
Battle Creek Public Schools

**Financial Report
with Supplemental Information
June 30, 2021**

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Independent Auditor's Report

To the Board of Education
Battle Creek Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Battle Creek Public Schools (the "School District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Battle Creek Public Schools' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Battle Creek Public Schools as of June 30, 2021 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education
Battle Creek Public Schools

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Battle Creek Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental 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. Such 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2021 on our consideration of Battle Creek Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Battle Creek 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 Battle Creek Public Schools' internal control over financial reporting and compliance.



October 19, 2021

This section of Battle Creek Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Battle Creek Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, including its governmental and business-type activities, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the W.K. Kellogg Foundation (WKKF) Grant Fund, and the Building and Site Fund, with all other funds presented in one column as nonmajor funds, and information on the School District's enterprise fund, which is presented separately within the proprietary fund section. The remaining statements, the statement of fiduciary net position and statement of changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Information for Major Funds

Schedules of the School District's Proportionate Share of the Net Pension
and Other Postemployment Benefits (OPEB) Liabilities

Schedules of Pension Contributions and OPEB Contributions

Other Supplemental Information

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

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

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, athletics, food services, community services, and capital projects. Property taxes; unrestricted state aid (foundation allowance revenue); and local, state, and federal grants finance most of these activities. The statement of net position and statement of activities also report the business-type activities for the School District, which include the science kit sales and related expenditures of the Cereal City Science operations.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (special revenue funds - Food Service and Math and Science Center - are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as millage funds used for capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its private-purpose trust funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Battle Creek Public Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2021 and 2020:

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
	(in millions)		(in millions)	
Assets				
Current and other assets	\$ 36.0	\$ 33.2	\$ 2.1	\$ 3.3
Capital assets	92.0	93.3	2.5	2.5
Total assets	128.0	126.5	4.6	5.8
Deferred Outflows of Resources	27.5	31.5	0.8	0.9
Liabilities				
Current liabilities	14.9	15.6	0.1	0.1
Noncurrent liabilities	49.5	51.6	0.1	0.2
Net pension liability	88.5	85.5	2.7	2.6
Net OPEB liability	13.9	18.4	0.5	0.6
Total liabilities	166.8	171.1	3.4	3.5
Deferred Inflows of Resources	19.8	22.5	0.6	0.7
Net Position (Deficit)				
Net investment in capital assets	45.9	45.3	2.3	2.3
Restricted	5.8	5.9	-	-
Unrestricted	(82.8)	(86.8)	(0.9)	0.2
Total net position (deficit)	<u>\$ (31.1)</u>	<u>\$ (35.6)</u>	<u>\$ 1.4</u>	<u>\$ 2.5</u>

The above analysis focuses on net position. The change in net position of the School District's governmental and business-type activities is discussed below. The School District's governmental and business-type net position was \$(31.1) million and \$1.4 million, respectively, at June 30, 2021. Net investment in capital assets for the governmental activities and business-type activities totaling \$45.9 million and \$2.3 million, respectively, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of governmental activities net position (\$(82.8) million) and business-type activities net position (\$(0.9) million) was unrestricted.

The \$(82.8 million) in unrestricted net position of governmental activities and \$(0.9) million in unrestricted business-type activities net position represent the accumulated results of all past years' operations and the impact from Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities will have significant impacts on the change in governmental activities unrestricted net position (deficit) from year to year.

Battle Creek Public Schools

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2021 and 2020:

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
	(in millions)		(in millions)	
Revenue				
Program revenue:				
Charges for services	\$ 0.2	\$ 0.4	\$ 0.9	\$ 1.6
Operating grants	34.9	33.2	0.1	0.1
General revenue:				
Taxes	11.1	11.0	-	-
State aid not restricted to specific purposes	27.2	26.2	-	-
Other	0.9	1.7	-	-
Total revenue	74.3	72.5	1.0	1.7
Expenses				
Instruction	34.3	34.0	-	-
Support services	27.3	28.4	-	-
Athletics	0.8	0.9	-	-
Food services	3.2	3.8	-	-
Community services	2.7	2.4	-	-
Debt service	2.0	2.2	-	-
Cereal City Science operating expenses	-	-	1.6	2.2
Total expenses	70.3	71.7	1.6	2.2
Transfers	0.5	0.7	(0.5)	(0.7)
Change in Net Position	4.5	1.5	(1.1)	(1.2)
Net Position (Deficit) - Beginning of year	(35.6)	(37.1)	2.5	3.7
Net Position (Deficit) - End of year	\$ (31.1)	\$ (35.6)	\$ 1.4	\$ 2.5

As reported in the statement of activities, the cost of all of our governmental activities this year was \$70.3 million. Certain activities were partially funded from those who benefited from the programs (\$0.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$34.9 million). We paid for the remaining public benefit portion of governmental activities with \$11.1 million in taxes, \$27.2 million in state foundation allowance, and other revenue (i.e., WKKF funds, interest, and general entitlements). The School District experienced an increase in governmental net position of \$4.5 million as result of decreased expenditures due to cost-cutting measures during the year.

As reported in the statement of activities, the cost of all business-type activities consist of the Cereal City Science Fund producing science kits and providing professional development training services to school districts in the State of Michigan and four surrounding states. This year, the cost was \$1.6 million and was funded by those who benefited from science kit sales (\$0.9 million). Professional development training services were significantly reduced due to the COVID-19 pandemic.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at the funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

Battle Creek Public Schools

Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$21.5 million, which is an increase of \$3.5 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased by \$2.8 million to \$12.1 million. This is largely due to reallocating expenditures to CARES Act funding as a direct result of mitigating learning loss and addressing district needs during the COVID-19 pandemic. Transportation and custodial expenditures were significantly reduced due to the pauses in learning when services were not utilized. The School District will see increased general fund expenditures when CARES Act funding has been exhausted. The School District continues to use grant funds first rather than using General Fund budgeted expenditures, and it continues to have instructional variances filled with long-term substitutes, saving the School District health care and retirement costs.

Within the School District's proprietary fund, the Cereal City Science Fund saw a net position decrease of approximately \$1.1 million. The decrease in net position was primarily due to a significant decline in science kit sales due to the COVID-19 pandemic.

The fund balance of our Building and Site Fund decreased by \$0.3 million. This decrease in funding was due to consistent sinking fund millage revenue and continuing to complete scheduled building projects. The School District has created and prioritized a list of projects that will be completed over the next three years.

