0	0	477,716
School Administration	1,439,746	0	0	0	1,439,746
Business	361,487	0	88	97	361,672
Operation and Maintenance	1,698,085	0	0	0	1,698,085
Pupil Transportation Services	792,397	0	0	0	792,397
Central	392,226	0	0	0	392,226
Athletic Activities	377,631	0	0	0	377,631
Student Activities	0	0	0	215,322	215,322
Community Services					
Community Activities	21,346	0	0	0	21,346
Custody and Care of Children	68,763	0	0	0	68,763
Payments to Other Districts	16,450	0	0	0	16,450
Facilities Acquisition, Construction, and Improvements	0	1,914,280	0	0	1,914,280
Food Service	0	0	0	1,006,655	1,006,655
Debt Service					
Principal	145,000	0	1,350,000	885,000	2,380,000
Interest and Other	3,412	0	511,829	587,614	1,102,855
Total Expenditures	18,028,502	1,914,280	1,861,917	2,694,688	24,499,387
Excess (Deficiency) of Revenues Over Expenditures	441,300	(1,860,637)	(230,282)	219,874	(1,429,745)
OTHER FINANCING SOURCES (USES)					
Transfers In	68,000	0	108,486	0	176,486
Transfers Out	0	0	0	(176,486)	(176,486)
Total Other Financing Sources (Uses)	68,000	0	108,486	(176,486)	0
Net Change in Fund Balance	509,300	(1,860,637)	(121,796)	43,388	(1,429,745)
FUND BALANCE - Beginning of Year	3,221,825	15,154,657	512,862	1,078,847	19,968,191
FUND BALANCE - End of Year	$ 3,731,125	$ 13,294,020	$ 391,066	$ 1,122,235	$ 18,538,446

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

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

YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances Total Governmental Funds	$ (1,429,745)
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.	
Capital Outlay	1,845,050
Depreciation Expense	(2,078,676)
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 Year	165,322
Accrued Interest Payable - End of Year	(177,692)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses, and liabilities are reported regardless of when financial resources are available.	
Repayment of Bond Principal	2,380,000
Amortization of Bond Discount / Premium	235,967
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in Pension Related Items	112,694
Change in OPEB Related Items	1,283,119
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 date.	
Change in State Aid Funding for Pension	(213,544)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 2,122,495

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2022

	CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	$ 61,855
LIABILITIES	0
NET POSITION	
Restricted for Scholarships	$ 61,855

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2022

	CUSTODIAL FUNDS
ADDITIONS	
Earnings on Investments and Deposits	$ 16
Student Scholarship Income	28,526
TOTAL ADDITIONS	28,542
DEDUCTIONS	
Scholarships Awarded	18,575
CHANGE IN NET POSITION	9,967
NET POSITION - Beginning of Year	51,888
NET POSITION - End of Year	$ 61,855

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Kalkaska Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District ("the District") is located in Kalkaska County with its administrative offices located in Kalkaska, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,412 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, and athletic activities. The District receives funding from local, state, and federal government 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 generally accepted accounting principles. 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.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

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 *2021 Capital Projects Fund* accounts for the acquisition of fixed assets or construction of major capital projects.

The *2010 QSCB Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other non-major funds:

The *Special Revenue Funds* account for revenue sources that are legally restricted or assigned to expenditures for specific purposes. The District accounts for its food service and student activities in the special revenue funds.

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

Additionally, the District reports Fiduciary Funds. Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily scholarships).

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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 fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. 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 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 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). 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). All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

a) In June, the superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on July 1.

b) A public hearing is conducted during June to obtain taxpayer comments.

c) Prior to June 30, the budget is legally adopted by the Board of Education resolution pursuant to the Uniform Budgeting and Accounting Act. 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 financial 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.

d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

e) For purposes of meeting emergency needs of the District, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.

g) Budgeted amounts are as originally adopted in June 24, 2021, or as amended by the Board of Education throughout the year.

