HOPKINS PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

YEAR ENDED JUNE 30, 2022

Maner
Costerisan

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2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hopkins Public Schools

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hopkins Public Schools' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hopkins Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2022 on our consideration of Hopkins 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 Hopkins 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 Hopkins Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

August 12, 2022

HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

Hopkins Public Schools was still recovering from the COVID-19 pandemic in the 2021-22 fiscal year. When the original budget was approved in June 2021, the District anticipated a flat student count from the prior fall and a per pupil foundation allowance increase of $200 per pupil. When the State of Michigan approved their budget after that date, it included a $589 per pupil increase, which brought the funding to $8,700 per pupil. The student count returned to the traditional 90/10 formula with 90% of funding coming from the 2021-22 fall pupil count and 10% coming from the 2020-21 spring count. The fall count was 1,517, and all students were required to be present for in-person learning every day.

The District received over $958,000 in additional federal and state funding to directly aide with expenses incurred due to the pandemic and to assist with learning loss. They received $460,482 of combined ESSER II funds including 23b(2b) Credit Recovery, Section 11r(2), and Benchmark Assessment Grant funding. They received $400,790 in ESSER III funds under the American Recovery Plan, and $97,650 of Emergency Connectivity funding. All of this funding was used for additional expenses incurred as a result of the pandemic such as personal protective equipment, cleaning and sanitization supplies, technology needs, mental health assistance, staffing needs, virtual learning, and new curriculum.

Board policy states that the goal of the Board is to have the undesignated portion of the District's fund equity not fall below fifteen percent (15%) of the preceding year's expenditures. For fiscal year 2021-22, the District had a small deficit of $28,178 which brought the fund balance down to $2,994,498 or 16.5%. The general fund had no debt payments. All prior State Aid Notes were paid back, and no State Aid Note borrowing was necessary due to the growing fund balance and large amount of additional federal funding. Special Education 51c funding decreased slightly to $280,084 due to lower costs in 2020/21 and Section 51f was maintained for costs associated directly with special education services. The District was eligible to receive $416,279 in At Risk 31A funds and continued to receive the 61d CTE payment for students in our Agricultural Vocational Education program. From the Office of Retirement Services, the 147c funding increased by $286,522 and the 147a funds remained relatively flat, only increasing by $8,596. The District continued to receive the FIRST Robotics Grant, Early Literacy Targeted Instruction Grant, the Bilingual Education Grant, and the Headlee Obligation for Data Collection funding.

The sinking fund generated $515,000 from 1.5533 mills during the winter tax collection. The debt millage remained at 10.34 mills, generating $3,428,900 in tax revenue. The debt retirement fund continued in a borrowing position from the state with property values in the District increasing by 5.55%.

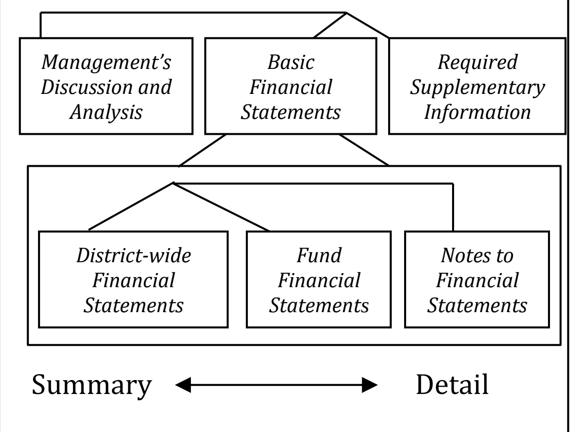
The school lunch fund added over $228,637 to their fund balance and was once again able to transfer $40,000 to the General Fund for indirect costs. All students were eligible to receive free meals all school year regardless of eligibility status as a result of the COVID-19 pandemic. Reimbursement rates were higher than previous years at $2.61 for breakfast and $4.56 for lunch.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

Figure A-1
Organization of Hopkins Public Schools' Annual Financial Report



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

Figure A-2
Major Features of District-wide and Fund Financial Statements

		Fund Financial Statements	
	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include *all* of the District's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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, liabilities, and deferred inflows of resources is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

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

FUND FINANCIAL STATEMENTS

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

- Some funds are required by state law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like food service).

The District has two kinds of funds:

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

- Fiduciary funds - Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations, but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-3
Hopkins Public Schools' Net Position

	2022	2021*
Assets		
Current assets	$ 6,297,843	$ 7,354,495
Capital assets	28,712,513	28,854,762
Total assets	35,010,356	36,209,257
Deferred outflows of resources	7,366,377	9,473,425
Liabilities		
Long-term liabilities outstanding	24,629,887	27,540,412
Other liabilities	1,838,575	3,212,801
Net other postemployment benefits liability	1,377,500	4,671,206
Net pension liability	21,054,334	30,214,801
Total liabilities	48,900,296	65,639,220
Deferred inflows of resources	13,787,131	5,123,964
Net position		
Net investment in capital assets	5,686,761	3,899,826
Restricted for debt service	237	20,073
Restricted for capital projects - sinking fund	510,406	484,087
Unrestricted	(26,508,098)	(29,484,488)
Total net position	$ (20,310,694)	$ (25,080,502)

*The 2021 figures have not been updated for the adoption of GASB 87.

Table A-4
Changes in Hopkins Public Schools' Net Position

	2022	2021*
Revenues		
Operating grants and contributions	$ 5,484,858	$ 4,086,527
Charges for services	70,182	27,794
General revenues		
Property taxes	4,848,676	4,595,034
State aid - unrestricted	12,008,608	12,087,569
Other	992,054	875,864
Total revenues	23,404,378	21,672,788
Expenses		
Instruction	9,496,970	10,846,990
Support services	6,281,836	6,950,179
Community services	3,943	12,369
Food services	693,950	576,895
Student/school activities	515,665	190,368
Interest on long-term debt	775,132	894,104
Unallocated depreciation	867,074	835,998
Total expenses	18,634,570	20,306,903
Change in net position	$ 4,769,808	$ 1,365,885

*The 2021 figures have not been updated for the adoption of GASB 87.

DISTRICT GOVERNMENTAL ACTIVITIES

The District's current financial position remains strong even after working to recover from the COVID-19 pandemic. The Board reached and surpassed its goal of obtaining a 15% fund balance, and the District continues to collect revenue from the sinking fund millage to help offset general fund expenses. The increase in pension costs remained flat due to the offsetting MPSERS 147a funding and the 147c funds the State of Michigan passed through. The District continued to pay the state hard cap for health insurance which increased by 3.3%. The dental/vision costs stayed flat due to reductions in use caused by the pandemic. The District had no open contracts at the conclusion of the 2022 fiscal year, and all employee groups saw increases ranging from 3% to 7%.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's taxable values grew by 5.55% for 2022. The winter tax bills continued to reflect a rate of 10.34 mills to be levied for debt on all properties in order to allow the District to pay back their original bonds and also pay back their loan from the State's school bond loan fund in the time frame allowed. The District's sinking fund mills were rolled back from 1.60 mills to 1.5533 mills due to the Headlee Rollback calculation.

The Hopkins Board of Education and District employees are encouraged by the financial position of the District. As the District completed the year, the general fund balance reported a fund balance of $2,994,498 or 16.5% of general fund expenditures.

General Fund and Budget Highlights

The District is required to adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time the budget is adopted, such as the amount of state aid, student enrollment, and the cost of employee contracts. The COVID-19 pandemic caused ongoing uncertainty of these variables that greatly impact the budget. During fiscal year 2021, the budget was amended twice to reflect changes and to recognize these changes with the Board of Education.