Within the School District's special revenue funds, the Food Service Fund saw a fund balance increase of approximately \$850,000. During the COVID-19 pandemic, the School District received a significant increase in federal funds while maintaining reasonable costs feeding our students throughout the school year, including scheduled student breaks. The Math and Science Center Fund saw the fund balance remain consistent at \$100,000. The School District has seen a decrease in student participation from surrounding schools during the COVID-19 pandemic. Expenditures increased due to instructional costs for wages and benefits. The Student Activities Fund fund balance saw a nominal decrease of approximately \$10,000. This is due to the fact the School District had pauses to in-person learning due to the COVID-19 pandemic. Specific classes completed fundraising initiatives but were not able to attend the desired event due to residual effects of the pandemic. Funds were received or credits were made to accounts for the next school year.

The fund balance of our Debt Service Fund increased by approximately \$150,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. The Debt Service Fund fund balance is reserved since it can only be used to pay debt service obligations.

Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted on June 28, 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

Significant revisions were made to the 2020-2021 preliminary budget and the 2020-2021 final budget amendment for the General Fund. The preliminary budget does not include grant carryover allocations from state and federal grants. The remaining \$2.9 million in federal revenue dollars not used will be carried over to the 2021-2022 school year. Administration and staff continue to use grant funds first rather than using General Fund budgeted expenditures. The School District made a budget modification in February 2021 that includes grant revenue or expenditure changes, estimated expenditures for utilities and service level agreements (custodial and transportation) were also revised. Due to the COVID-19 pandemic, the School District experienced cost savings in some areas of operations, including transportation and custodial services. The School District moved key instructional leaders from the W. K. Kellogg Foundation Grant Fund back to General Fund operations.

For the major special revenue fund, budgeted revenue and expenditures were both decreased by \$1.4 million to reflect carryover funds from the previous year of the W.K. Kellogg Foundation Grant Fund. Significant modifications were made to reflect how funds would be spent on instructional and supplemental program services.

Battle Creek Public Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2021, the School District had \$94.4 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment, within the governmental and business-type activities. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$1.4 million from last year.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,913,592	\$ 3,913,592	\$ -	\$ -	\$ 3,913,592	\$ 3,913,592
Construction in progress	370,173	263,233	-	5,000	370,173	268,233
Buildings and improvements	85,689,509	86,901,498	2,196,000	2,250,000	87,885,509	89,151,498
Furniture and equipment	1,441,794	1,674,724	263,100	259,590	1,704,894	1,934,314
Vehicles	574,522	589,809	-	-	574,522	589,809
Total capital assets - Net of accumulated depreciation	<u>\$ 91,989,590</u>	<u>\$ 93,342,856</u>	<u>\$ 2,459,100</u>	<u>\$ 2,514,590</u>	<u>\$ 94,448,690</u>	<u>\$ 95,857,446</u>

We present more detailed information about our capital assets in Note 6 to the financial statements.

Debt

At the end of this year, the School District had \$42.8 million in bonds outstanding versus \$44.5 million in the previous year - a change of 3.9 percent. Those bonds consisted of the following:

	2021	2020
2016 Refunding Bonds	\$ 42,785,000	\$ 44,525,000

Other obligations include accrued vacation pay, sick leave, and capital leases. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2021-2022 fiscal year budget. The most significant factor for the 2021-2022 fiscal year budget was the continued impact of the COVID-19 pandemic. On June 28, 2021, the preliminary budget for 2021-2022 was adopted, and the State was discussing an increase of \$164 on the state foundation allowance of \$8,111, bringing the new state allowance to \$8,275 and restoring the 90/10 blended count. In late September 2021, the state budgeted per pupil allocation was adopted at \$8,700 per pupil or a \$589 dollar per pupil increase.

The second component of funding, once the state aid allowance is set, is student enrollment. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2021-2022 budgets were adopted on June 28, 2021 based on an estimated decline of 50 students from the 2020 fall count of students who will enroll in August 2021.

Battle Creek Public Schools continues to strive for overall sustainability and has budgeted conservatively for the 2021-2022 school year. This budget reflects a 1.3 percent increase in retirement liabilities, wage increases due to ongoing negotiations, and health insurance/hard cap increases and has moved key instructional leaders into the General Fund.

Battle Creek Public Schools

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 4)	\$ 13,514,016	\$ -	\$ 13,514,016
Receivables:			
Other receivables	334,703	63,780	398,483
Due from other governments	9,300,704	-	9,300,704
Internal balances (Note 7)	-	765,499	765,499
Inventories	201,797	1,258,395	1,460,192
Prepaid expenses and other assets	818,338	4,496	822,834
Restricted assets (Note 4)	11,789,956	-	11,789,956
Capital assets: (Note 6)			
Assets not subject to depreciation	4,283,765	-	4,283,765
Assets subject to depreciation - Net	87,705,825	2,459,100	90,164,925
Total assets	127,949,104	4,551,270	132,500,374
Deferred Outflows of Resources			
Deferred charges on bond refunding (Note 8)	2,694,079	-	2,694,079
Deferred pension costs (Note 11)	18,346,380	614,485	18,960,865
Deferred OPEB costs (Note 11)	6,507,861	179,054	6,686,915
Total deferred outflows of resources	27,548,320	793,539	28,341,859
Liabilities			
Accounts payable	2,247,975	15,995	2,263,970
Due to other governmental units	637,684	-	637,684
Internal balances (Note 7)	765,279	-	765,279
Accrued payroll and other liabilities	5,892,248	35,445	5,927,693
Unearned revenue (Note 5)	5,285,309	2,816	5,288,125
Noncurrent liabilities:			
Due within one year (Note 8)	2,233,219	88,046	2,321,265
Due in more than one year (Note 8)	47,277,958	63,494	47,341,452
Net pension liability (Note 11)	88,556,994	2,669,643	91,226,637
Net OPEB liability (Note 11)	13,901,114	477,395	14,378,509
Total liabilities	166,797,780	3,352,834	170,150,614
Deferred Inflows of Resources			
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	3,406,924	100,687	3,507,611
Deferred pension cost reductions (Note 11)	4,384,506	204,365	4,588,871
Deferred OPEB cost reductions (Note 11)	12,046,555	333,350	12,379,905
Total deferred inflows of resources	19,837,985	638,402	20,476,387
Net Position (Deficit)			
Net investment in capital assets	45,878,237	2,307,560	48,185,797
Restricted:			
Debt service	707,602	-	707,602
Capital projects (sinking fund)	5,045,829	-	5,045,829
Unrestricted	(82,770,009)	(953,987)	(83,723,996)
Total net position (deficit)	<u>\$ (31,138,341)</u>	<u>\$ 1,353,573</u>	<u>\$ (29,784,768)</u>