2. *Excess of Expenditures Over Appropriations*

	APPROPRIATIONS	EXPENDITURES
General Fund		
Instruction		
Basic Programs	$ 9,582,066	$ 9,814,269
Supporting Services		
Pupil	500,163	507,201
School Administration	1,425,620	1,439,746
Business	358,142	361,487
Operation and Maintenance	1,694,448	1,698,085
Pupil Transportation Services	780,343	792,397
Athletic Activities	361,506	377,631
Community Services		
Custody and Care of Children	67,567	68,763
Food Service Fund		
Food Service	975,000	1,006,655
Student Activities Fund		
Supporting Services	179,000	215,322

These overages were funded by available fund balance and greater than anticipated revenues.

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

1. *Cash and Cash Equivalents*

The governments cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. *Investments*

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the the District to invest as follows:

a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.

b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state. Some investments authorized by state law are shown as cash on the financial statements.

c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The District's deposits and investments are held separately by several of the the District's funds.

3. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

4. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated acquisition value on the date received.

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

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and improvements	20-50 years
Furniture and equipment	3-10 years
Buses and vehicles	5-10 years

The District's capitalization policy is to capitalize individual amounts exceeding $5,000 and aggregate purchases of similar items purchased at the same time, such as computers for a classroom.

5. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay and vacation time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities 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 obligations.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Unearned Revenue*

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenues is recognized. The District has unearned revenue in the General Fund that is related to state and local grants/donations, with restrictions on how they can be spent, being received but as of the year-end have not been spent. The District also has unearned revenue in the Food Service Fund that is related to money received from students for meals in advance.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide *Statement of Net Position*. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expenses in the plan year in which they apply. Details can be found in footnote 3.E and 3.F.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The 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 two items that qualify for reporting in this category. They 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. Details can be found in footnote 3.E and 3.F.

9. *Defined Benefit Plans*

For purposes of measuring the net pension and other postemployment benefit liabilities, 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 School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. 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.

11. Fund Balance Flow Assumption

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.

12. 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 governing board is the highest level of decision-making authority for the government that can, by adoption of an resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) 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 governing board has by resolution authorized the superintendent to assign fund balance. The board 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.

13. Use of Estimates

The process of preparing basic 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 expenditures. 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.

14. Restricted Assets

Certain cash resources are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

H. Revenues and Expenditures/Expenses

1. State Revenue

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 year ended June 30, 2022 the foundation allowance was based on pupil membership counts taken in October 2021 and February 2021. For fiscal year ended June 30, 2022, the per pupil foundation allowance was $8,700 for Kalkaska Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2021 to August 2022. Thus, the unpaid portion at June 30th 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, which are not expended by the close of the fiscal year are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

2. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed and due December 1. Unpaid taxes become delinquent as of February 14 and are subject to penalties and interest after that date.

For the year ended June 30, 2022, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund – Non-Homestead	18.0000
General Fund – Non-Homestead Commercial Personal Property	6.0000
2010 QSCB Debt Service Fund – Homestead and Non-Homestead	1.7500
2010 QZAB Debt Service Fund – Homestead and Non-Homestead	0.0400
2016 Tech Debt Service Fund – Homestead and Non-Homestead	0.9300
2021 Debt Service Fund – Homestead and Non-Homestead	1.0000

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2022.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2022, the District's bank balance was $8,539,833 and $7,542,421 of that amount 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 fiscal year was $8,331,837.

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.

		Fair Value	Weighted Average Maturity (Years)
MILAF External Investment Pool - CMC	$	529,235	N/A
MILAF External Investment Pool - Max		10,329,512	N/A
	$	10,858,747	
Portfolio Weighted Average Maturity			N/A

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

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.

		Fair Value	Standard & Poor's Rating
MILAF External Investment Pool - CMC	$	529,235	AAAm
MILAF External Investment Pool - Max		10,329,512	AAAm
	$	10,858,747	

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk –investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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.

Fair Market Value Disclosure - 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 quoted prices from similar activities, 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 reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available.