The District was able to use the additional federal funding they received for personal protection equipment to help prevent the spread of COVID and to assist with disinfecting and cleaning. They were able to purchase bus cameras and additional cameras and technology equipment in the District to aid with contact tracing. They purchased Chromebooks and Chromebook management software for the students to assist with learning and provided summer school in all buildings in the summer of 2021 and 2022. Students who made the decision to remain virtual were given the option of attending Otsego Virtual Academy for online instruction. Two interventionist positions remained, one in each elementary building as well as an additional paraprofessional at Hopkins Elementary. The District purchased one new bus that was delivered in June.

The original June adopted budget anticipated that the District would have over a $239,000 deficit. The final budget revision anticipated much higher revenues and forecasted a $184,381 deficit. The variances from the final budget to actual audited numbers show less expenses than were anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital purchases in fiscal year 2020 increased due to significant roof repair and building improvements, the purchase of computer equipment and Chromebooks and the acquisition of a passenger van.

Table A-5
Hopkins Public Schools' Capital Assets
Net of Depreciation

	2022	2021*
Land	$ 739,062	$ 739,062
Building and additions	26,266,053	26,941,790
Furniture and equipment	1,138,569	555,798
Transportation equipment	568,829	618,112
Total	$ 28,712,513	$ 28,854,762

*The 2021 figures have not been updated for the adoption of GASB 87.

Long-term Debt

Table A-6
Hopkins Public Schools' Outstanding Long-Term Debt

	2022	2021*
General obligation bonds	$ 22,343,062	$ 26,648,399
School loan revolving fund and installment purchase	1,496,725	45,094
Compensated absences and termination benefits	790,100	846,919
Total	$ 24,629,887	$ 27,540,412

*The 2021 figures have not been updated for the adoption of GASB 87.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited the District is aware of several impact areas for 2022 and the future.

- The District budgeted an increase in State Aid of $450 per pupil for the 2022-23 fiscal year. The District will also continue to receive a large amount of federal funding through ESSER funds. As much as $1.3 million is currently forecasted in the future for the District and will be able to be spent as late as September 2024. Those funds will be restricted for purchases associated with COVID-19 and will not be able to be used for general purposes.

- The COVID-19 pandemic had a significant impact on student count. The District has lost over 130 students in the past two years. The "super blend" allowed for the lower student count to not negatively impact the budget in 2020-21; however, the actual loss was taken into account in the 2021-22 school year.

- The District does not plan on participating in any virtual academy in the 2022-23 academic year. All students will need to return to the classroom for all day, every day, in-person instruction.

- The District will continue to spend more to support the mental health needs of students and to assist in learning loss as a result of the COVID-19 pandemic. Federal funding will be used to pay for these positions through 2024.

- The District will not have any open bargaining unit contracts in the upcoming fiscal year. All employee groups will see increases with some being as high as 7%.

- The District was able to purchase a new school bus in order to keep the fleet up to the recommended replacement schedule and all debt for previous bus purchases has been paid off.

- The District was once again able to use the sinking fund to offset general fund expenses for building projects and repairs and plans to in the future as well. Two large rooftop units were replaced at Hopkins Elementary, two additional large roofing projects were completed, and asphalt parking lots were patched and resealed.

- The District hired 35 new employees in 2021-22, which was higher than any year previous. Sixteen of those employees were teachers. A teacher shortage is predicted, as more workers are retiring or exiting the teaching field and less are entering it. There are also employee shortages state-wide in most working fields. For these reasons, the District believes that they will have a harder time filling future open teaching positions and openings in other areas as well.

- The federal meal reimbursement rate will continue to be higher than in years previous; however, the federal government will no longer be providing free meals for all students. This may cause large student balances as students are used to eating hot lunch for free. The large school lunch fund balance will need to be spent down.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Hopkins Public Schools, 400 Clark Street, Hopkins, MI 49328.

BASIC FINANCIAL STATEMENTS

HOPKINS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 2,870,238
Receivables	
Accounts receivable	31,480
Intergovernmental	3,173,811
Inventories	62,548
Prepaids	159,766
Capital assets, not being depreciated	739,062
Capital assets, net of accumulated depreciation	27,973,451
TOTAL ASSETS	35,010,356
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges, net of amortization	460,611
Related to other postemployment benefits	2,059,069
Related to pensions	4,846,697
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,366,377
LIABILITIES	
Accounts payable	68,980
Accrued salaries and related items	942,806
Accrued retirement	498,572
Accrued interest	121,314
Unearned revenue	206,903
Noncurrent liabilities	
Due within one year	1,653,177
Due in more than one year	22,976,710
Net other postemployment benefits liability	1,377,500
Net pension liability	21,054,334
TOTAL LIABILITIES	48,900,296
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	5,267,268
Related to pensions	7,099,784
Related to state aid funding for pension	1,420,079
TOTAL DEFERRED INFLOWS OF RESOURCES	13,787,131
NET POSITION	
Net investment in capital assets	5,686,761
Restricted for debt service	237
Restricted for capital projects - sinking fund	510,406
Unrestricted	(26,508,098)
TOTAL NET POSITION	$ (20,310,694)

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 9,496,970	$ -	$ 3,403,300	$ (6,093,670)
Support services	6,281,836	-	571,478	(5,710,358)
Community services	3,943	-	-	(3,943)
Food services	693,950	70,182	993,219	369,451
Student/school activities	515,665	-	516,861	1,196
Interest on long-term debt	775,132	-	-	(775,132)
Unallocated depreciation	867,074	-	-	(867,074)
Total governmental activities	$ 18,634,570	$ 70,182	$ 5,484,858	(13,079,530)
General revenues				
Property taxes, levied for general purposes				900,629
Property taxes, levied for debt service				3,433,047
Property taxes, levied for sinking fund				515,000
Investment earnings				5,777
State sources - unrestricted				12,008,608
Intermediate sources				571,525
Other				414,752
Total general revenues				17,849,338
CHANGE IN NET POSITION				4,769,808
NET POSITION, beginning of year				(25,080,502)
NET POSITION, end of year				$ (20,310,694)

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	2016 Refunding B	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,236,790	$ 63,404	$ 510,406	$ 1,059,638	$ 2,870,238
Receivables					
Accounts receivable	31,480	-	-	-	31,480
Intergovernmental	3,167,184	-	-	6,627	3,173,811
Due from other funds	45,763	-	-	-	45,763
Inventories	56,899	-	-	5,649	62,548
Prepaids	159,766	-	-	-	159,766
TOTAL ASSETS	$ 4,697,882	$ 63,404	$ 510,406	$ 1,071,914	$ 6,343,606
LIABILITIES					
Accounts payable	$ 68,980	$ -	$ -	$ -	$ 68,980
Accrued salaries and related items	942,806	-	-	-	942,806
Accrued retirement	498,572	-	-	-	498,572
Due to other funds	-	-	-	45,763	45,763
Unearned revenue	193,026	-	-	13,877	206,903
TOTAL LIABILITIES	1,703,384	-	-	59,640	1,763,024

See notes to financial statements.