Battle Creek Public Schools

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
Instruction	\$ 34,369,477	\$ 3,485	\$ 16,704,262	\$ (17,661,730)	\$ -	\$ (17,661,730)
Support services	27,354,649	85,478	12,650,088	(14,619,083)	-	(14,619,083)
Athletics	770,611	19,383	19,998	(731,230)	-	(731,230)
Food services	3,178,851	50,812	3,907,007	778,968	-	778,968
Community services	2,678,593	-	1,647,461	(1,031,132)	-	(1,031,132)
Payments to other public schools	500	-	-	(500)	-	(500)
Interest	1,973,110	-	-	(1,973,110)	-	(1,973,110)
Total governmental activities	70,325,791	159,158	34,928,816	(35,237,817)	-	(35,237,817)
Business-type activities - Cereal City Science	1,588,509	899,439	70,461	-	(618,609)	(618,609)
Total primary government	\$ 71,914,300	\$ 1,058,597	\$ 34,999,277	(35,237,817)	(618,609)	(35,856,426)
General revenue:						
Taxes:						
Property taxes levied for general purposes				6,529,551	-	6,529,551
Property taxes levied for debt service				3,023,000	-	3,023,000
Property taxes levied for capital projects				1,506,980	-	1,506,980
State aid not restricted to specific purposes				27,159,891	-	27,159,891
Interest and investment earnings				12	123	135
Other				946,653	-	946,653
Total general revenue				39,166,087	123	39,166,210
Transfers				501,976	(501,976)	-
Change in Net Position (Deficit)				4,430,246	(1,120,462)	3,309,784
Net Position (Deficit) - Beginning of year				(35,568,587)	2,474,035	(33,094,552)
Net Position (Deficit) - End of year				\$ (31,138,341)	\$ 1,353,573	\$ (29,784,768)

Battle Creek Public Schools

Governmental Funds Balance Sheet

June 30, 2021

	General Fund	WKKF Grant Fund	Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 12,334,794	\$ -	\$ -	\$ 1,179,222	\$ 13,514,016
Receivables:					
Other receivables	310,161	-	6,958	17,584	334,703
Due from other governments	8,859,783	-	-	440,921	9,300,704
Due from other funds (Note 7)	3,252,336	5,281,576	3	4,131,314	12,665,229
Inventories	87,194	-	-	114,603	201,797
Prepaid expenses and other assets	589,724	33,557	-	195,057	818,338
Restricted assets (Note 4)	5,315,086	-	5,424,639	1,050,231	11,789,956
	\$ 30,749,078	\$ 5,315,133	\$ 5,431,600	\$ 7,128,932	\$ 48,624,743
Total assets					
Liabilities					
Accounts payable	\$ 1,119,611	\$ 557,735	\$ 385,771	\$ 184,858	\$ 2,247,975
Due to other governmental units	637,684	-	-	-	637,684
Due to other funds (Note 7)	10,927,881	-	-	2,502,627	13,430,508
Accrued payroll and other liabilities	4,976,271	518,271	-	41,164	5,535,706
Unearned revenue (Note 5)	1,023,544	4,239,127	-	22,638	5,285,309
	18,684,991	5,315,133	385,771	2,751,287	27,137,182
Total liabilities					
Fund Balances					
Nonspendable:					
Inventory	87,194	-	-	114,603	201,797
Prepays	589,724	-	-	195,057	784,781
Restricted:					
Debt service	-	-	-	1,064,144	1,064,144
Food service	-	-	-	2,712,975	2,712,975
Capital projects (sinking fund)	-	-	5,045,829	-	5,045,829
Committed:					
Math and Science Center	-	-	-	93,754	93,754
Student Activities	-	-	-	197,112	197,112
Unassigned	11,387,169	-	-	-	11,387,169
	12,064,087	-	5,045,829	4,377,645	21,487,561
Total fund balances					
Total liabilities and fund balances	\$ 30,749,078	\$ 5,315,133	\$ 5,431,600	\$ 7,128,932	\$ 48,624,743

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 21,487,561
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	145,145,344
Accumulated depreciation	<u>(53,155,754)</u>
Net capital assets used in governmental activities	91,989,590
Deferred inflows and outflows related to bond refundings are not reported in the funds	2,694,079
Bonds payable, capital leases payable, and premiums are not due and payable in the current period and are not reported in the funds	(48,805,432)
Accrued interest is not due and payable in the current period and is not reported in the funds	(356,542)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(705,745)
Net pension liability and related deferred inflows and outflows	(74,595,120)
Net OPEB liability and related deferred inflows and outflows	(19,439,808)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(3,406,924)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (31,138,341)</u></u>

Battle Creek Public Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	WKKF Grant Fund	Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 7,355,340	\$ 10,092,135	\$ 1,516,324	\$ 3,405,175	\$ 22,368,974
State sources	33,897,192	-	513,058	2,996,062	37,406,312
Federal sources	9,099,366	-	-	3,692,137	12,791,503
Intergovernmental and other sources	2,272,537	-	-	-	2,272,537
Total revenue	52,624,435	10,092,135	2,029,382	10,093,374	74,839,326
Expenditures					
Current:					
Instruction	28,294,674	2,039,251	-	1,268,091	31,602,016
Support services	18,775,903	5,709,760	-	1,071,911	25,557,574
Athletics	522,214	19,998	-	-	542,212
Food services	-	-	-	3,109,864	3,109,864
Community services	757,591	1,647,736	-	-	2,405,327
Debt service:					
Principal	25,681	-	-	1,740,000	1,765,681
Interest	24,817	-	-	2,171,698	2,196,515
Other debt costs	-	-	-	13,316	13,316
Capital outlay	1,478,797	675,390	2,335,972	149,502	4,639,661
Payments to other public schools	500	-	-	-	500
Total expenditures	49,880,177	10,092,135	2,335,972	9,524,382	71,832,666
Excess of Revenue Over (Under) Expenditures	2,744,258	-	(306,590)	568,992	3,006,660
Other Financing Sources (Uses)					
Transfers in (Note 7)	79,974	-	-	471,976	551,950
Transfers out (Note 7)	-	-	-	(49,974)	(49,974)
Total other financing sources	79,974	-	-	422,002	501,976
Net Change in Fund Balances	2,824,232	-	(306,590)	990,994	3,508,636
Fund Balances - Beginning of year	9,239,855	-	5,352,419	3,386,651	17,978,925
Fund Balances - End of year	\$ 12,064,087	\$ -	\$ 5,045,829	\$ 4,377,645	\$ 21,487,561