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 District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - CMC	$ 529,235
MILAF External Investment Pool - Max	10,329,512
	$ 10,858,747

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, 2022:

	Governmental Funds	Fiduciary Fund	Total
Cash and Cash Equivalents	$ 1,988,450	$ 61,855	$ 2,050,305
Restricted Cash	6,281,532	0	6,281,532
Investments	3,534,862	0	3,534,862
Restricted Investments	7,323,885	0	7,323,885
	$ 19,128,729	$ 61,855	$ 19,190,584

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor are as follows:

	General	2021 Capital Projects Fund	Nonmajor and Other Funds	Total
Receivables				
Accounts	$ 10,316	$ 0	$ 990	$ 11,306
Due from Other Governmental Units	1,937,236	26,289	23,585	1,987,110
Total Receivables	$ 1,947,552	$ 26,289	$ 24,575	$ 1,998,416

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs.

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, The District reported unearned revenue of $308,277, which is made up of grant receipts and other revenue that has been received, but not yet earned.

C. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated				
Land	$ 1,356,500	$ 0	$ 0	$ 1,356,500
Construction in Progress	0	1,631,302	0	1,631,302
Subtotal	1,356,500	1,631,302	0	2,987,802
Capital assets being depreciated				
Land Improvements	197,595	19,063	0	216,658
Buildings and additions	36,149,953	25,260	10,360	36,164,853
Furniture and equipment	3,640,214	169,425	32,156	3,777,483
Transportation equipment	752,464	0	71,000	681,464
Subtotal	40,740,226	213,748	113,516	40,840,458
Less accumulated depreciation for:				
Land Improvements	33,862	10,436	0	44,298
Buildings and additions	23,014,528	1,614,380	10,360	24,618,548
Furniture and equipment	2,330,321	384,592	32,156	2,682,757
Transportation equipment	426,520	69,268	71,000	424,788
Accumulated depreciation	25,805,231	2,078,676	113,516	27,770,391
Net capital assets being depreciated	14,934,995	(1,864,928)	0	13,070,067
Net capital assets	$ 16,291,495	$ (233,626)	$ 0	$ 16,057,869

Depreciation for the fiscal year ended June 30, 2022, amounted to $2,078,676. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Retirement and Postemployment Benefits

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

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

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 Investments Board serves as the investment fiduciary and custodian of 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:

Plan Name	Plan Type	Plan Status
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.

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 transient 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.

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.
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 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% to 7% for pension and 0% to 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, 2021 were determined as of the September 30, 2018 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2018 are amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

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, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.45%
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, 2022 were equal to the required contribution total. Total pension contributions were approximately $3,023,000, with $2,951,000 specifically for the Defined Benefit Plan and approximately $72,000 was contributed to the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB benefits were approximately $654,000, with $612,000 specifically for the Defined Benefit Plan and approximately $42,000 was contributed to the Defined Contribution Fund.

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

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

Pension Liabilities

At June 30, 2022, the District reported a liability of $21,460,253 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020 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. At September 30, 2021 and 2020, the District's proportion was 0.090643639% and 0.08963669%.

MPSERS (Plan) Non-University Net Pension Liability

	September 30, 2021	September 30, 2020
Total Pension Liability	$ 86,392,473,395	$ 85,290,583,799
Fiduciary Net Position	(62,717,060,920)	(50,939,496,006)
Net Pension Liability	$ 23,675,412,475	$ 34,351,087,793
Fiduciary Net Position as a Percentage of Total Pension Liability	72.60%	59.72%
Net Pension Liability as a percentage of Covered Payroll	261.68%	387.25%

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

For the year ended June 30, 2022, the District recognized total pension expense of $2,853,748.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 332,429	$ 126,375
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	1,409,157
Changes of assumptions	1,352,778	0
Net difference between projected and actual earnings on pension plan investments	0	6,899,402
Changes in proportion and differences between District contributions and proportionate share of contributions	1,304,417	32,136
District contributions subsequent to the measurement date	2,795,116	0
Total	$ 5,784,740	$ 8,467,070

$2,795,116 reported as deferred outflows of resources and $1,409,157 reported as deferred inflows or resources related to pensions resulting from District 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:

Year Ended September 30,		Amount
2022	$	(58,072)
2023		(734,655)
2024		(1,439,616)
2025		(1,835,946)
	$	(4,068,289)

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

OPEB Liabilities

At June 30, 2022, the District reported a liability of $1,368,662 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2020 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. At September 30, 2021 and 2020, the District's proportion was 0.08966733% and 0.09208935%.