	General Fund	2016 Refunding B	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable					
Inventories	$ 56,899	$ -	$ -	$ 5,649	$ 62,548
Prepaids	159,766	-	-	-	159,766
Restricted					
Debt service	-	63,404	-	58,147	121,551
Capital projects	-	-	510,406	-	510,406
Food service	-	-	-	429,343	429,343
Committed for student/school activities	-	-	-	338,236	338,236
Assigned					
Capital projects funds	-	-	-	180,899	180,899
Subsequent year expenditures	204,191	-	-	-	204,191
Unassigned	2,573,642	-	-	-	2,573,642
TOTAL FUND BALANCES	2,994,498	63,404	510,406	1,012,274	4,580,582
TOTAL LIABILITIES AND FUND BALANCES	$ 4,697,882	$ 63,404	$ 510,406	$ 1,071,914	$ 6,343,606

Total governmental fund balances		$ 4,580,582
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - deferred charges on refunding	$ 460,611	
Deferred outflows of resources - related to pensions	4,846,697	
Deferred outflows of resources - related to other postemployment benefits	2,059,069	
Deferred inflows of resources - related to pensions	(7,099,784)	
Deferred inflows of resources - related to other postemployment benefits	(5,267,268)	
Deferred inflows of resources - related to state aid funding for pension	(1,420,079)	
		(6,420,754)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	49,572,121	
Accumulated depreciation is	(20,859,608)	
		28,712,513
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Bonds and notes payable		(23,839,787)
Compensated absences and termination benefits		(790,100)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(121,314)
Net pension liability		(21,054,334)
Net other postemployment benefit liability		(1,377,500)
Net position of governmental activities		$ (20,310,694)

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	2016 Refunding B	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	$ 900,629	$ 1,790,722	$ 515,000	$ 1,638,178	$ 4,844,529
Tuition	7,195	-	-	-	7,195
Investment earnings	3,301	1,015	-	1,461	5,777
Food sales	-	-	-	70,182	70,182
Student/school activity income	-	-	-	516,861	516,861
Other	185,532	3	599	113,427	299,561
Total local sources	1,096,657	1,791,740	515,599	2,340,109	5,744,105
State sources	15,152,520	-	-	14,930	15,167,450
Federal sources	1,117,388	-	-	978,289	2,095,677
Incoming transfers and other	680,823	-	-	-	680,823
TOTAL REVENUES	18,047,388	1,791,740	515,599	3,333,328	23,688,055
EXPENDITURES					
Current					
Instruction	10,655,858	-	-	-	10,655,858
Supporting services	7,411,183	-	-	-	7,411,183
Food service activities	-	-	-	746,650	746,650
Student/school activities	-	-	-	515,665	515,665
Community service activities	3,943	-	-	-	3,943
Capital outlay	-	-	489,280	48,490	537,770

See notes to financial statements.

	General Fund	2016 Refunding B	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)					
Debt service					
Principal repayment	$ 44,975	$ 2,605,000	$ -	$ 1,570,000	$ 4,219,975
Interest	2,455	58,352	-	714,348	775,155
Other	-	1,185	-	2,574	3,759
TOTAL EXPENDITURES	18,118,414	2,664,537	489,280	3,597,727	24,869,958
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,026)	(872,797)	26,319	(264,399)	(1,181,903)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	2,848	-	-	-	2,848
Proceeds from school loan revolving fund	-	894,328	-	595,450	1,489,778
Transfers out	-	-	-	(40,000)	(40,000)
Transfers in	40,000	-	-	-	40,000
Total other financing sources (uses)	42,848	894,328	-	555,450	1,492,626
NET CHANGE IN FUND BALANCES	(28,178)	21,531	26,319	291,051	310,723
FUND BALANCES					
Beginning of year	3,022,676	41,873	484,087	721,223	4,269,859
End of year	$ 2,994,498	$ 63,404	$ 510,406	$ 1,012,274	$ 4,580,582

See notes to financial statements.

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

Net change in fund balances total governmental funds	$ 310,723
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(1,230,871)
Capital outlay	1,088,622
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	128,165
Accrued interest payable, end of the year	(121,314)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Payments on debt	4,219,975
Proceeds from school loan revolving fund	(1,489,778)
Amortization of deferred charge on refunding	(45,650)
Amortization of bond premium	130,337
Interest on school loan revolving fund	(6,828)
Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences and termination benefits, beginning of the year	846,919
Accrued compensated absences and termination benefits, end of the year	(790,100)
Some revenues and 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:	
Pension related items	594,598
Other postemployement benefit related items	1,421,532
Restricted Revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
State aid funding for pension, beginning of the year	1,133,557
State aid funding for pension, end of the year	(1,420,079)
Change in net position of governmental activities	$ 4,769,808

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Custodial Fund	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents	$ 16,448	$ -
Land	-	37,000
Land improvements	-	3,522
Building	-	40,000
Building improvements	-	1,097
TOTAL ASSETS	16,448	81,619
NET POSITION		
Restricted for school use/student organizations	$ 16,448	$ 81,619

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Custodial Funds
Additions	
Student activity income	$ 21,665
Deductions	
Payments made on behalf of student organizations	18,984
Net Position	
Beginning of year	13,767
End of year	$ 16,448

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Hopkins Public Schools. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District'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. 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. Included are all transactions related to the approved current operating budget.
>
> The *sinking fund* accounts for the receipt of the sinking fund millage proceeds and acquisition of fixed assets or construction of capital projects. The District has complied with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95 relating to sinking funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The *2016 Series B - Debt service funds* account for the resources accumulated and payments made for principal and interest on debt obligations.

Other Non-major Funds

The *special revenue fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in special revenue funds.

The *capital improvement fund* accounts for the receipt of proceeds from the District's sale of its cable television channel and the acquisition or construction of capital facilities or equipment held by the District.

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.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. 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 additions, 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 student activities).

The *private purpose trust* fund is accounted for using the accrual method of accounting. The District's private purpose trust fund accounts for assets held for the educational enrichment of the students. These funds are not included in the District's government-wide financial statements.

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

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, they are eliminated in the preparation of the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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

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

The 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.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

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

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

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Public hearings are conducted to obtain taxpayer comments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2022. The District does not consider these amendments to be significant.

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

Cash and Cash Equivalents

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

Investments

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

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments (continued)

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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.

Land is not depreciated. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Building and additions	50
Furniture and equipment	5 - 15
Transportation equipment	8

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding and pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

During the years ended June 30, 2020 and 2021, the District issued bonded debt in the amounts of $5,975,000, and $3,255,000, respectively, used to make principal and interest payments related to the School Bond Loan fund and the School Loan Revolving fund. 4.8%, and 1.8%, respectively, of these proceeds are not considered capital related debt, as this amount was used to pay off accrued interest. The current allocations of this debt not considered capital related to debt at June 30, 2022 is $288,006, and 58,590, respectively.

In the computation of net invested in capital assets, school bond revolving fund principal proceeds of $1,489,897 is considered capital-related debt. Accrued interest on the school loan revolving fund of $6,828 has been included in the calculation of unrestricted net position.

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

Program Revenues

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

<u>Revenues and Expenditures/Expenses</u>

Property Taxes

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

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

Fund	Mills
General fund:	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund:	
PRE, Non-PRE, Commercial Personal Property	10.3400
Sinking fund:	
PRE, Non-PRE, Commercial Personal Property	1.5533

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences and Termination Benefits

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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.

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 (NRSROs).

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.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022, $2,640,439 of the District's bank balance of $3,140,439 was exposed to custodial credit risk because it was uninsured and uncollateralized. Interest bearing accounts and certificates of deposit are included in the above totals.