Battle Creek Public Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2021

Net Change in Fund Balances Reported in Governmental Funds	\$ 3,508,636
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	2,496,151
Depreciation expense	(3,849,417)
Revenue in support of pension contributions made subsequent to the measurement date	(571,949)
Repayment of bond principal and capital leases is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	1,974,586
Interest expense is recognized in the government-wide statements as it accrues	14,500
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	857,739
Change in Net Position of Governmental Activities	<u>\$ 4,430,246</u>

Battle Creek Public Schools

Proprietary Fund Statement of Net Position

June 30, 2021

Enterprise Fund
Cereal City
Science

Assets

Current assets:

Receivables	\$ 63,780
Due from other funds (Note 7)	1,986,967
Inventories	1,258,395
Prepaid expenses and other assets	4,496

Total current assets 3,313,638

Noncurrent assets - Capital assets - Net (Note 6) 2,459,100

Total assets 5,772,738

Deferred Outflows of Resources

Deferred pension costs (Note 11) 614,485

Deferred OPEB costs (Note 11) 179,054

Total deferred outflows of resources 793,539

Liabilities

Current liabilities:

Accounts payable	15,995
Due to other funds (Note 7)	1,221,468
Accrued payroll and other liabilities	35,445
Unearned revenue (Note 5)	2,816
Current portion of capital lease liability (Note 8)	88,046

Total current liabilities 1,363,770

Noncurrent liabilities:

Net pension liability (Note 11)	2,669,643
Net OPEB liability (Note 11)	477,395
Capital lease liability, net of current portion (Note 8)	63,494

Total noncurrent liabilities 3,210,532

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the measurement date (Note 11) 100,687

Deferred pension cost reductions (Note 11) 204,365

Deferred OPEB cost reductions (Note 11) 333,350

Total deferred inflows of resources 638,402

Net Position

Net investment in capital assets 2,307,560

Unrestricted (953,987)

Total net position \$ 1,353,573

Battle Creek Public Schools**Proprietary Fund
Statement of Revenue, Expenses, and Changes in Net Position****Year Ended June 30, 2021**

	<u>Enterprise Fund</u> <u>Cereal City</u> <u>Science</u>
Operating Revenue	
Charges for services	\$ 899,439
Operating grants	<u>70,461</u>
Total operating revenue	969,900
Operating Expenses	
Other operating and maintenance costs	73,223
Outreach	990,921
Administrative	301,732
Support costs	104,693
Depreciation (unallocated) (Note 6)	<u>117,940</u>
Total operating expenses	<u>1,588,509</u>
Operating Loss	(618,609)
Nonoperating Revenue - Interest income	123
Transfers Out (Note 7)	<u>(501,976)</u>
Change in Net Position	(1,120,462)
Net Position - Beginning of year	<u>2,474,035</u>
Net Position - End of year	<u><u>\$ 1,353,573</u></u>

Battle Creek Public Schools

Proprietary Fund Statement of Cash Flows

Year Ended June 30, 2021

	<u>Enterprise Fund</u> <u>Cereal City</u> <u>Science</u>
Cash Flows from Operating Activities	
Cash receipts from sales and user charges	\$ 865,186
Payments to suppliers	(361,175)
Payments to employees and fringes	(940,928)
Cash received from other governments	9,434
Cash received for other operating expenses	1,075,258
	<hr/>
Net cash provided by operating activities	647,775
Cash Flows Used in Noncapital Financing Activities - Transfer to other funds	(501,976)
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(62,450)
Principal payments made on capital lease	(83,472)
	<hr/>
Net cash used in capital and related financing activities	(145,922)
Cash Flows Provided by Investing Activities - Interest received	123
	<hr/>
Net Change in Cash	-
Cash - Beginning of year	-
	<hr/>
Cash - End of year	\$ -
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (618,609)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	117,940
Changes in assets and liabilities:	
Receivables	(34,253)
Due to and from other funds	1,033,240
Inventories and other assets	203,355
Net pension and OPEB liability	(33,466)
Deferrals related to pension or OPEB	25,249
Accrued and other liabilities	(45,681)
	<hr/>
Total adjustments	1,266,384
	<hr/>
Net cash provided by operating activities	\$ 647,775
	<hr/> <hr/>

Battle Creek Public Schools

Fiduciary Fund
Statement of Fiduciary Net Position

	June 30, 2021
	Private-purpose Trust Fund
	<hr/>
Assets - Cash and investments (Note 4)	\$ 2,795,151
Liabilities	
Accounts payable	384
Due to other funds (Note 7)	220
	<hr/>
Total liabilities	604
	<hr/>
Net Position	\$ 2,794,547
	<hr/> <hr/>

Battle Creek Public Schools

Fiduciary Fund
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	<u>Private-purpose Trust Fund</u>
Revenue	
Investment gain	\$ 457,974
Contributions	<u>2,912</u>
Total revenue	460,886
Expenses - Scholarships	<u>30,186</u>
Change in Net Position	430,700
Net Position - Beginning of year	<u>2,363,847</u>
Net Position - End of year	<u><u>\$ 2,794,547</u></u>

June 30, 2021**Note 1 - Nature of Business**

Battle Creek Public Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies***Accounting and Reporting Principles***

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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 statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)***Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, and capital projects funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The special revenue fund, the W.K. Kellogg Foundation (WKKF) Grant Fund, is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Revenue sources for the WKKF Grant Fund include a dedicated grant received from local sources. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Building and Site Fund is a capital projects fund that is used to account for resources specifically designed for the acquisition and construction of facilities and for major capital improvements to facilities related to a sinking fund millage approved by the taxpayers. Activities related to the sinking fund millage are recorded in the Building and Site Fund. Such revenue can only be expendable for allowable capital projects purposes in accordance with the initial ballot language.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's special revenue funds are the Food Service Fund, the Math and Science Center Fund, and the Student Activities Fund. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from state and federal sources. Revenue sources for the Math and Science Center Fund include sales to customers and dedicated grants from state sources. Lastly, revenue sources for the Student Activities Fund includes fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Debt Service Fund is the School District's only debt service fund. The fund is used to record property tax revenue and the corresponding principal and interest payments for the 2016 Refunding Bonds.

Proprietary Funds

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The School District reports the Cereal City Science Fund as a major enterprise fund. Revenue for the Cereal City Science Fund is generated from the sales of Cereal City science kits to other districts throughout the country.