MPSERS (Plan) Non-University Employers Net OPEB Liability

		September 30, 2021		September 30, 2020
Total OPEB Liability	$	12,046,393,511	$	13,206,903,534
Fiduciary Net Position		(10,520,015,621)		(7,849,636,555)
Net OPEB Liability	$	1,526,377,890	$	5,357,266,979
Fiduciary Net Position as a Percentage of Total OPEB Liability		87.33%		59.44%
Net OPEB Liability as a Percentage of Covered Payroll		16.87%		60.39%

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

For the year ended June 30, 2022, the District recognized total OPEB benefit of $638,441.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 3,906,749
Changes of assumptions	1,144,134	171,205
Net difference between projected and actual earnings on OPEB plan investments	0	1,031,585
Changes in proportion and differences between District contributions and proportionate share of contributions	542,027	156,888
District contributions subsequent to the measurement date	542,272	0
Total	$ 2,228,433	$ 5,266,427

$542,272 reported as deferred outflows of resources related to OPEB resulting from District 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 Ended September 30,	Amount
2022	$ (904,847)
2023	(824,334)
2024	(766,746)
2025	(735,574)
2026	(308,314)
Thereafter	(40,451)
	$ (3,580,266)

G. Actuarial Assumptions

Investment rate of return for Pension – 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for the Pension Plus 2 Plan.

Investment rate of return for OPEB – 6.95% 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.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2020. 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 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, 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, 2021 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.00%	5.40%
Private Equity Pools	16.00%	9.10%
International Equity Pools	15.00%	7.50%
Fixed Income Pools	10.50%	-0.70%
Real Estate & Infrastructure Pools	10.00%	5.40%
Absolute Return Pools	9.00%	2.60%
Real Return/Opportunistic Pools	12.50%	6.10%
Short-Term Investment Pools	2.00%	-1.30%
	100%	

*Long-term rate of return are net of administrative expenses and 2.0% inflation.

Rate of return

For fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.3% and 27.14% 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 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). 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 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 District's Proportionate Share 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 6.80% (6.00% for the Pension Plus 2 Plan), 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**
$ 30,682,342	$ 21,460,253	$ 13,814,537

Sensitivity of the District's Proportionate Share 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 6.95%, 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:

OPEB		
1% Decrease	**Discount Rate**	**1% Increase**
$ 2,543,222	$ 1,368,662	$ 371,881

Sensitivity of 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:

OPEB		
1% Decrease	**Current Healthcare Cost Trend Rates**	**1% Increase**
$ 333,122	$ 1,368,662	$ 2,533,770

H. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System 2021 Annual Comprehensive Financial Report.

I. Payables to the Pension and OPEB Plan

As of June 30, 2022, the District is current on all required pension and OPEB plan payments. As of June 30, 2022, the District reported payables in the amount of $556,940 to the pension and OPEB plans. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

J. Risk Management

Kalkaska Public Schools are exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation).

The District participates in a distinct pool of educational institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, and workers' disability compensation. The pool is considered a public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

K. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of the governmental long-term obligation transactions for the District for the year ended June 30, 2022:

	GENERAL OBLIGATION BONDS	UNAMORTIZED BOND PREMIUM	UNAMORTIZED BOND DISCOUNT	NET PENSION LIABILITY	NET OPEB LIABILITY	TOTAL
Balance July 1, 2021	$ 22,120,000	$ 3,396,129	$ (39,411)	$ 30,791,178	$ 4,933,472	$ 61,201,368
Additions	0	0	0	2,721,685	665,641	3,387,326
Deletions	(2,380,000)	(242,581)	6,614	(12,052,610)	(4,230,451)	(18,899,028)
Balance June 30, 2022	19,740,000	3,153,548	(32,797)	21,460,253	1,368,662	45,689,666
Less current portion	(2,000,000)	0	0	0	0	(2,000,000)
Total due after one year	$ 17,740,000	$ 3,153,548	$ (32,797)	$ 21,460,253	$ 1,368,662	$ 43,689,666

The District's debt obligations at June 30, 2022, are comprised of the following issues:

General Obligation Bonds	
2010 Qualified School Construction Bonds ("QSCB"), due in annual installments of $1,300,000 to $1,350,000 through May 2027 with interest rates of 6.10% to 6.40%	$ 6,650,000
2010 Qualified Zone Academy ("QZAB"), due in principal installments of $200,000 to $225,000 through May 2027, with interest from 6.10% to 6.4%	1,075,000
2021 School Building and Site Bonds, Series I, due in annual installments of $405,000 to $1,655,000 beginning May 2023 through May 2035, with interest of 4.00% to 5.00%	12,015,000
Total General Obligation Bonds Payable	19,740,000
Unamortized Bond Premium	3,153,548
Unamortized Bond Discount	(32,797)
Net Pension Liability	21,460,253
Net OPEB Liability	1,368,662
Total Long-Term Obligations	$ 45,689,666

The annual requirements to amortize all long-term liability outstanding as of June 30, 2022, including interest payments of $6,277,750 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS PAYABLE		
	PRINCIPAL	INTEREST	TOTAL
2023	$ 2,000,000	$ 1,066,150	$ 3,066,150
2024	2,100,000	953,600	3,053,600
2025	2,055,000	832,400	2,887,400
2026	1,955,000	713,000	2,668,000
2027	2,050,000	597,600	2,647,600
2028-2032	5,965,000	1,753,000	7,718,000
2033-2035	3,615,000	362,000	3,977,000
	$ 19,740,000	$ 6,277,750	$ 26,017,750
Net Pension Liability			21,460,253
Net OPEB Liability			1,368,662
			$ 48,846,665

Interest expense for the year ended June 30, 2022 was approximately $1,115,000.

The annual requirements to amortize net pension liability and net other postemployment benefit liability are uncertain because it is unknown when they will be used.

Net pension liability and other postemployment benefits will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

L. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2022, were:

Receivable Fund	Payable Fund		Amount
General Fund	Food Service Fund	$	76,800
2021 Capital Projects Fund	General Fund		13,752
		$	90,552

The outstanding balances between funds result mainly from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All Interfund balances outstanding at June 30, 2022, are expected to be repaid within one year.

M. Interfund Transfers

Individual fund interfund receivable and payable balances at June 30, 2022, were:

Fund Transferred To	Funds Transferred From		Amount
General Fund	Food Service Fund	$	68,000
2010 QSCB Debt Service Fund	2016 Tech Debt Service Fund		108,486
		$	176,486

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 other funds in accordance with budgetary authorizations.

N. Other Information

1. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

Prior to the end of the fiscal year the District committed to spend $317,780 on three buses, these buses will be funded by a grant and bond money. The District also has a large construction project under the 2021 bond of $14,219,858, as of June 30, 2022, $12,602,409 is remaining to be spent on the project.

2. Single Audit

Current federal guidelines require entities with federal expenditures exceeding $750,000 to have a "single audit" of federally funded programs. This audit is being performed and the reports based thereon will be issued under a separate cover.

O. Capital Projects Funds

The 2021 Capital Projects 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.

NOTE 4 - OTHER INFORMATION

A. GASB Statement No. 77 – Tax Abatement Disclosures

It has been determined that the District has granted tax abatements as defined by GASB Statement No. 77. However, the total of these abatements is less than $16,000 and it has been determined they are not significant enough to warrant disclosure.