Custodial Credit Risk – Investments

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

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

Fair Value Measurement

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

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

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

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

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 does not have any investments subject to the fair value measurement.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

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

A reconciliation of cash and investments as shown on the statement of net position follows:

Per financial statements	
District-wide - cash and cash equivalents	$ 2,870,238
Fiduciary - cash and cash equivalents	16,448
Total	$ 2,886,686

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2021	Additions	Deletions/ reclassifications	Balance June 30, 2022
Capital assets not being depreciated				
Land	$ 739,062	$ -	$ -	$ 739,062
Total capital assets not being depreciated	739,062	-	-	739,062
Capital assets being depreciated				
Buildings and additions	42,574,762	154,132	-	42,728,894
Furniture and equipment	3,430,556	806,219	173,302	4,063,473
Transportation equipment	1,977,088	128,271	64,667	2,040,692
Total capital assets being depreciated	47,982,406	1,088,622	237,969	48,833,059
Accumulated depreciation				
Buildings and additions	15,632,972	829,869	-	16,462,841
Furniture and equipment	2,874,758	223,448	173,302	2,924,904
Transportation equipment	1,358,976	177,554	64,667	1,471,863
Total accumulated depreciation	19,866,706	1,230,871	237,969	20,859,608
Net capital assets being depreciated	28,115,700	(142,249)	-	27,973,451
Net governmental capital assets	$ 28,854,762	$ (142,249)	$ -	$ 28,712,513

Depreciation for the fiscal year ended June 30, 2022 amounted to $1,230,871.

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation expense was charged to programs of the primary government as follows:

Instruction	$ 186,243
Support services	177,554
Unallocated depreciation	867,074
Total depreciation	$ 1,230,871

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2022 at the fund level consist of the following:

	General Fund	Total Nonmajor Funds	Total
State Aid - State of Michigan	$ 2,694,715	$ -	$ 2,694,715
Federal grants	472,469	6,627	479,096
	$ 3,167,184	$ 6,627	$ 3,173,811

No allowance for doubtful accounts is considered necessary.

NOTE 5 - NOTE PAYABLE - STATE AID ANTICIPATION NOTE

At June 30, 2021, the District had issued a state aid anticipation note payable in the amount of $1,300,000 which has an interest rate of 0.43% and matured on August 20, 2021. Proceeds of the note were used to fund school operations. The note was secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. No new notes were issued during fiscal year ending June 30, 2022. Activity for the year ended June 30, 2022 is as follows:

Balance July 1, 2021	Additions	Payments	Balance June 30, 2022
$ 1,300,000	$ -	$ 1,300,000	$ -

NOTE 6 - LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2022 are comprised of the following issues:

General Obligation Bonds:	
2016 series A general obligation refunding bonds due in annual installments of $785,000 to $940,000 through May 1, 2032 with interest at 3.0% to 5.0%.	$ 8,710,000
2018 general obligation refunding bonds due in annual installments of $405,000 to $425,000 through May 1, 2026 with interest at 2.5%.	1,665,000
2019 series A general obligation refunding bonds due in annual installments of $350,000 to $360,000 through May 1, 2026 with interest at 4.00%.	1,420,000
2019 series B general obligation refunding bonds due in annual installments of $1,000,000 to $1,490,000 from May 1, 2024 through May 1, 2028 with interest at 2.112% to 2.491%.	5,975,000
2021 general obligation refunding bonds due in annual installments of $475,000 to $1,000,000 from May 1, 2024 through May 1, 2027 with interest at 0.550% to 1.450%.	3,255,000
Plus premium on bond issuance, net of amortization	1,318,062
Total general obligation bonds	22,343,062
Notes From Direct Borrowings and Direct Placements:	
Borrowings from the State of Michigan under the School Loan Revolving Fund, including interest.	1,496,725
Accrued retirement benefits	
Obligation under contract for compensated absences and termination benefits	790,100
Total general long-term obligations	$ 24,629,887

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize the long-term obligations as of June 30, 2022, including interest of $3,380,353 are as follows:

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Notes from Direct Borrowings and Direct Placements Principal	Notes from Direct Borrowings and Direct Placements Interest	Compensated Absences and Termination Benefits	Total
2023	$ 1,575,000	$ 669,531	$ -	$ -	$ -	$ 2,244,531
2024	3,050,000	620,757	-	-	-	3,670,757
2025	3,355,000	540,325	-	-	-	3,895,325
2026	3,580,000	454,009	-	-	-	4,034,009
2027	3,350,000	362,365	-	-	-	3,712,365
2028 - 2032	6,115,000	733,366	-	-	-	6,848,366
	21,025,000	3,380,353	-	-	-	24,405,353
Premium on bond issuance	1,318,062	-	-	-	-	1,318,062
School Loan Revolving Fund	-	-	1,496,725	-	-	1,496,725
Compensated absences and termination benefits	-	-	-	-	790,100	790,100
	$ 22,343,062	$ 3,380,353	$ 1,496,725	$ -	$ 790,100	$ 28,010,240

An amount of $121,551 is available in the debt service fund to service the general obligation debt. Interest expense for all funds for the year ended June 30, 2022 was $775,132.

Borrowing from the State of Michigan - The school loan revolving fund payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest rates of 1.19% for the School Loan Revolving Fund notes have been assessed for the year ended June 30, 2022. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 10.34 mills. The school district is required to levy 10.34 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The following is a summary of the changes in liabilities reported in the general long-term debt account group:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
General obligation bonds	$ 26,648,399	$ -	$ 4,305,337	$ 22,343,062	$ 1,575,000
Notes from direct borrowings direct placements	45,094	1,496,606	44,975	1,496,725	-
Accumulated compensated absences and termination benefits	846,919	-	56,819	790,100	78,177
Totals	$ 27,540,412	$ 1,496,606	$ 4,407,131	$ 24,629,887	$ 1,653,177

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, $19,900,000 of bonds outstanding are considered defeased.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

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

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

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

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

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

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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 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 an 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% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately $3,132,000. Of the total pension contributions approximately $3,054,000 was contributed to fund the Defined Benefit Plan and approximately $78,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB contributions were approximately $781,000. Of the total OPEB contributions approximately $727,000 was contributed to fund the Defined Benefit Plan and approximately $54,000 was contributed to fund the Defined Contribution Plan.

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

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

Pension Liabilities

The net pension liability was measured as of September 30, 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.

MPSERS (Plan) Non-university Employers	September 30, 2021	September 30, 2020
Total pension liability	$ 86,392,473,395	$ 85,290,583,799
Plan fiduciary net position	$ 62,717,060,920	$ 50,939,496,006
Net pension liability	$ 23,675,412,475	$ 34,351,087,793
Proportionate share	0.08893%	0.08796%
Net pension liability for the District	$ 21,054,334	$ 30,214,801

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

For the year ended June 30, 2022, the District recognized pension expense of $2,459,688.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

At June 30, 2022, the Reporting Unit 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
Changes of assumptions	$ 1,327,190	$ -
Net difference between projected and actual earnings on pension plan investments	-	6,768,901
Differences between expected and actual experience	326,141	123,985
Changes in proportion and difference between employer contributions and proportionate share of contributions	317,072	206,898
Reporting Unit's contributions subsequent to the measurement date	2,876,294	-
	$ 4,846,697	$ 7,099,784

$2,876,294, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2022	$ (544,159)
2023	(1,173,701)
2024	(1,609,721)
2025	(1,801,800)

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Liabilities (continued)

MPSERS (Plan) Non-university Employers	September 30, 2021	September 30, 2020
Total other postemployment benefit liability	$ 12,046,393,511	$ 13,206,903,534
Plan fiduciary net position	$ 10,520,015,621	$ 7,849,636,555
Net other postemployment benefit liability	$ 1,526,377,890	$ 5,357,266,979
Proportionate share	0.09025%	0.08719%
Net other postemployment benefit liability for the District	$ 1,377,500	$ 4,671,206

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

For the year ended June 30, 2022, the District recognized OPEB benefit of $694,657.