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District reports the Private-purpose Trust Fund as a fiduciary fund. The Private-purpose Trust Fund is used to account for resources legally held in trust, including contributions received by the School District to be awarded in the form of scholarships.

Interfund Activity

During the course of operations, the School 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, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not accounted for until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fiduciary and proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions**Cash and Investments**

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost. Pooled investment income is generally allocated to each fund using a weighted average of balance for the principal. Private-purpose Trust Fund investment income is directly allocated to that fund.

Note 2 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. The Cereal City Science Fund inventory consists of supplies and materials to be compiled into kits that are sold primarily to other districts. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements when applicable.

Restricted Assets

The unspent property tax revenue of the Debt Service Fund requires amounts to be set aside for future bond payments, the unspent property taxes levied in the sinking fund are required to be set aside for future approved sinking fund projects, and the unspent proceeds from W.K. Kellogg Foundation held in the General Fund are required to be set aside for future expenditures of the WKKF Grant Fund. These amounts have been classified as restricted assets and consist of cash and investments.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and vehicles, are reported in the applicable governmental activities and business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend the asset life are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Depreciable Life - Years</u>
Buildings and improvements	10-50 years
Furniture and equipment	5-20 years
Vehicles	7 years

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

Note 2 - Significant Accounting Policies (Continued)

The School District reports deferred outflows related to deferred charges on refundings and deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The School District will sometimes 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 School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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 nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School 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 School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the executive director of business and finance 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 exist only 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.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 for approximately 50 percent of the taxes that are due on August 20 and December 1 for the remainder of the property taxes, which are due on February 14. The final collection date is February 28, after which delinquent real property taxes are added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plans

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit certain employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires 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 an 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. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the School District's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and major special revenue funds, except that capital outlay expenditures are reported in other expenditure categories, and proceeds from the sale of capital assets are reported in local revenue. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and combined function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the combined function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District changed budgeted amounts during the year in response to state aid and other funding changes.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District incurred expenditures in the General Fund and WKKF Grant Fund that were in excess of the amounts budgeted as follows:

	Budget	Actual
General Fund - Debt service	\$ -	\$ 50,498
WKKF Grant Fund - General administration	103,621	254,197
WKKF Grant Fund - Capital outlay	425,000	675,390

The budget and actual information for the WKKF Grant Fund is presented in the same format as the adopted budget, which includes some classification differences from amounts reported in the statement of revenue, expenditures, and changes in fund balance.

Capital Projects Fund Compliance

The Building and Site Fund records capital project activities funded with sinking fund millage. For this fund, authorized prior to March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated three banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except the Michigan Liquid Asset Fund - MAX Class investment may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. In addition, redemptions made prior to the 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. The Michigan Liquid Asset Fund - Cash Management investment has no limitations or restrictions on participant withdrawals except for a one-day minimum investment period.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had \$18,443,460 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School District does not have a policy for custodial credit risk. As identified below, the School District has nonconforming investments that were previously donated and are held by the counterparty's trust department in the School District's name.

Investment Type	Carrying Value	How Held
Stocks	\$ 1,307,095	Held by counterparty's trust department in School District's name
Corporate notes	1,398,463	Held by counterparty's trust department in School District's name
Total	<u>\$ 2,705,558</u>	

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy restricts investment maturities to within five years of the date of purchase except for commercial paper, which can only be purchased with a 270-day maturity. In addition, no more than 25 percent of the School District's portfolio may be invested in investments with a maturity of greater than three years. However, some of the investments in the School District's portfolio have maturities greater than five years from the date of purchase. As of June 30, 2021, the School District holds approximately \$364,000 of investments that have maturities greater than five years.

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Michigan Liquid Asset Fund - MAX Class	\$ 4,079,088	AAAm	S&P
Michigan Liquid Asset Fund - Cash Management	3,804,875	AAAm	S&P
Corporate notes	1,398,463	Various	Various
Stocks	1,307,095	Various	Various
Total	<u>\$ 10,589,521</u>		

Concentration of Credit Risk

The School District places no limit on the amount it may invest in U.S. Treasury debt obligations, U.S. agency debt obligations, or SEC-registered money market funds. With the previous exception, the School District's policy states that no one issuer or group of issuers from the same holding company can exceed 5 percent of the market value of the portfolio at the time of purchase. The School District does not have more than 5 percent of its investments in any one issue.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

June 30, 2021

Note 4 - Deposits and Investments (Continued)

The School District has the following recurring fair value measurements as of June 30, 2021:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Assets				
Debt securities - Corporate notes	\$ -	\$ 1,398,463	\$ -	\$ 1,398,463
Equity securities:				
Domestic stock	1,191,494	-	-	1,191,494
International stock	16,569	-	-	16,569
Mutual funds	99,032	-	-	99,032
Total equity securities	1,307,095	-	-	1,307,095
Total assets	<u>\$ 1,307,095</u>	<u>\$ 1,398,463</u>	<u>\$ -</u>	<u>\$ 2,705,558</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of debt securities at June 30, 2021 was determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2021, the School District had no unavailable revenue and \$5,288,125 of unearned revenue, primarily related to grant and categorical aid payment received prior to meeting all eligibility requirements.

June 30, 2021

Note 6 - Capital Assets

Capital asset activity of the School District's governmental and business-type activities was as follows:

Governmental Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 3,913,592	\$ -	\$ -	\$ -	\$ 3,913,592
Construction in progress	263,233	(263,233)	370,173	-	370,173
Subtotal	4,176,825	(263,233)	370,173	-	4,283,765
Capital assets being depreciated:					
Buildings and improvements	124,474,934	263,233	1,703,629	-	126,441,796
Furniture and equipment	12,746,313	-	422,349	-	13,168,662
Vehicles	1,251,121	-	-	-	1,251,121
Subtotal	138,472,368	263,233	2,125,978	-	140,861,579
Accumulated depreciation:					
Buildings and improvements	37,573,436	-	3,178,851	-	40,752,287
Furniture and equipment	11,071,589	-	655,279	-	11,726,868
Vehicles	661,312	-	15,287	-	676,599
Subtotal	49,306,337	-	3,849,417	-	53,155,754
Net capital assets being depreciated	89,166,031	263,233	(1,723,439)	-	87,705,825
Net governmental activities capital assets	<u>\$ 93,342,856</u>	<u>\$ -</u>	<u>\$ (1,353,266)</u>	<u>\$ -</u>	<u>\$ 91,989,590</u>