B. Upcoming Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, Subscription-based Information Technology Arrangements. 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. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
MAJOR FUNDS

YEAR ENDED JUNE 30, 2022

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Local Sources	$ 6,346,110	$ 6,507,286	$ 6,518,986
State Sources	9,022,372	9,353,435	9,390,613
Federal Sources	1,376,105	1,571,550	1,612,240
Other Transactions	592,913	926,729	947,963
Total Revenues	17,337,500	18,359,000	18,469,802
EXPENDITURES			
Instruction			
Basic Programs	9,201,984	9,582,066	9,814,269
Added Needs	2,118,498	1,832,565	1,813,409
Supporting Services			
Pupil	499,651	500,163	507,201
Instructional Staff	290,567	100,630	99,364
General Administration	423,755	486,460	477,716
School Administration	1,294,015	1,425,620	1,439,746
Business	324,511	358,142	361,487
Operation and Maintenance	1,686,946	1,694,448	1,698,085
Pupil Transportation Services	716,139	780,343	792,397
Central	377,949	476,627	392,226
Athletic Activities	354,686	361,506	377,631
Community Services			
Community Activities	21,086	21,750	21,346
Custody and Care of Children	72,030	67,567	68,763
Payments to Other Districts	19,520	16,450	16,450
Debt Service			
Principal	145,000	145,000	145,000
Interest and Other	3,663	3,663	3,412
Total Expenditures	17,550,000	17,853,000	18,028,502
Excess (Deficiency) of Revenues Over Expenditures	(212,500)	506,000	441,300
OTHER FINANCING SOURCES (USES)			
Transfer In	12,500	70,000	68,000
Transfer (Out)	0	0	0
Total Other Financing Sources (Uses)	12,500	70,000	68,000
Net Change in Fund Balance	(200,000)	576,000	509,300
FUND BALANCE - Beginning of Year	3,221,825	3,221,825	3,221,825
FUND BALANCE - End of Year	$ 3,021,825	$ 3,797,825	$ 3,731,125

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2022

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)			0.90644%	0.08964%	0.08404%	0.08164%	0.08128%	0.08460%	0.08489%	0.08195%
District's proportionate share of net pension liability			$ 21,460,253	$ 30,791,178	$ 27,830,408	$ 24,543,645	$ 21,063,990	$ 21,107,482	$ 20,734,305	$ 18,050,010
District's covered payroll			8,079,735	8,146,496	7,411,849	6,996,887	6,663,250	7,138,312	7,227,149	6,998,917
District's proportionate share of net pension liability as a percentage of its covered payroll			265.61%	377.97%	375.49%	350.78%	316.12%	295.69%	286.89%	257.90%
Plan fiduciary net position as a percentage of total pension liability			72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2022

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions			$ 2,951,297	$ 2,737,721	$ 2,389,731	$ 2,221,738	$ 2,057,762	$ 1,911,433	$ 2,036,728	$ 1,932,651
Contributions in relation to statutorily required contributions *			2,951,297	2,737,721	2,389,731	2,221,738	2,057,762	1,911,433	2,036,728	1,932,651
Contribution deficiency (excess)			$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll			$ 8,008,936	$ 8,060,324	$ 7,741,233	$ 7,292,472	$ 6,923,094	$ 6,700,137	$ 7,476,742	$ 8,457,252
Contributions as a percentage of covered payroll			36.85%	33.97%	30.87%	30.47%	29.72%	28.53%	27.24%	22.85%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2022

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)						0.08967%	0.09209%	0.08492%	0.08242%	0.08143%
District's proportionate share of net OPEB liability						$ 1,368,662	$ 4,933,472	$ 6,095,037	$ 6,551,692	$ 7,211,355
District's covered payroll						8,079,735	8,146,496	7,411,849	6,996,887	6,663,250
District's proportionate share of net OPEB liability as a percentage of its covered payroll						16.94%	60.56%	82.23%	93.64%	108.23%
Plan fiduciary net position as a percentage of total OPEB liability						87.33%	59.44%	48.46%	42.95%	36.39%

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2022

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions						$ 612,429	$ 638,853	$ 601,301	$ 559,776	$ 503,211
Contributions in relation to statutorily required contributions *						612,429	638,853	601,301	559,776	503,211
Contribution deficiency (excess)						$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll						$ 8,008,936	$ 8,060,324	$ 7,741,233	$ 7,292,472	$ 6,923,094
Contributions as a percentage of covered payroll						7.65%	7.93%	7.77%	7.68%	7.27%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2022

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2021.

Changes of Assumptions – There were no changes of assumptions for the plan year ended September 30, 2021.

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2021.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2021 were:

> Healthcare cost trend rate was broken into two groups, Pre 65 and Post 65. The Pre 65 rate is 7.75% Year 1 graded to 3.50% Year 15. The Post 65 rate is 5.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rate was reported as one group with a rate of 7.00% Year 1 graded to 3.50% Year 15.

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KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2022

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE	STUDENT ACTIVITIES	2021 DEBT	2010 QZAB	2016 TECH	
ASSETS						
Cash and Cash Equivalents	$ 636,418	$ 283,240	$ 0	$ 7,055	$ 0	$ 926,713
Investments	0	0	216,989	30,856	0	247,845
Accounts Receivable	990	0	0	0	0	990
Due from Other Governmental Units	23,585	0	0	0	0	23,585
Inventory	6,309	0	0	0	0	6,309
TOTAL ASSETS	$ 667,302	$ 283,240	$ 216,989	$ 37,911	$ 0	$ 1,205,442
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 405	$ 2,460	$ 500	$ 0	$ 0	$ 3,365
Due to Other Funds	76,800	0	0	0	0	76,800
Unearned Revenue	3,042	0	0	0	0	3,042
Total Liabilities	80,247	2,460	500	0	0	83,207
FUND BALANCES						
Nonspendable						
Inventory	6,309	0	0	0	0	6,309
Restricted						
Food Service	580,746	0	0	0	0	580,746
Debt Service	0	0	216,489	37,911	0	254,400
Assigned						
Student Activities	0	280,780	0	0	0	280,780
Total Fund Balances	587,055	280,780	216,489	37,911	0	1,122,235
TOTAL LIABILITIES AND FUND BALANCES	$ 667,302	$ 283,240	$ 216,989	$ 37,911	$ 0	$ 1,205,442

KALKASKA PUBLIC SCHOOLS
KALKASKA, MICHIGAN

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

YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE	STUDENT ACTIVITIES	2021 DEBT	2010 QZAB	2016 TECH	
REVENUES						
Local Sources	$ 42,663	$ 247,478	$ 705,106	$ 32,283	$ 655,674	$ 1,683,204
State Sources	110,975	0	0	0	0	110,975
Federal Sources	1,056,419	0	0	63,964	0	1,120,383
Total Revenues	1,210,057	247,478	705,106	96,247	655,674	2,914,562
EXPENDITURES						
Supporting Services	0	215,322	50	0	47	215,419
Food Services	1,006,655	0	0	0	0	1,006,655
Debt Service						
Principal	0	0	0	200,000	685,000	885,000
Interest and Fiscal Charges	0	0	488,567	80,583	18,464	587,614
Total Expenditures	1,006,655	215,322	488,617	280,583	703,511	2,694,688
Excess (Deficiency) of Revenues Over Expenditures	203,402	32,156	216,489	(184,336)	(47,837)	219,874
OTHER FINANCING SOURCES (USES)						
Transfers In	0	0	0	0	0	0
Transfers Out	(68,000)	0	0	0	(108,486)	(176,486)
Total Other Financing Sources (Uses)	(68,000)	0	0	0	(108,486)	(176,486)
Net Change in Fund Balance	135,402	32,156	216,489	(184,336)	(156,323)	43,388
FUND BALANCE - Beginning of Year	451,653	248,624	0	222,247	156,323	1,078,847
FUND BALANCE - End of Year	$ 587,055	$ 280,780	$ 216,489	$ 37,911	$ 0	$ 1,122,235