At June 30, 2022, the Reporting Unit 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
Changes of assumptions	$ 1,151,521	$ 172,311
Net difference between projected and actual earnings on investments	-	1,038,246
Differences between expected and actual experience	-	3,931,974
Changes in proportion and difference between employer contributions and proportionate share of contributions	253,613	124,737
Reporting Unit's contributions subsequent to the measurement date	653,935	-
	$ 2,059,069	$ 5,267,268

$653,935, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

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

Year Ending September 30,	Amount
2022	$ (1,003,007)
2023	(924,420)
2024	(860,753)
2025	(799,258)
2026	(242,836)
2027	(31,860)

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 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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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	25.0%	5.4%
International Equity Pools	15.0%	7.5%
Private Equity Pools	16.0%	9.1%
Real Estate and Infrastructure Pools	10.0%	5.4%
Fixed Income Pools	10.5%	-0.7%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short Term Investment Pools	2.0%	-1.3%
	100.0%	

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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 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 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
Reporting Unit's proportionate share of the net pension liability	$ 30,101,987	$ 21,054,334	$ 13,553,235

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, 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:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 2,559,643	$ 1,377,500	$ 374,282

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 335,272	$ 1,377,500	$ 2,550,131

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

The food service fund owed $40,847 to the general fund as of June 30, 2022.

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 systems, and (3) payments between funds are made.

NOTE 9 - TRANSFERS

The transfer of $40,000 from the food service fund to the general fund was for the reimbursement of indirect costs.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. With regard to injuries to employees, the District participates in an association of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the policy year may be subject to special assessment to make up the difference. The association maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. Participant's annual dental and vision benefits are limited.

The District continues to carry commercial insurance for all other risks of loss, including property and casualty and other employee health and accident insurance.

NOTE 11 - CONTINGENT LIABILITIES

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

NOTE 12 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77 (*Tax Abatements*). For the year ended June 30, 2022, the District did not receive reduced property tax revenues as a result of tax abatements from taxing authorities within its district boundaries. Additionally, there are no abatements made by the District.

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENT

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.

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the District implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the District's financial statement after the adoption of GASB Statement 87.

REQUIRED SUPPLEMENTARY INFORMATION

HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 965,016	$ 1,094,754	$ 1,096,657	$ 1,903
State sources	13,969,173	14,830,047	15,152,520	322,473
Federal sources	932,107	1,508,582	1,117,388	(391,194)
Incoming transfers and other	732,876	683,341	680,823	(2,518)
TOTAL REVENUES	16,599,172	18,116,724	18,047,388	(69,336)
EXPENDITURES				
Current				
Instruction				
Basic programs	8,240,767	8,843,487	8,825,598	17,889
Added needs	1,753,017	1,861,399	1,830,260	31,139
Total instruction	9,993,784	10,704,886	10,655,858	49,028
Supporting services				
Pupil	778,438	794,766	784,970	9,796
Instructional staff	259,412	277,022	261,332	15,690
General administration	398,663	512,627	513,423	(796)
School administration	1,199,371	1,239,516	1,236,688	2,828
Business	271,584	304,680	304,555	125
Operation/maintenance	1,839,703	1,962,417	1,928,503	33,914
Pupil transportation	1,008,573	1,094,263	1,026,300	67,963
Central services	561,062	836,100	788,097	48,003
Athletics	475,693	563,455	567,315	(3,860)
Total supporting services	6,792,499	7,584,846	7,411,183	173,663
Community services	13,105	3,943	3,943	-
Debt services	79,179	47,430	47,430	-
TOTAL EXPENDITURES	16,878,567	18,341,105	18,118,414	222,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(279,395)	(224,381)	(71,026)	153,355
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	2,848	2,848
Transfers in	40,000	40,000	40,000	-
TOTAL OTHER FINANCING SOURCES (USES)	40,000	40,000	42,848	2,848
NET CHANGE IN FUND BALANCE	$ (239,395)	$ (184,381)	(28,178)	$ 156,203
FUND BALANCE				
Beginning of year			3,022,676	
End of year			$ 2,994,498	

HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.088930%	0.087960%	0.088960%	0.088192%	0.08723%	0.08449%	0.08275%	0.08137%
Reporting Unit's proportionate share of net pension liability	$21,054,334	$30,214,801	$29,461,203	$26,512,080	$22,605,030	$21,079,471	$20,210,589	$17,922,184
Reporting Unit's covered-employee payroll	$ 8,145,539	$ 7,721,039	$ 7,793,276	$ 7,573,471	$ 7,378,958	$ 7,214,118	$ 6,918,053	$ 6,940,753
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	258.48%	391.33%	378.03%	350.07%	306.34%	292.20%	292.14%	258.22%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years which information is available.

HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED JUNE 30)

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 3,054,286	$ 2,617,149	$ 2,424,967	$ 2,314,457	$ 2,046,009	$ 1,897,258	$ 1,596,266	$ 1,448,006
Contributions in relation to statutorily required contributions	3,054,286	2,617,149	2,424,967	2,314,457	2,046,009	1,897,258	1,596,266	1,448,006
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 8,603,791	$ 8,012,577	$ 8,038,181	$ 7,701,203	$ 7,497,015	$ 7,373,865	$ 7,104,003	$ 6,908,669
Contributions as a percentage of covered-employee payroll	35.50%	32.66%	30.17%	30.05%	27.29%	25.73%	22.47%	20.96%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED SEPTEMBER 30)

	2021	2020	2019	2018	2017
Reporting Unit's proportion of net pension liability (%)	0.09025%	0.08719%	0.89110%	0.08889%	0.08730%
Reporting Unit's proportionate share of net OPEB liability	$ 1,377,500	$ 4,671,206	$ 6,396,340	$ 7,065,884	$ 7,730,626
Reporting Unit's covered-employee payroll	$ 8,145,539	$ 7,721,039	$ 7,793,276	$ 7,573,471	$ 7,378,958
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	16.91%	60.50%	82.08%	93.30%	104.77%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years which information is available.

HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2022	2021	2020	2019	2018
Statutorily required contributions	$ 726,876	$ 704,527	$ 681,979	$ 635,405	$ 598,419
Contributions in relation to statutorily required contributions	726,876	704,527	681,979	635,405	598,419
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 8,603,791	$ 8,012,577	$ 8,038,181	$ 7,701,203	$ 7,497,015
Contributions as a percentage of covered-employee payroll	8.45%	8.79%	8.48%	8.25%	7.98%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years which information is available.

HOPKINS PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - there were no changes of assumptions in 2021.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - the assumption changes for 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.