Business-type Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Cereal City Science					
Capital assets not being depreciated - Construction in progress	\$ 5,000	\$ (5,000)	\$ -	\$ -	\$ -
Capital assets being depreciated:					
Buildings and improvements	2,700,000	-	-	-	2,700,000
Furniture and equipment	466,930	5,000	62,450	-	534,380
Subtotal	3,166,930	5,000	62,450	-	3,234,380
Accumulated depreciation:					
Buildings and improvements	450,000	-	54,000	-	504,000
Furniture and equipment	207,340	-	63,940	-	271,280
Subtotal	657,340	-	117,940	-	775,280
Net capital assets being depreciated	2,509,590	5,000	(55,490)	-	2,459,100
Net business-type activities capital assets	<u>\$ 2,514,590</u>	<u>\$ -</u>	<u>\$ (55,490)</u>	<u>\$ -</u>	<u>\$ 2,459,100</u>

June 30, 2021

Note 6 - Capital Assets (Continued)

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

Governmental activities:		
Instruction	\$	2,969,822
Support services		305,906
Community services		280,843
Food services		55,127
Athletics		<u>237,719</u>
Total governmental activities	\$	<u>3,849,417</u>

Depreciation expense related to the Cereal City Science Fund was not charged to activities, as the Cereal City Science Fund assets benefit multiple activities, and allocation is impractical.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Primary Government				Total
	Fund Due From				
	General Fund	Fiduciary Funds	Cereal City Science Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 220	\$ 749,492	\$ 2,502,624	\$ 3,252,336
WKKF Grant Fund	5,281,576	-	-	-	5,281,576
Nonmajor governmental funds	3,659,338	-	471,976	-	4,131,314
Cereal City Science Fund	1,986,967	-	-	-	1,986,967
Building and Site Fund	-	-	-	3	3
Total	<u>\$ 10,927,881</u>	<u>\$ 220</u>	<u>\$ 1,221,468</u>	<u>\$ 2,502,627</u>	<u>\$ 14,652,196</u>

Governmental interfund balances represent routine and temporary cash flow assistance until amounts are transferred from investment accounts.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Cereal City Science Fund	Math and Science Fund	\$ 471,976
	General Fund	<u>30,000</u>
	Total Cereal City Science Fund	501,976
Food Service Fund	General Fund	19,974
Math and Science Fund	General Fund	<u>30,000</u>
	Total	<u>\$ 551,950</u>

June 30, 2021

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

Transfers from the Food Service Fund, Math and Science Fund, and Cereal City Science Fund to the General Fund, and from the Cereal City Science Fund to the Math and Science Center Fund, were transferred to cover excess costs related to operations of the funds for the purposes for which they were created.

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligations bond payable:	\$ 44,525,000	\$ -	\$ (1,740,000)	\$ 42,785,000	\$ 1,825,000
Unamortized bond premiums	6,347,804	-	(380,868)	5,966,936	380,868
Total bonds payable	50,872,804	-	(2,120,868)	48,751,936	2,205,868
Capital leases	79,177	-	(25,681)	53,496	27,351
Compensated absences	635,309	70,436	-	705,745	-
Total governmental activities long-term debt	<u>\$ 51,587,290</u>	<u>\$ 70,436</u>	<u>\$ (2,146,549)</u>	<u>\$ 49,511,177</u>	<u>\$ 2,233,219</u>

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Capital leases	\$ 235,012	\$ -	\$ (83,472)	\$ 151,540	\$ 88,046

The School District had deferred outflows of \$2,694,079 related to deferred charges on bond refundings at June 30, 2021.

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2021 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
\$49,265,000 refunding bonds (2016)	2016	4.00 - 5.00	2037	\$ 42,785,000

Note 8 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bond obligation are as follows:

Years Ending June 30	Governmental Activities		
	Other Debt		Total
	Principal	Interest	
2022	\$ 1,825,000	\$ 2,084,200	\$ 3,909,200
2023	1,920,000	1,992,950	3,912,950
2024	2,015,000	1,896,950	3,911,950
2025	2,115,000	1,796,200	3,911,200
2026	2,220,000	1,690,450	3,910,450
2027-2031	12,850,000	6,699,500	19,549,500
2032-2036	16,120,000	3,425,750	19,545,750
2037	3,720,000	186,000	3,906,000
Total	<u>\$ 42,785,000</u>	<u>\$ 19,772,000</u>	<u>\$ 62,557,000</u>

Capital Leases

The School District has entered into multiple capital leases for copier use throughout the School District that expire in 2023 and 2024. The total original capital lease liability is \$538,952, with interest rates ranging from 6.14 percent to 7.10 percent and monthly payments between \$254 and \$7,981. The balance of the capital lease liability as of June 30, 2021 is \$205,036. The cost and related accumulated depreciation on the capital leases is included within capital assets and further disclosed in Note 6.

Bond Refunding

In previous years, the School District defeased certain 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's assets and liabilities for the defeased bonds are not included in the basic financial statements. As of June 30, 2021, there is still \$46,940,000 of bonds outstanding that is considered defeased.

Note 9 - Operating Leases

The building and real estate used by Willard Library are being leased from the School District for \$1 per year, with an indefinite lease period. The fair market value of this lease is not known.

Note 10 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for each of these risks and participates in the SET-SEG (risk pool) for claims relating to workers' compensation and property/casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

June 30, 2021

Note 11 - Michigan Public School Employees' Retirement System***Plan Description***

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

June 30, 2021

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$8,487,519, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$3,507,611 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$2,186,335, which includes the School District's contributions required for those members with a defined contribution benefit.

June 30, 2021

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2021, the School District reported a liability of \$91,226,637 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.2656 and 0.2660 percent, respectively, representing a change of (0.002) percent.

Net OPEB Liability

At June 30, 2021, the School District reported a liability of \$14,378,509 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.2684 and 0.2645 percent, respectively, representing a change of 1.45 percent.

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

For 2021, the School District recognized pension expense of \$10,022,376, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,393,868	\$ (194,710)
Changes in assumptions	10,108,791	-
Net difference between projected and actual earnings on pension plan investments	383,294	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(4,394,161)
The School District's contributions to the plan subsequent to the measurement date	7,074,912	-
Total	\$ 18,960,865	\$ (4,588,871)

The \$3,507,611 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2022	\$ 2,780,229
2023	2,361,177
2024	1,556,134
2025	599,542
Total	\$ 7,297,082

June 30, 2021

Note 11 - Michigan Public School Employees' Retirement System (Continued)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2021, the School District recognized OPEB recovery of \$939,668.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (10,713,333)
Changes in assumptions	4,740,880	-
Net difference between projected and actual earnings on OPEB plan investments	120,005	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	295,509	(1,666,572)
Employer contributions to the plan subsequent to the measurement date	1,530,521	-
Total	\$ 6,686,915	\$ (12,379,905)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2022	\$ (2,131,387)
2023	(1,965,287)
2024	(1,501,188)
2025	(931,996)
2026	(693,653)
Total	\$ (7,223,511)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2020 are based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.00%	Year 1 graded to 3.5% year 15, 3.0% year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

June 30, 2021

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

Significant assumption changes since the prior measurement date, September 30, 2019, for the OPEB plan include a reduction in the health care cost trend rate of 0.5 percentage points, and the actual per person health benefit costs were lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2020 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.60 %
Private equity pools	16.00	9.30
International equity pools	15.00	7.40
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	4.90
Absolute return pools	9.00	3.20
Real return/opportunistic pools	12.50	6.60
Short-term investment pools	2.00	(0.10)
Total	100.00 %	

June 30, 2021

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Long-term rates of return are net of administrative expense and inflation of 2.10 percent.

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

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 118,077,407	\$ 91,226,637	\$ 68,973,334

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

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's 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:

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 18,470,829	\$ 14,378,509	\$ 10,933,119

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 10,801,201	\$ 14,378,509	\$ 18,447,256

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2021, the School District reported a payable of \$1,342,966 and \$302,596 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Note 12 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

June 30, 2021

Note 12 - Tax Abatements (Continued)

For the fiscal year ended June 30, 2021, the School District's property tax revenue was reduced by \$1,260,229 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received \$1,247,945 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the sinking fund or debt service millages.

Required Supplemental Information

Battle Creek Public Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 7,334,893	\$ 7,283,101	\$ 7,355,340	\$ 72,239
State sources	31,709,960	34,257,771	33,897,192	(360,579)
Federal sources	7,450,024	12,026,156	9,099,366	(2,926,790)
Governmental - Intergovernmental	2,651,500	2,548,625	2,272,537	(276,088)
Total revenue	49,146,377	56,115,653	52,624,435	(3,491,218)
Expenditures				
Current:				
Instruction:				
Basic programs	20,502,170	21,654,849	20,136,808	(1,518,041)
Added needs	9,852,309	9,178,856	8,136,029	(1,042,827)
Adult/Continuing education	345,569	345,751	320,150	(25,601)
Total instruction	30,700,048	31,179,456	28,592,987	(2,586,469)
Support services:				
Pupil	2,692,573	2,878,913	2,562,657	(316,256)
Instructional staff	2,373,904	4,543,778	3,793,134	(750,644)
General administration	564,028	561,237	571,389	10,152
School administration	3,177,296	2,963,226	2,871,539	(91,687)
Business	933,008	891,634	824,828	(66,806)
Operations and maintenance	6,117,071	6,471,472	5,904,956	(566,516)
Pupil transportation services	2,593,882	1,744,463	1,627,102	(117,361)
Central	2,018,656	1,969,820	1,800,782	(169,038)
Total support services	20,470,418	22,024,543	19,956,387	(2,068,156)
Athletics	647,505	557,558	522,214	(35,344)
Community services	685,070	1,122,008	757,591	(364,417)
Debt service	-	-	50,498	50,498
Payment to other public schools	33,500	145,964	500	(145,464)
Total expenditures	52,536,541	55,029,529	49,880,177	(5,149,352)
Excess of Revenue (Under) Over Expenditures	(3,390,164)	1,086,124	2,744,258	1,658,134
Other Financing Sources - Transfers in	1,618,500	88,500	79,974	(8,526)
Net Change in Fund Balance	(1,771,664)	1,174,624	2,824,232	1,649,608
Fund Balance - Beginning of year	9,239,855	9,239,855	9,239,855	-
Fund Balance - End of year	\$ 7,468,191	\$ 10,414,479	\$ 12,064,087	\$ 1,649,608

Battle Creek Public Schools

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund WKKF Grant Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue - Local sources	\$ 15,925,586	\$ 14,257,660	\$ 10,092,135	\$ (4,165,525)
Expenditures				
Current:				
Instruction - Basic programs	3,883,473	4,596,171	2,039,251	(2,556,920)
Support services:				
Pupil	720,000	804,868	589,486	(215,382)
Instructional staff	4,024,975	3,445,600	2,365,377	(1,080,223)
General administration	142,000	103,621	254,197	150,576
School administration	302,750	197,750	160,334	(37,416)
Operations and maintenance	20,000	20,000	-	(20,000)
Pupil transportation services	561,000	445,500	20,949	(424,551)
Central	2,530,000	2,276,000	2,319,417	43,417
Athletics	35,000	20,000	19,998	(2)
Community services	1,949,400	1,923,150	1,647,736	(275,414)
Capital outlay	1,500,000	425,000	675,390	250,390
Total expenditures	<u>15,668,598</u>	<u>14,257,660</u>	<u>10,092,135</u>	<u>(4,165,525)</u>
Net Change in Fund Balance	256,988	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u><u>\$ 256,988</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Battle Creek Public Schools

Required Supplemental Information Schedule of the School District's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Seven Plan Years						
	Plan Years Ended September 30						
	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.26557 %	0.26603 %	0.27968 %	0.29896 %	0.32329 %	0.32647 %	0.34357 %
School District's proportionate share of the net pension liability	\$ 91,226,637	\$ 88,100,662	\$ 84,078,330	\$ 77,472,035	\$ 80,657,541	\$ 79,741,569	\$ 75,677,164
School District's covered payroll	\$ 23,924,898	\$ 23,190,445	\$ 23,030,959	\$ 24,094,527	\$ 27,334,190	\$ 27,781,162	\$ 29,695,625
School District's proportionate share of the net pension liability as a percentage of its covered payroll	381.30 %	379.90 %	365.07 %	321.53 %	295.08 %	287.03 %	254.84 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Battle Creek Public Schools

Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Seven Fiscal Years						
	Years Ended June 30						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 8,242,226	\$ 7,399,988	\$ 7,218,982	\$ 7,104,930	\$ 7,142,439	\$ 7,549,920	\$ 5,654,487
Contributions in relation to the statutorily required contribution	8,242,226	7,399,988	7,218,982	7,104,930	7,142,439	7,549,920	5,654,487
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 24,281,850	\$ 23,630,457	\$ 23,477,944	\$ 22,927,784	\$ 24,613,099	\$ 27,057,569	\$ 25,834,320
Contributions as a Percentage of Covered Payroll	33.94 %	31.32 %	30.75 %	30.99 %	29.02 %	27.90 %	21.89 %