ADDITIONAL SUPPLEMENTARY INFORMATION

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

	Special Revenue				
	Food Service	Student/ School Activities	Debt Service	Capital Improvement Fund	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	$ 482,356	$ 338,236	$ 58,147	$ 180,899	$ 1,059,638
Intergovernmental	6,627	-	-	-	6,627
Inventories	5,649	-	-	-	5,649
TOTAL ASSETS	$ 494,632	$ 338,236	$ 58,147	$ 180,899	$ 1,071,914
LIABILITIES					
Due to other funds	$ 45,763	$ -	$ -	$ -	$ 45,763
Unearned revenue	13,877	-	-	-	13,877
TOTAL LIABILITIES	59,640	-	-	-	59,640
FUND BALANCES					
Nonspendable					
Inventories	5,649	-	-	-	5,649
Restricted					
Debt service	-	-	58,147	-	58,147
Food service	429,343	-	-	-	429,343
Committed	-	338,236	-	-	338,236
Assigned					
Capital projects	-	-	-	180,899	180,899
TOTAL FUND BALANCES	434,992	338,236	58,147	180,899	1,012,274
TOTAL LIABILITIES AND FUND BALANCES	$ 494,632	$ 338,236	$ 58,147	$ 180,899	$ 1,071,914

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

	Special Revenue				
	Food Service	Student/ School Activities	Debt Service	Capital Improvement Fund	Total Nonmajor Funds
REVENUES					
Local sources					
Property taxes	$ -	$ -	$ 1,638,178	$ -	$ 1,638,178
Investment earnings	376	-	929	156	1,461
Student/school activity income	-	516,861	-	-	516,861
Food sales	70,182	-	-	-	70,182
Other	-	-	4,147	109,280	113,427
Total local sources	70,558	516,861	1,643,254	109,436	2,340,109
State sources	14,930	-	-	-	14,930
Federal sources	978,289	-	-	-	978,289
TOTAL REVENUES	1,063,777	516,861	1,643,254	109,436	3,333,328
EXPENDITURES					
Current					
Food service activities	746,650	-	-	-	746,650
Student/school activities	-	515,665	-	-	515,665
Capital outlay	48,490	-	-	-	48,490
Debt service					
Principal repayment	-	-	1,570,000	-	1,570,000
Interest	-	-	714,348	-	714,348
Other	-	-	2,574	-	2,574
TOTAL EXPENDITURES	795,140	515,665	2,286,922	-	3,597,727
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	268,637	1,196	(643,668)	109,436	(264,399)
OTHER FINANCING SOURCES (USES)					
Transfers out	(40,000)	-	-	-	(40,000)
Proceed from school loan revolving fund	-	-	595,450	-	595,450
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)	-	595,450	-	555,450
NET CHANGE IN FUND BALANCES	228,637	1,196	(48,218)	109,436	291,051
FUND BALANCES					
Beginning of year	206,355	337,040	106,365	71,463	721,223
End of year	$ 434,992	$ 338,236	$ 58,147	$ 180,899	$ 1,012,274

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF REVENUES AND OTHER FINANCING SOURCES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
LOCAL SOURCES		
Property taxes	$ 900,629	$ 830,399
Tuition	7,195	7,130
Investment earnings	3,301	8,253
Other local revenue	185,532	115,277
TOTAL LOCAL SOURCES	1,096,657	961,059
STATE SOURCES		
Foundation grant	12,146,978	12,135,679
Special education	313,674	344,627
At risk	416,279	429,959
Other state revenue	2,275,589	1,710,932
TOTAL STATE SOURCES	15,152,520	14,621,197
FEDERAL SOURCES		
Title I	115,943	122,238
Title II	30,098	41,327
Education stabilization funds	861,272	-
Other federal revenue	110,075	675,225
TOTAL FEDERAL SOURCES	1,117,388	838,790
INCOMING TRANSFERS AND OTHER TRANSACTIONS		
Special education	571,525	635,560
Other	109,298	106,500
TOTAL INCOMING TRANSFERS AND OTHER TRANSACTIONS	680,823	742,060
OTHER FINANCING SOURCES		
Proceeds from sale of capital assets	2,848	-
Transfer In	40,000	40,000
TOTAL OTHER FINANCING SOURCES	42,848	40,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 18,090,236	$ 17,203,106

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
INSTRUCTION		
Basic programs		
Elementary		
Salaries	$ 2,087,047	$ 2,042,892
Benefits	1,691,268	1,649,557
Purchased services	93,829	69,825
Supplies and materials	53,303	108,972
Capital outlay	8,483	8,605
Total elementary	3,933,930	3,879,851
Middle school		
Salaries	1,098,469	1,013,243
Benefits	887,543	806,691
Purchased services	48,796	62,107
Supplies and materials	36,345	13,444
Capital outlay	4,045	-
Total middle school	2,075,198	1,896,685
High school		
Salaries	1,369,810	1,351,031
Benefits	1,155,018	1,042,092
Purchased services	156,141	281,046
Supplies and materials	38,909	38,922
Other expenses	90,800	32
Capital outlay	5,792	-
Total high school	2,816,470	2,713,123
Total basic programs	8,825,598	8,489,659
Added needs		
Special education		
Salaries	501,191	478,386
Benefits	378,379	366,784
Purchased services	31,738	42,098
Supplies and materials	1,999	1,891
Other expenses	-	1,200
Total special education	913,307	890,359

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
INSTRUCTION (continued)		
Compensatory education		
Salaries	$ 451,948	$ 237,502
Benefits	290,017	166,056
Purchased services	2,884	268
Supplies and materials	26,309	75,030
Total compensatory education	771,158	478,856
Vocational education		
Salaries	73,000	69,519
Benefits	59,484	54,992
Purchased services	8,091	1,335
Supplies and materials	3,791	3,262
Other expenses	1,429	3,130
Total vocational education	145,795	132,238
Total added needs	1,830,260	1,501,453
TOTAL INSTRUCTION	10,655,858	9,991,112
SUPPORTING SERVICES		
Pupil services		
Salaries	203,498	281,464
Benefits	171,657	211,949
Purchased services	397,374	313,257
Supplies and materials	12,043	8,725
Other expenses	398	579
Total pupil services	784,970	815,974
Instructional staff services		
Salaries	161,312	140,110
Benefits	83,349	70,075
Purchased services	5,946	2,680
Supplies and materials	7,188	9,603
Other expenses	3,537	2,178
Total instructional staff services	261,332	224,646

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
SUPPORTING SERVICES (continued)		
General administration		
Salaries	$ 184,853	$ 178,863
Benefits	111,685	99,045
Purchased services	196,434	145,730
Supplies and materials	7,519	14,561
Other expenses	12,932	9,817
Total general administration	513,423	448,016
School administration		
Salaries	717,447	631,209
Benefits	499,508	419,352
Purchased services	7,652	3,004
Supplies and materials	7,680	4,250
Other expenses	4,401	2,827
Total school administration	1,236,688	1,060,642
Business services		
Salaries	125,064	118,896
Benefits	80,783	71,664
Purchased services	72,292	70,560
Supplies and materials	1,424	1,842
Other expenses	24,992	25,382
Total business services	304,555	288,344
Operations and maintenance		
Salaries	568,143	545,430
Benefits	453,788	420,165
Purchased services	281,376	279,077
Supplies and materials	442,722	398,579
Other expenses	12,528	9,256
Capital outlay	169,946	36,414
Total operations and maintenance	1,928,503	1,688,921