Battle Creek Public Schools

Required Supplemental Information
Schedule of the School District's Proportionate Share of the Net OPEB
Liability
Michigan Public School Employees' Retirement System

	Last Four Plan Years			
	Plan Years Ended September 30			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.26839 %	0.26455 %	0.26983 %	0.30058 %
School District's proportionate share of the net OPEB liability	\$ 14,378,509	\$ 18,988,405	\$ 21,448,463	\$ 26,617,381
School District's covered payroll	\$ 23,924,898	\$ 23,190,445	\$ 23,030,959	\$ 24,094,527
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.10 %	81.88 %	93.13 %	110.47 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %

Battle Creek Public Schools

Required Supplemental Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

	Last Four Fiscal Years Years Ended June 30			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 2,020,675	\$ 1,898,849	\$ 1,844,198	\$ 1,656,011
Contributions in relation to the statutorily required contribution	<u>2,020,675</u>	<u>1,898,849</u>	<u>1,844,198</u>	<u>1,656,011</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 24,281,850	\$ 23,630,457	\$ 23,477,944	\$ 22,927,784
Contributions as a Percentage of Covered Payroll	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2021

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no changes of benefit assumptions for each of the plan years ended September 30 except for the following:

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.5 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplemental Information

June 30, 2021

	Special Revenue Funds				Total
	Food Service Fund	Math and Science Center Fund	Student Activities Fund	Debt Service Fund	
Assets					
Cash and investments	\$ 723,895	\$ -	\$ 455,327	\$ -	\$ 1,179,222
Receivables	192,653	250,783	1,153	13,916	458,505
Due from other funds	2,700,888	1,430,426	-	-	4,131,314
Inventories	92,270	1,189	21,144	-	114,603
Prepaid expenses and other assets	190,000	5,057	-	-	195,057
Restricted assets	-	-	-	1,050,231	1,050,231
Total assets	\$ 3,899,706	\$ 1,687,455	\$ 477,624	\$ 1,064,147	\$ 7,128,932
Liabilities					
Accounts payable	\$ 144,269	\$ 37,089	\$ 3,500	\$ -	\$ 184,858
Due to other funds	727,517	1,519,239	255,868	3	2,502,627
Accrued payroll and other liabilities	11,287	29,877	-	-	41,164
Unearned revenue	21,388	1,250	-	-	22,638
Total liabilities	904,461	1,587,455	259,368	3	2,751,287
Fund Balances					
Nonspendable:					
Inventory	92,270	1,189	21,144	-	114,603
Prepaid expenses and other assets	190,000	5,057	-	-	195,057
Restricted:					
Debt service	-	-	-	1,064,144	1,064,144
Food service	2,712,975	-	-	-	2,712,975
Committed:					
Math and Science Center	-	93,754	-	-	93,754
Student Activities	-	-	197,112	-	197,112
Total fund balances	2,995,245	100,000	218,256	1,064,144	4,377,645
Total liabilities and fund balances	\$ 3,899,706	\$ 1,687,455	\$ 477,624	\$ 1,064,147	\$ 7,128,932

Battle Creek Public Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2021

	Special Revenue Funds			Debt Service Fund	Total
	Food Service Fund	Math and Science Center Fund	Student Activities Fund		
Revenue					
Local sources	\$ 51,000	\$ 233,829	\$ 80,694	\$ 3,039,652	\$ 3,405,175
State sources	356,085	1,607,771	-	1,032,206	2,996,062
Federal sources	3,692,137	-	-	-	3,692,137
Total revenue	4,099,222	1,841,600	80,694	4,071,858	10,093,374
Expenditures					
Current:					
Instruction	-	1,268,091	-	-	1,268,091
Support services	30,484	952,365	89,062	-	1,071,911
Food services	3,109,864	-	-	-	3,109,864
Debt service:					
Principal	-	-	-	1,740,000	1,740,000
Interest	-	-	-	2,171,698	2,171,698
Other debt costs	-	-	-	13,316	13,316
Capital outlay	86,382	63,120	-	-	149,502
Total expenditures	3,226,730	2,283,576	89,062	3,925,014	9,524,382
Excess of Revenue Over (Under) Expenditures	872,492	(441,976)	(8,368)	146,844	568,992
Other Financing Sources (Uses)					
Transfers in	-	471,976	-	-	471,976
Transfers out	(19,974)	(30,000)	-	-	(49,974)
Total other financing (uses) sources	(19,974)	441,976	-	-	422,002
Net Change in Fund Balances	852,518	-	(8,368)	146,844	990,994
Fund Balances - Beginning of year	2,142,727	100,000	226,624	917,300	3,386,651
Fund Balances - End of year	\$ 2,995,245	\$ 100,000	\$ 218,256	\$ 1,064,144	\$ 4,377,645

Battle Creek Public Schools

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Math and Science Center Fund

Year Ended June 30, 2021

	Math and Science Center	Outdoor Education Center	Total
Revenue			
Local sources	\$ 65,644	\$ 168,185	\$ 233,829
State sources	1,599,787	7,984	1,607,771
Total revenue	1,665,431	176,169	1,841,600
Expenditures			
Current:			
Instruction	1,265,290	2,801	1,268,091
Support services	488,480	463,885	952,365
Capital outlay	63,120	-	63,120
Total expenditures	1,816,890	466,686	2,283,576
Excess of Expenditures Over Revenue	(151,459)	(290,517)	(441,976)
Other Financing Sources			
Transfers in	181,459	290,517	471,976
Transfers out	(30,000)	-	(30,000)
Total other financing sources	151,459	290,517	441,976
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Battle Creek Public Schools

**Other Supplemental Information
Schedule of Bonded Indebtedness**

June 30, 2021

Years Ending June 30	2016 Refunding Bonds Principal
2022	\$ 1,825,000
2023	1,920,000
2024	2,015,000
2025	2,115,000
2026	2,220,000
2027	2,330,000
2028	2,445,000
2029	2,570,000
2030	2,700,000
2031	2,805,000
2032	2,920,000
2033	3,065,000
2034	3,215,000
2035	3,380,000
2036	3,540,000
2037	3,720,000
Total remaining payments	\$ 42,785,000
Principal payments due	May 1
Interest payments due	May 1 and November 1
Interest rate	4.00% to 5.00%
Original issue	\$ 49,265,000