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
SUPPORTING SERVICES (continued)		
Transportation		
Salaries	$ 438,372	$ 404,797
Benefits	296,880	273,762
Purchased services	38,393	30,724
Supplies and materials	113,029	91,185
Other expenses	2,347	5,171
Capital outlay	137,279	94,966
Total transportation	1,026,300	900,605
Central services		
Salaries	263,691	259,631
Benefits	166,357	155,043
Purchased services	85,525	108,577
Supplies and materials	777	1,500
Other expenses	7,835	841
Capital outlay	263,912	172,363
Total central services	788,097	697,955
Athletics		
Salaries	184,267	175,454
Benefits	121,851	92,388
Purchased services	188,332	114,942
Supplies and materials	36,109	23,790
Other expenses	12,532	12,689
Capital outlay	24,224	19,908
Total athletics	567,315	439,171
TOTAL SUPPORTING SERVICES	7,411,183	6,564,274
COMMUNITY SERVICES		
Salaries	240	4,226
Benefits	90	1,589
Purchased services	3,613	5,264
Supplies and materials	-	719
TOTAL COMMUNITY SERVICES	3,943	11,798
DEBT SERVICES		
Principal payments	44,975	44,976
Interest	2,455	11,828
TOTAL DEBT SERVICES	47,430	56,804
TOTAL EXPENDITURES	$ 18,118,414	$ 16,623,988

HOPKINS PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	2016 Refunding A	2018 Refunding	2019 Refunding A	2019 Refunding B	2021 Refunding	Total Nonmajor Debt Service
ASSETS						
Cash and cash equivalents	$ 35,223	$ 8,218	$ 12,914	$ 1,173	$ 619	$ 58,147
FUND BALANCES						
Restricted for debt service	$ 35,223	$ 8,218	$ 12,914	$ 1,173	$ 619	$ 58,147

HOPKINS PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	2016 Refunding A	2018 Refunding	2019 Refunding A	2019 Refunding B	2021 Refunding	Total Nonmajor Debt Service
REVENUES						
Local sources						
Property taxes	$ 994,845	$ 232,131	$ 364,777	$ 33,161	$ 13,264	$ 1,638,178
Investment earnings	564	132	206	19	8	929
Other	3	-	-	-	4,144	4,147
TOTAL REVENUES	995,412	232,263	364,983	33,180	17,416	1,643,254
EXPENDITURES						
Principal payments	775,000	435,000	360,000	-	-	1,570,000
Interest	418,700	52,499	71,200	140,525	31,424	714,348
Other	880	589	439	311	355	2,574
TOTAL EXPENDITURES	1,194,580	488,088	431,639	140,836	31,779	2,286,922
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(199,168)	(255,825)	(66,656)	(107,656)	(14,363)	(643,668)
OTHER FINANCING SOURCES (USES)						
Proceeds from school loan revolving fund	161,395	245,852	65,438	107,783	14,982	595,450
NET CHANGE IN FUND BALANCES	(37,773)	(9,973)	(1,218)	127	619	(48,218)
FUND BALANCES						
Beginning of year	72,996	18,191	14,132	1,046	-	106,365
End of year	$ 35,223	$ 8,218	$ 12,914	$ 1,173	$ 619	$ 58,147

HOPKINS PUBLIC SCHOOLS
CUSTODIAL FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND NET POSITION BY GROUP
YEAR ENDED JUNE 30, 2022

	Balance June 30, 2021	Receipts	Disbursements	Balance June 30, 2022
Class of 2017	$ 192	$ -	$ -	$ 192
Class of 2018	244	-	-	244
Class of 2020	-	200	-	200
Class of 2021	234	-	234	-
Class of 2022	770	1,882	2,652	-
Class of 2023	361	7,980	5,771	2,570
Class of 2024	600	5,041	3,893	1,748
Class of 2025	600	6,162	3,988	2,774
Class of 2026	400	200	-	600
Class of 2027	200	200	-	400
Class of 2027 Mackinac Money	10,166	-	2,446	7,720
	$ 13,767	$ 21,665	$ 18,984	$ 16,448

HOPKINS PUBLIC SCHOOLS
BONDED DEBT
2016 SERIES A REFUNDING BONDS
JUNE 30, 2022

2016 Refunding Bonds - Series A

Fiscal Year Ending June 30,	Interest Rate	Interest Due November 1,	Interest Due May 1,	Principal Due May 1,	Total Due Annually
2023	3.00%	$ 197,725	$ 197,725	$ 785,000	$ 1,180,450
2024	4.00%	185,950	185,950	800,000	1,171,900
2025	4.00%	169,950	169,950	810,000	1,149,900
2026	4.00%	153,750	153,750	825,000	1,132,500
2027	5.00%	137,250	137,250	865,000	1,139,500
2028	5.00%	115,625	115,625	910,000	1,141,250
2029	5.00%	92,875	92,875	930,000	1,115,750
2030	5.00%	69,625	69,625	925,000	1,064,250
2031	5.00%	46,500	46,500	920,000	1,013,000
2032	5.00%	23,500	23,500	940,000	987,000
Total 2016 Series A bonded debt		$ 1,192,750	$ 1,192,750	$ 8,710,000	$ 11,095,500

Total amount of original issue was $12,450,000.

HOPKINS PUBLIC SCHOOLS
BONDED DEBT
2018 REFUNDING BONDS
JUNE 30, 2022

2018 Refunding Bonds

Fiscal Year Ending	Interest Rate	Interest Due November 1	Interest Due May 1	Principal Due May 1,	Total Due Annually
2023	2.500%	$ 20,812	$ 20,812	$ 425,000	$ 466,624
2024	2.500%	15,500	15,500	420,000	451,000
2025	2.500%	10,250	10,250	415,000	435,500
2026	2.500%	5,062	5,062	405,000	415,124
Total 2018 bonded debt		$ 51,624	$ 51,624	$ 1,665,000	$ 1,768,248

Total amount of original issue was $7,465,000.

HOPKINS PUBLIC SCHOOLS
2019 SERIES A REFUNDING BONDS
JUNE 30, 2022

2019 Refunding Bonds - Series A

Fiscal Year Ending	Interest Rate	Interest Due November 1	Interest Due May 1	Principal Due May 1,	Total Due Annually
2023	4.000%	$ 28,400	$ 28,400	$ 365,000	$ 421,800
2024	4.000%	21,100	21,100	355,000	397,200
2025	4.000%	14,000	14,000	350,000	378,000
2026	4.000%	7,000	7,000	350,000	364,000
Total 2019 series A bonded debt		$ 70,500	$ 70,500	$ 1,420,000	$ 1,561,000

Total amount of original issue was $2,535,000.

HOPKINS PUBLIC SCHOOLS
2019 SERIES B REFUNDING BONDS
JUNE 30, 2022

2019 Refunding Bonds - Series B

Fiscal Year Ending	Interest Rate	Interest Due November 1	Interest Due May 1	Principal Due May 1,	Total Due Annually
2023	2.112%	$ 70,262	$ 70,263	$ -	$ 140,525
2024	2.112%	70,262	70,263	1,000,000	1,140,525
2025	2.252%	59,702	59,703	1,000,000	1,119,405
2026	2.352%	48,442	48,443	1,000,000	1,096,885
2027	2.441%	36,682	36,683	1,485,000	1,558,365
2028	2.491%	18,558	18,558	1,490,000	1,527,116
Total 2019 series B bonded debt		$ 303,908	$ 303,913	$ 5,975,000	$ 6,582,821

Total amount of original issue was $5,975,000.

HOPKINS PUBLIC SCHOOLS
2021 REFUNDING BONDS
JUNE 30, 2022

2021 Refunding Bonds

Fiscal Year Ending	Interest Rate	Interest Due November 1	Interest Due May 1	Principal Due May 1,	Total Due Annually
2023		$ 17,566	$ 17,566	$ -	$ 35,132
2024	0.550%	17,566	17,566	475,000	510,132
2025	0.900%	16,260	16,260	780,000	812,520
2026	1.100%	12,750	12,750	1,000,000	1,025,500
2027	1.450%	7,250	7,250	1,000,000	1,014,500
Total 2021 bonded debt		$ 71,392	$ 71,392	$ 3,255,000	$ 3,397,784

Total amount of original issue was $3,255,000.

HOPKINS PUBLIC SCHOOLS
SCHOOL LOAN REVOLVING FUND
JUNE 30, 2022

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Loan Revolving Fund. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from the State of Michigan under this program have been summarized as follows:

Year Ending June 30,	Loan Proceeds (Repayment)	Accrued Interest	Net Increase (Decrease)	Balance
1997	$ 352,402	$ 3,345	$ 355,747	$ 355,747
1998	795,365	39,786	835,151	1,190,898
1999	715,300	62,002	777,302	1,968,200
2000	735,978	138,033	874,011	2,842,211
2001	481,735	152,688	634,423	3,476,634
2002	475,473	157,175	632,648	4,109,282
2003	337,000	146,604	483,604	4,592,886
2004	257,000	134,798	391,798	4,984,684
2005	212,606	152,227	364,833	5,349,517
2006	74,593	220,718	295,311	5,644,828
2007	(210,000)	266,875	56,875	5,701,703
2008	6,600	256,255	262,855	5,964,558
2009	625,829	303,348	929,177	6,893,735
2010	597,221	404,576	1,001,797	7,895,532
2011	701,479	405,961	1,107,440	9,002,972
2012	746,268	411,287	1,157,555	10,160,527
2013	730,394	420,256	1,150,650	11,311,177
2014	681,945	411,670	1,093,615	12,404,792
2015	460,677	438,541	899,218	13,304,010
2016	(8,775,258)	(4,526,119)	(13,301,377)	2,633
2017	1,803,771	11,105	1,814,876	1,817,509
2018	1,622,564	69,847	1,692,411	3,509,920
2019	1,896,848	134,849	2,031,697	5,541,617
2020	(3,871,707)	(207,210)	(4,078,917)	1,462,700
2021	(1,453,964)	(8,617)	(1,462,581)	119
2022	1,489,778	6,828	1,496,606	1,496,725

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDEDJUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2022
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
National School Lunch Program - Entitlement	10.555	N/A	$ 59,293	$ -	$ -	$ -	$ 59,293	$ 59,293	$ -
COVID-19 National School Lunch Program	10.555	211961	98,512	-	-	-	98,512	98,512	-
		211965	5,000	-	-	-	5,000	5,000	-
		220910	31,967	-	-	-	31,967	31,967	-
		221961	670,136	-	-	-	670,136	665,478	4,658
			805,615	-	-	-	805,615	800,957	4,658
Total ALN #10.555			864,908	-	-	-	864,908	860,250	4,658
COVID-19 - National School Breakfast Program	10.553	211971	10,636	-	-	-	10,636	10,636	-
		221971	97,224				97,224	95,255	1,969
Total ALN #10.553			107,860	-	-	-	107,860	105,891	1,969
COVID-19 Summer Food Service Program for Children	10.559	210904	18,620	13,713	-	-	4,907	18,620	-
Total cash assistance			932,095	13,713	-	-	918,382	925,468	6,627
Total Child Nutrition Cluster			991,388	13,713	-	-	977,675	984,761	6,627
COVID - 19 Pandemic EBT Local Level Costs	10.649	210980	614	-	-	-	614	614	-

The accompanying notes are an integral part of this schedule.

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDEDJUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2022
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	221530-2122	$ 123,358	$ -	$ -	$ -	$ 108,319	$ 108,319	$ -
		211530-2021	130,396	29,510	-	-	7,624	37,134	-
Total ALN #84.010			253,754	29,510	-	-	115,943	145,453	-
Supporting Effective Instruction State Grants	84.367	220520-2122	42,249	-	-	-	30,098	8,454	21,644
Student Support and Academic Enrichment	84.424	220750-2122	10,000	-	-	-	10,000	10,000	-
Education Stabilization Fund									
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	407,870	-	-	-	407,870	357,835	50,035
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II (23b(2b) Credit Recovery))	84.425D	213742-2122	40,150	-	-	-	40,150	40,150	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Benchmark Assessment Grant)	84.425D	213762-2022	12,462	-	-	-	12,462	12,462	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	400,790	-	-	-	400,790	-	400,790
Total ALN #84.425 and Education Stabilization Fund			861,272	-	-	-	861,272	410,447	450,825
Passed through Ottawa Area Intermediate Schoold District									
English Language Acquisition State Grants	84.365	N/A	672	-	-	-	672	672	-
Total U.S. Department of Education			1,167,947	29,510	-	-	1,017,985	575,026	472,469

The accompanying notes are an integral part of this schedule.

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDEDJUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2022
U.S. Department of Health and Human Services									
Passed through Allegan Area Education Service Agency									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	$ 1,753	$ -	$ -	$ -	$ 1,753	$ 1,753	$ -
Federal Communications Commission									
Direct Program									
COVID - 19 Emergency Connectivity Funding	32.009	N/A	97,650	-	-	-	97,650	97,650	-
TOTAL FEDERAL AWARDS			$ 2,259,352	$ 43,223	$ -	$ -	$ 2,095,677	$ 1,659,804	$ 479,096

The accompanying notes are an integral part of this schedule.

HOPKINS PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDEDJUNE 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hopkins Public Schools under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hopkins Public Schools, it is not intended to and does not present the financial position or changes in net position of Hopkins Public Schools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Management has utilized the Nexsys cash management system and Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass through federal awards.

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements for the year ending June 30, 2022:

General fund	$ 1,117,388
Other nonmajor governmental funds	978,289
Total per financial statements	$ 2,095,677

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

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

To the Board of Education
Hopkins Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins Public Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Hopkins Public Schools' basic financial statements, and have issued our report thereon dated June 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hopkins Public Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hopkins Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Hopkins Public Schools' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maner Costerisan PC

August 12, 2022

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

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

To the Board of Education
Hopkins Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hopkins Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Hopkins Public Schools' major federal programs for the year ended June 30, 2022. Hopkins Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hopkins Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Hopkins Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hopkins Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hopkins Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hopkins Public Schools' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hopkins Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Hopkins Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hopkins Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Maner Costerisan PC

August 12, 2022

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements — *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified ? ____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) ? ____ Yes __X__ None reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: ____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) ? ____ Yes __X__ None reported

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

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

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B — $ 750,000

Auditee qualified as low-risk auditee? ____ Yes __X__ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Question Costs

None

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

There were no findings for the year ended June 30, 2022.

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

August 12, 2022

To the Board of Education
Hopkins Public Schools

In planning and performing our audit of the financial statements of Hopkins Public Schools as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Hopkins Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated August 12, 2022 on the financial statements of Hopkins Public Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Hopkins Public Schools develop a plan to spend down the excess by June 30, 2023.

This report is intended solely for the information and use of management, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC

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August 12, 2022

To the Board of Education
Hopkins Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins Public Schools for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Hopkins Public Schools are described in Note 1 to the financial statements. During the 2022 fiscal year, the District implemented Governmental Accounting Standard No. 87, *Leases*. The application of existing policies was not changed during fiscal year 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 12, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Hopkins Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC