



**CALEDONIA COMMUNITY SCHOOLS
KENT COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Caledonia Community Schools
Caledonia, Michigan

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caledonia Community Schools (the "School") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of proportionate share of net pension and OPEB liabilities and contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, MI
October 11, 2024

Management's Discussion and Analysis

**Caledonia Community Schools
Management's Discussion and Analysis
June 30, 2024**

This section of Caledonia Community Schools (the "School"), Kent County, Michigan's annual financial report presents our discussion and analysis of the School's financial performance during the year ended June 30, 2024. It is to be read in conjunction with the School's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending June 30, 2024.

Financial Highlights

- The liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of this fiscal year by \$52,428,990 (shown as a deficit *net position*). The School had a deficit *unrestricted net position* of \$(155,418,543).
- Revenues of \$98,832,494 exceeded expenses of \$79,483,937 leading to an increase in net position of \$19,348,557 during the year.
- During the year, the School's fund balances increased by \$29,142,903, for an ending fund balance of \$78,678,893.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,701,448, or 16.4% of the general fund's total expenditures and transfers out. Fund balance of the general fund increased by \$1,688,577 during the year.

Overview of the Financial Statements

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

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

The basic financial statements also include the notes to the financial statements that explain the information in the basic financial statements and provide more detailed data. Supplementary

information follows and includes combining and individual fund statements as well as a budgetary comparison schedule for the general fund as well as schedules showing the School's funding status of its pension and OPEB retirement plans.

Government-wide Financial Statements

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

The two government-wide statements report the School's net position, and how they have changed. Net position – the difference between the School's assets, deferred outflows and inflows, and liabilities - is one way to measure the School's financial health or position. Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

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

In the government-wide financial statements, the School's activities are presented as governmental activities. *Governmental activities* include the School's basic services, such as regular and special education, instructional support, transportation, administration, community services, food service, and athletics. State aid and property taxes finance most of these activities.

Financial Analysis of the School as a Whole

The School's cash and investments increased by \$35,394,112 during the year. This is largely due to the School issuing approximately \$69 million worth of bonds and new debt as well as the School also paying \$31,585,000 on existing debt. The School's capital assets increased \$24,735,496 due to the School spending a significant amount on new capital projects. Long-term debt increased significantly during the year due to issuing new bonds. Pension and OPEB liabilities and deferred outflows/inflows changed a lot during the year as well. See the notes to the financial statements for more information.

The schedule on the following page summarizes the School's net position for each of the past two fiscal years.

Caledonia Community School's Net Position

ASSETS	2024	2023
<i>Current Assets</i>		
Cash and investments	\$ 82,926,606	\$ 47,532,494
Receivables	10,958,692	10,691,460
Prepaid items	388,901	1,501,823
<i>Total Current Assets</i>	94,274,199	59,725,777
<i>Noncurrent Assets</i>		
Capital assets, net	166,604,019	141,868,523
Net OPEB asset	1,766,975	-
<i>Total Assets</i>	262,645,193	201,594,300
DEFERRED OUTFLOWS OF RESOURCES		
Charges from bond refundings	598,952	798,005
Pension related	23,260,594	25,895,375
OPEB related	6,839,359	8,814,052
<i>Total Deferred Outflows of Resources</i>	30,698,905	35,507,432
LIABILITIES		
<i>Current Liabilities</i>		
Accounts payable	9,758,730	5,474,031
Accrued payroll and related benefits	3,863,715	3,765,463
Accrued interest	1,293,431	918,820
Unearned revenue	1,972,861	950,293
Current portion of compensated absences	70,140	75,023
Current portion of long-term debt	11,715,000	12,138,930
<i>Total Current Liabilities</i>	28,673,877	23,322,560
<i>Noncurrent Liabilities</i>		
Net pension liability	98,713,201	113,269,711
Net OPEB liability	-	6,315,479
Compensated absences	1,332,665	1,425,429
Long-term debt	190,924,856	147,653,328
<i>Total Liabilities</i>	319,644,599	291,986,507
DEFERRED INFLOWS OF RESOURCES		
Pension related	11,345,908	2,700,755
OPEB related	14,782,581	14,192,017
<i>Total Deferred Inflows of Resources</i>	26,128,489	16,892,772
NET POSITION		
Net investment in capital assets	39,655,132	28,213,260
Restricted	63,334,421	2,288,354
Unrestricted	(155,418,543)	(102,279,161)
<i>Total Net Position</i>	\$ (52,428,990)	\$ (71,777,547)

The results of the fiscal year's operations for the School as a whole are presented in the statement of activities, which shows the change in total net position for the year:

Caledonia Community School's Changes in Net Position

Revenues	2024	2023
Program Revenues		
Charges for services	\$ 2,669,266	\$ 3,569,460
Operating grants and contributions	28,394,931	26,257,037
<i>Total Program Revenues</i>	<u>31,064,197</u>	<u>29,826,497</u>
General Revenues		
Property taxes	29,727,401	26,383,354
Unrestricted state sources	33,449,623	32,539,381
Interest and investment earnings	4,591,273	1,725,383
<i>Total General Revenues</i>	<u>67,768,297</u>	<u>60,648,118</u>
<i>Total Revenues</i>	<u>98,832,494</u>	<u>90,474,615</u>
Expenses		
Instruction	34,826,391	39,013,129
Supporting services	23,415,587	26,477,611
Food services	3,637,299	2,323,494
Athletics	1,772,651	1,444,801
Community services	2,603,330	2,179,434
Interest and issuance costs on long-term debt	7,446,566	5,224,623
Unallocated depreciation	5,782,113	5,632,408
<i>Total Expenses</i>	<u>79,483,937</u>	<u>82,295,500</u>
<i>Change in Net Position</i>	<u>19,348,557</u>	<u>8,179,115</u>
<i>Net Position at Beginning of Period</i>	<u>(71,777,547)</u>	<u>(79,956,662)</u>
<i>Net Position at End of Period</i>	<u>\$ (52,428,990)</u>	<u>\$ (71,777,547)</u>

Operating grants and contributions increased by \$2,137,894 due to increases in state aid as well as operating federal grants. Property taxes increased \$3,344,047 due largely to an increase in taxable value. Interest and investment earnings increased \$2,865,890 due to an increase in overall market interest rates. Instruction and supporting services expenses decreased \$7,248,762 due largely to changes in the pension/OPEB liabilities (assets).

Fund Financial Statements

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

The School utilizes *governmental funds* within this report. Most of the School's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets

that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Since the government-wide financial statements and the fund financial statements use different methods of accounting to report the School's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

Financial Analysis of the School's Funds

The School uses funds to record and analyze financial information. The School has six major funds.

The ***general fund*** is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,701,448. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents approximately 16.4% of total general fund expenditures and transfers out.

The fund balance of the School's general fund increased by \$1,688,577 for a total fund balance of \$12,065,924.

The ***debt service fund***, a major fund, had an increase of \$980,522 in fund balance for an ending balance of \$1,627,327. The increase in fund balance was driven by the School issuing more debt during the year.

The ***2020 capital projects fund***, a major fund, had a decrease of \$3,961,513 in fund balance during the year, mostly a result of the school building and site project and related improvement expenditures of \$5,544,696.

The ***2021 building and site bonds fund***, a major fund, had a decrease of \$10,689,705 in fund balance during the year, mostly a result of the school building and site project capital outlay of \$11,047,386.

The ***2023 building and site series I fund***, a major fund, had an increase of \$34,069,997 in fund balance during the year, mostly as a result of issuing debt during the year.

The ***2023 building and site series III fund***, a major fund, had an increase of \$6,962,131 in fund balance during the year, mostly as a result of issuing debt during the year.

General Fund Budgetary Highlights

During the year the School revised its budget to attempt to match changes in the school funding environment and current needs of students and faculty. State law requires that budgets be amended during the year so actual expenditures do not exceed appropriations.

Original budget compared to final budget. There were significant amendments made to the original budget for both the original estimated revenues and the original appropriated expenditures. The required supplementary information section houses the budgetary comparison schedule for the general fund, as listed in the table of contents. Results for budgeted to actual results can be examined there in detail.

Final budget compared to actual results. The School had the following minor expenditure in excess of the amount appropriated during the year ended June 30, 2024:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Athletics	\$ 1,745,403	\$ 1,796,394	\$ (50,991)

Capital Asset and Debt Administration

Capital Assets

At June 30, 2024, the School had \$166,604,019 invested in capital assets, a 17.4% increase in the amount reported from the prior year.

More detailed information about the School’s capital assets can be found in the notes to the financial statements section of this document.

Long-term Debt

At year-end, the School had total long-term debt of \$202,639,856, up from \$159,792,258 in the prior year.

The State limits the amount of general obligation debt that schools can issue. The School is well under the State limit as of June 30, 2024.

More detailed information about the School’s long-term debt can be found in the notes to the financial statements section of this document.

Economic Factors and Next Year’s Budget and Rates

The School estimates that approximately \$75 million of revenues will be available for appropriation in the general fund in the upcoming budget. The School continues to review all budget line items for opportunities to reduce expenditures when possible while providing an excellent education to the district it serves. The budget will be monitored during the year to identify any necessary amendments.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact:

Business Department
Caledonia Community Schools
8948 Kraft Ave.
Caledonia, MI 49316

Basic Financial Statements

Caledonia Community Schools
Statement of Net Position
June 30, 2024

ASSETS	
<i>Current Assets</i>	
Cash and investments	\$ 82,926,606
Receivables	10,958,692
Prepaid items	388,901
Total Current Assets	94,274,199
<i>Noncurrent Assets</i>	
Capital assets not being depreciated	53,019,026
Capitals assets being depreciated, net	113,584,993
Net OPEB asset	1,766,975
Total Assets	262,645,193
DEFERRED OUTFLOWS OF RESOURCES	
Charges from bond refundings	598,952
Pension related	23,260,594
OPEB related	6,839,359
Total Deferred Outflows of Resources	30,698,905
LIABILITIES	
<i>Current Liabilities</i>	
Accounts payable	9,758,730
Accrued payroll	2,127,403
Accrued benefits	1,736,312
Accrued interest	1,293,431
Unearned revenue	1,972,861
Current portion of compensated absences	70,140
Current portion of long-term debt	11,715,000
Total Current Liabilities	28,673,877
<i>Noncurrent Liabilities</i>	
Net pension liability	98,713,201
Compensated absences	1,332,665
Long-term debt	190,924,856
Total Liabilities	319,644,599
DEFERRED INFLOWS OF RESOURCES	
Pension related	11,345,908
OPEB related	14,782,581
Total Deferred Inflows of Resources	26,128,489
NET POSITION	
Net investment in capital assets	39,655,132
<i>Restricted for:</i>	
Capital projects	59,817,160
Debt service	1,627,327
Food service	1,889,934
<i>Unrestricted</i>	(155,418,543)
Total Net Position	\$ (52,428,990)

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Caledonia Community Schools
Statement of Activities
For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	34,826,391	--	13,831,147	--	(20,995,244)
Supporting services	\$ 23,415,587	\$ 987,093	\$ 11,028,383	\$ --	\$ (11,400,111)
Community services	2,603,330	749,975	24,236	--	(1,829,119)
Food services	3,637,299	479,520	3,511,165	--	353,386
Athletics	1,772,651	452,678	--	--	(1,319,973)
Depreciation (unallocated)	5,782,113	--	--	--	(5,782,113)
Bond issuance costs on long-term debt	864,073	--	--	--	(864,073)
Interest on long-term debt	6,582,493	--	--	--	(6,582,493)
Total Governmental Activities	\$ 79,483,937	\$ 2,669,266	\$ 28,394,931	\$ --	\$ (48,419,740)
General Purpose Revenues:					
					13,979,053
					15,748,348
					33,449,623
					4,591,273
					(4,591,273)
					<u>67,768,297</u>
					19,348,557
					<u>(71,777,547)</u>
					\$ (52,428,990)

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Caledonia Community Schools
Balance Sheet
Governmental Funds
June 30, 2024**

	Debt Service		Capital Projects				Other Governmental Funds	Total Governmental Funds
	General	Debt Service	2020 Capital Projects	2021 Building and Site Bonds	2023 Building & Site Series I	2023 Building & Site Series III		
ASSETS								
Cash and investments	\$ 7,896,300	\$ 1,627,327	\$ 19,488,831	\$ 38,986	\$ 37,842,693	\$ 10,927,527	\$ 5,104,942	\$ 82,926,606
Receivables	10,868,294	--	46,692	--	--	--	43,706	10,958,692
Prepaid items	364,476	--	--	--	--	--	24,425	388,901
Due from other funds	--	--	--	--	--	38,986	268,866	307,852
Total Assets	\$ 19,129,070	\$ 1,627,327	\$ 19,535,523	\$ 38,986	\$ 37,842,693	\$ 10,966,513	\$ 5,441,939	\$ 94,582,051
LIABILITIES								
Accounts payable	\$ 1,080,183	\$ --	\$ 750,491	\$ --	\$ 3,772,696	\$ 4,004,382	\$ 150,978	\$ 9,758,730
Accrued payroll	2,123,764	--	--	--	--	--	3,639	2,127,403
Accrued benefits	1,734,928	--	--	--	--	--	1,384	1,736,312
Unearned revenue	1,855,405	--	--	--	--	--	117,456	1,972,861
Due to other funds	268,866	--	--	38,986	--	--	--	307,852
Total Liabilities	7,063,146	--	750,491	38,986	3,772,696	4,004,382	273,457	15,903,158
FUND BALANCE								
Nonspendable	364,476	--	--	--	--	--	24,425	388,901
Restricted	--	1,627,327	18,785,032	--	34,069,997	6,962,131	1,869,078	63,313,565
Committed	--	--	--	--	--	--	3,274,979	3,274,979
Unassigned	11,701,448	--	--	--	--	--	--	11,701,448
Total Fund Balance	12,065,924	1,627,327	18,785,032	--	34,069,997	6,962,131	5,168,482	78,678,893
Total Liabilities and Fund Balance	\$ 19,129,070	\$ 1,627,327	\$ 19,535,523	\$ 38,986	\$ 37,842,693	\$ 10,966,513	\$ 5,441,939	\$ 94,582,051

The Notes to the Financial Statements are an Integral part of these Financial Statements

Caledonia Community Schools
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Funds	\$	78,678,893
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement. This amount represents capital assets of \$277,715,763 less accumulated depreciation of \$111,111,744.		166,604,019
Accrued interest is not due and payable in the current period and, therefore, is not reported in the funds.		(1,293,431)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.		(86,798,515)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.		(6,176,247)
Deferred charges on refunding related to the issuance of long-term refunding debt will be amortized over the life of the debt on the statement of net position.		598,952
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This amount represents the sum of bonds and loans payable (including bond premiums and discounts) of \$202,639,856 and compensated absences of \$1,402,805.		(204,042,661)
Total Net Position - Governmental Activities	\$	<u>(52,428,990)</u>

Caledonia Community Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	Debt Service		Capital Projects				Other Governmental Funds	Total Governmental Funds
	General	Debt Service	2020 Capital Projects	2021 Building and Site Bonds	2023 Building & Site Series I	2023 Building & Site Series III		
Revenues								
Local sources	\$ 14,881,197	\$ 15,994,274	\$ 1,583,183	\$ 357,681	\$ 1,759,516	\$ 500,394	\$ 1,907,290	\$ 36,983,535
State sources	48,426,549	11,367	--	--	--	--	2,161,888	50,599,804
Federal sources	4,185,464	--	--	--	--	--	1,349,277	5,534,741
Interdistrict	5,714,414	--	--	--	--	--	--	5,714,414
Total Revenues	73,207,624	16,005,641	1,583,183	357,681	1,759,516	500,394	5,418,455	98,832,494
Expenditures								
Instruction	41,110,388	--	--	--	--	--	--	41,110,388
Supporting services	26,026,580	--	--	--	--	--	976,466	27,003,046
Community services	139,936	--	--	--	--	--	383,197	523,133
Non-public schools services	2,420,749	--	--	--	--	--	--	2,420,749
Food services	--	--	--	--	--	--	3,647,852	3,647,852
Athletics	1,796,394	--	--	--	--	--	--	1,796,394
Child care	--	--	--	--	--	--	229,285	229,285
Capital outlay	--	--	5,544,696	11,047,386	7,512,201	4,715,396	113,761	28,933,440
Debt service - principal	--	31,585,000	--	--	--	--	--	31,585,000
Debt service - interest and charges	--	6,687,622	--	--	--	--	--	6,687,622
Debt service - bond issuance costs	--	432,339	--	--	306,608	125,126	--	864,073
Total Expenditures	71,494,047	38,704,961	5,544,696	11,047,386	7,818,809	4,840,522	5,350,561	144,800,982
Excess of Revenues Over (Under) Expenditures	1,713,577	(22,699,320)	(3,961,513)	(10,689,705)	(6,059,293)	(4,340,128)	67,894	(45,968,488)
Other Financing Sources (Uses)								
Revolving loan	--	2,822,561	--	--	--	--	--	2,822,561
General obligation bonds issued	--	--	--	--	37,145,000	11,265,000	--	48,410,000
Refunding bonds issued	--	18,225,000	--	--	--	--	--	18,225,000
Premium on bonds issued	--	2,632,281	--	--	2,984,290	37,259	--	5,653,830
Transfers in	25,000	--	--	--	--	--	50,000	75,000
Transfers out	(50,000)	--	--	--	--	--	(25,000)	(75,000)
Net Other Financing Sources (Uses)	(25,000)	23,679,842	--	--	40,129,290	11,302,259	25,000	75,111,391
Net Change in Fund Balance	1,688,577	980,522	(3,961,513)	(10,689,705)	34,069,997	6,962,131	92,894	29,142,903
Fund Balance at Beginning of Period	10,377,347	646,805	22,746,545	10,689,705	--	--	5,075,588	49,535,990
Fund Balance at End of Period	\$ 12,065,924	\$ 1,627,327	\$ 18,785,032	\$ --	\$ 34,069,997	\$ 6,962,131	\$ 5,168,482	\$ 78,678,893

The Notes to the Financial Statements are an Integral part of these Financial Statements

Caledonia Community Schools
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2024

Total Net Change in Fund Balances - Governmental Funds	\$	29,142,903
The statement of net position reports the net pension liability and pension related deferrals related to the net pension liability as pension expense. However, the expenditures recorded on the governmental funds equals actual pension contributions.		3,276,576
Some expenses, such as compensated absences, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		97,647
In the statement of activities, interest and bond discounts and premiums are accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. This represents the current year change in accrued interest, bond premiums and discounts, and deferred charges from bond refundings.		(1,123,230)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This amount represents capital outlay of \$30,517,609 less depreciation expense of \$5,782,113.		24,735,496
The statement of net position reports the net OPEB liability and OPEB related deferrals related to the net OPEB liability as OPEB expense. However, the expenditures recorded on the governmental funds equals actual OPEB contributions.		5,517,197
Repayments of principal on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		32,813,359
Issuance of long-term debt are other financing sources in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.		(75,111,391)
Changes in Net Position - Governmental Activities	\$	<u>19,348,557</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

Notes to the Financial Statements

Caledonia Community Schools

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Caledonia Community Schools (the “School” or “government”) conform to generally accepted accounting principles as applicable to School. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School’s significant accounting policies are described below:

Reporting Entity

The School is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School’s reporting entity, and which organizations are legally separate, component units of the School. Based on the application of the criteria, the School does not contain any component units.

Government-wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. The government-wide statements report *governmental activities*, which normally are supported by taxes and intergovernmental revenues.

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Caledonia Community Schools

Notes to the Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual are property taxes, state aid, federal, and inter-district revenues, and interest income and, accordingly, have been recognized as revenues of the current fiscal year. Other revenues are recognized when received.

The School reports the following major funds:

The ***general fund*** is the general operating fund of the School. It is used to account for all financial resources, except those required to be accounted for in another fund.

The ***debt service fund*** is used to record tax, interest income, other revenue for the payment of principal, debt service interest, and other expenditures related to bond issues.

The ***2020 capital projects fund*** is used to account for bond proceeds specifically designed for the remodeling and improvements of facilities.

The ***2021 building and site bonds fund*** is used to account for bond proceeds specifically designed for the remodeling and improvements of facilities.

The ***2023 building and site series III fund*** is used to account for bond proceeds specifically designed for the remodeling and improvements of facilities.

The ***2023 building and site series III fund*** is used to account for bond proceeds specifically designed for the remodeling and improvements of facilities.

Additionally, the School reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, and leases) principal, interest, and related costs.

Caledonia Community Schools

Notes to the Financial Statements

Capital projects funds account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund and 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 functional level for special revenue funds and the department level for the general fund. State law requires the School to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits the School to amend its budgets during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be reappropriated and honored during the subsequent year.

Property Taxes

Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are recognized as current property tax revenue to the extent that they are collected during the year or within 60 days after year-end. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls. Assessed values are established annually by the various governmental units within the School and are equalized by the State of Michigan.

Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Fund Equity

Cash and Cash Equivalents

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

State statutes and School policy authorize the School to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Caledonia Community Schools

Notes to the Financial Statements

- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by the surplus funds investment pool act, Act. No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

Investments

Investments are stated at fair market value. Investments are exposed to various risks, such as significant external events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

All receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectable during the current year.

Prepaid Items

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

Caledonia Community Schools

Notes to the Financial Statements

Capital Assets

Capital assets, which include land, outside site improvements, buildings and additions, furniture and other equipment, and vehicles are reported in the government-wide financial statements. Assets having a useful life in excess of five years and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at acquisition value at the date of donation.

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

Land improvements, buildings and additions, furniture and equipment and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Buildings and additions	20 - 50 years
Buses and other vehicles	5 - 10 years
Furniture and other equipment	5 - 10 years
Outside site improvements	10 - 20 years

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of*

Caledonia Community Schools

Notes to the Financial Statements

resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School has two items that qualify for reporting in this category. They are the: 1) pension and other postemployment benefits related items reporting in the government-wide statement of net position and 2) deferred charges associated with bond refundings. These amounts are expensed in the year in which they apply.

Deferred Inflows of Resources

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

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the School who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for the employee health insurance premiums for the months of July and August. The School pays these insurances for this period as part of the compensation for services rendered in the preceding school year.

Compensated Absences

School employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation time and sick leave accumulate from year to year at varying rates, depending on the employees' applicable rate of pay and/or employment category. The liability for compensated absences includes salary-related payments.

In the fund financial statements, only the matured liability for compensated absences is reported. The total liability is reported in the government-wide financial statements.

Caledonia Community Schools

Notes to the Financial Statements

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are recorded as a period expense. Bonds payable are reported at the total amount of bonds issued.

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

Net Position Flow Assumption

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary 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's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The School itself can establish

Caledonia Community Schools

Notes to the Financial Statements

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’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

Unassigned fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Board of Education.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated. The School’s actual expenditures and budgeted expenditures for the budgeted funds have been shown at the department level. The approved budgets of the School for these budgeted funds were also adopted at the department level.

Excess of expenditures over appropriations in budgeted funds – The School had the following expenditure in excess of the amount appropriated as of June 30, 2024:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Athletics	\$ 1,745,403	\$ 1,796,394	\$ (50,991)

Caledonia Community Schools

Notes to the Financial Statements

Governmental Activities Deficit

The School has a total net position and unrestricted net position deficit for district-wide activities in the amount of \$(52,428,990) and \$(155,418,543) as of June 30, 2024, respectively. The primary cause for the unrestricted net position deficit is the School's net pension liability and net OPEB liability.

Capital Projects Fund Compliance

The 2020 capital projects fund, 2021 building and site bonds fund, 2023 building and site series I fund, and 2023 building and site series III fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School has complied with the applicable provisions of 1351a of the State of Michigan's Revised School Code.

Note 3 - Cash and Investments

The School maintains pooled and individual fund demand deposits, certificates of deposit, and short-term investment accounts. Following is a reconciliation of deposit and investment balances as of June 30, 2024:

Statement of Net Position	
Cash and investments	<u>\$ 82,926,606</u>
Deposits and Investments	
Checking and savings accounts	\$ 12,591,133
Pooled investments (MILAF)	<u>70,335,473</u>
<i>Total Deposits and Investments</i>	<u>\$ 82,926,606</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits might not be returned. State law does not require, and the School does not have a policy for deposit custodial credit risk. As of year-end, \$14,227,298 of the School's bank balance of \$14,727,298 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the School believes it is impractical to insure all bank deposits. As a result, the School evaluates each financial institution with which it deposits School 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 - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to minimize this risk, School policy limits the types of investments and pre-qualifies financial institutions. As of June 30, 2024, none of the School's investments were exposed to custodial credit risk since the securities are held in the School's name by the counterparty. The School's

Caledonia Community Schools

Notes to the Financial Statements

investments consisted of the Michigan Liquid Asset Fund in the amount of \$70,335,473, as of June 30, 2024.

Credit Risk. State law limits investments to specific government securities, certificates of deposits, and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The School's investment policy does not have specific limits in excess of state law on investment credit risk. The School's only investment, the Michigan Liquid Asset Fund, is rated AAAM by the S&P with a fair market value of \$70,335,473.

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The School's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The School has no investments with maturities.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The School's investment policy does not limit investments in a single financial institution of a single security type (with the exception of U.S. treasuries and agencies and authorized pools) to a percentage of the total investment portfolio. All investments held at year-end are reported above.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs.

There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable

Caledonia Community Schools

Notes to the Financial Statements

inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

As of June 30, 2024, the fair value measurements of investments were limited to the Michigan Liquid Asset Fund assets with a fair market value of \$70,335,473 and were all classified as Level 2.

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances as of June 30, 2024 consisted of fund receivables and payables listed below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental funds	General Fund	\$ 268,866
2023 Building Site Series III	2021 Building and Site Bonds	38,986
Total		<u>\$ 307,852</u>

Interfund balances resulted primarily from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The following schedule summarizes the operating transfers during the year:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 25,000
Nonmajor governmental funds	General Fund	50,000
Total		<u>\$ 75,000</u>

The \$25,000 interfund transfer was an eligible reimbursement from the food service fund to the general fund for indirect costs incurred by the general fund on behalf of the food service fund. The \$50,000 interfund transfer was intended for current and future capital purchases within the capital improvement fund.

Caledonia Community Schools

Notes to the Financial Statements

Note 5 - 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 the end of the current fiscal year, the various components of unearned revenue include charges for services payments received prior to meeting all eligibility requirements in the amount of \$1,972,861.

Note 6 - State of Michigan School Aid

The School reports State of Michigan school aid in the fiscal year in which the School is entitled to the revenue as provided by State of Michigan School aid appropriation acts. State funding provided approximately 50.7% of the total revenues to the School during the 2024 fiscal year.

Note 7 - Capital Assets

Capital asset activity of the School's governmental activities was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$ 3,837,340	\$ -	\$ -	\$ 3,837,340
Construction in progress	20,362,007	28,819,679		49,181,686
Subtotal	<u>5,225,087</u>	<u>28,819,679</u>	<u>-</u>	<u>53,019,026</u>
Capital Assets Being Depreciated:				
Buildings and additions	182,712,196	202,950	-	182,915,146
Buses and other vehicles	4,183,746	261,832	1,410,500	5,856,078
Furniture and equipment	28,709,238	1,233,148	-	29,942,386
Outside site improvements	5,983,127	-	-	5,983,127
Subtotal	<u>220,725,636</u>	<u>1,697,930</u>	<u>1,410,500</u>	<u>224,696,737</u>
Less Accumulated Depreciation:				
Buildings and additions	71,591,047	4,600,568	-	76,191,615
Buses and other vehicles	2,398,759	291,944	1,410,500	4,101,203
Furniture and equipment	26,092,576	449,431	-	26,542,007
Outside site improvements	3,836,749	440,170	-	4,276,919
Subtotal	<u>98,520,804</u>	<u>5,782,113</u>	<u>1,410,500</u>	<u>111,111,744</u>
Capital Assets Being Depreciated, Net	<u>122,204,832</u>	<u>(4,084,183)</u>	<u>-</u>	<u>113,584,993</u>
Capital Assets, Net	<u>\$ 127,429,919</u>	<u>\$ 24,735,496</u>	<u>\$ -</u>	<u>\$ 166,604,019</u>

Depreciation expense for the fiscal year amounted to \$5,782,113. The School determined that it was impractical to allocate depreciation expense to the various government activities as the capital assets serve multiple functions.

Caledonia Community Schools

Notes to the Financial Statements

Note 8 - Long-term Debt

The school issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the school. Other long-term obligations include accumulated severance pay and accrued compensated absences.

General obligation direct placement bonds consist of:

2014 Bonds due in amounts ranging from \$625,000 through \$2,075,000 plus interest at 2.5% - 5.0% through 2044	\$ 9,900,000
2020 Refunding Bonds due in amounts ranging from \$2,000,000 through \$4,470,000 plus interest at 2.24% through 2026	8,940,000
2015 Refunding Bonds due in amounts ranging from \$500,000 through \$3,365,000 plus interest at 5.00% through 2025	6,730,000
2016 Refunding Bonds, Series A, due in amounts ranging from \$5,795,000 through \$1,900,000 plus interest at 5.0% through 2032	14,625,000
2020 School Building and Site Bonds, Series I, due in amounts ranging from \$910,000 through \$2,350,000 plus interest at 4.0% through 2050	41,250,000
2021 School Building and Site Bonds, Series II, due in amounts ranging from \$500,000 through \$1,440,000 plus interest at 1.50 - 4.0% through 2050	24,040,000
2023 School Building and Site Bonds, Series III, due in amounts ranging from \$1,380,000 through \$1,855,000 plus interest at 4.90 - 5.25% through 2033	37,145,000
2023 School Building and Site Bonds, Series I, due in amounts ranging from \$300,000 through \$2,790,000 plus interest at 5.0% through 2053	11,265,000
2024 Refunding Bonds - Unlimited Tax Qualified, due in amounts ranging from \$630,000 through \$1,770,000 plus interest at 5.0% through 2039	18,225,000
<i>Total general obligation bonded debt</i>	<u>\$172,120,000</u>

Caledonia Community Schools

Notes to the Financial Statements

School Loan Revolving Fund (SLRF) – Direct Placement

The school’s direct placement debt with the SLRF allows for flexible repayment options with a mandatory final repayment date May 1, 2038. Total loan balance at June 30, 2024 \$15,274,867. Interest accrues at 4.11%

Long-term obligation activity can be summarized as follows:

Bonds Payable	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2014 Bonds	\$ 31,325,000	\$ -	\$ (21,425,000)	\$ 9,900,000	\$ -
2020 Refunding Bonds	8,940,000	-	-	8,940,000	4,470,000
2015 Refunding Bonds	10,095,000	-	(3,365,000)	6,730,000	3,365,000
2016 Refunding Bonds, Series A	20,420,000	-	(5,795,000)	14,625,000	1,750,000
2016 Refunding Bonds, Series B	-	-	-	-	-
2020 School Building and Site Bonds, Series I	42,250,000	-	(1,000,000)	41,250,000	1,000,000
2021 School Building and Site Bonds, Series II	24,040,000	-	-	24,040,000	500,000
2023 School Building and Site Bonds, Series I	-	37,145,000	-	37,145,000	-
2023 School Building and Site Bonds, Series III	-	11,265,000	-	11,265,000	-
2024 Refunding Bonds - UTQ	-	18,225,000	-	18,225,000	630,000
Total Bonds	<u>137,070,000</u>	<u>66,635,000</u>	<u>(31,585,000)</u>	<u>172,120,000</u>	<u>11,715,000</u>
School Loan Revolving Fund (SLRF), including interest - Direct Placement	11,902,740	3,372,127	-	15,274,867	-
Total Bonds and SLRF	<u>\$148,972,740</u>	<u>\$ 70,007,127</u>	<u>\$ (31,585,000)</u>	<u>\$187,394,867</u>	<u>\$ 11,715,000</u>
Bond Premiums and Discounts					
Premiums	\$ 11,145,904	\$ 5,653,830	\$ (1,009,857)	\$ 15,789,877	\$ -
Discounts	(326,386)	30,927	(249,429)	(544,888)	-
Total Premiums, Discounts, and Deferred Charges	<u>\$ 10,819,518</u>	<u>\$ 5,684,757</u>	<u>\$ (1,259,286)</u>	<u>\$ 15,244,989</u>	<u>\$ -</u>
Compensated Absences	<u>\$ 1,500,452</u>	<u>\$ -</u>	<u>\$ (97,647)</u>	<u>\$ 1,402,805</u>	<u>\$ 70,140</u>

Annual debt service requirements, exclusive of compensated absences, SLRF direct placement loan, and bond premiums and discounts, for long-term debt outstanding as of June 30, 2024 follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 11,715,000	\$ 7,545,431	\$ 19,260,431
2026	13,640,000	6,876,607	20,516,607
2027	6,285,000	6,357,216	12,642,216
2028	6,215,000	6,067,648	12,282,648
2029	6,460,000	5,786,558	12,246,558
2030-2034	30,305,000	24,503,264	54,808,264
2035-2039	28,160,000	18,529,026	46,689,026
2040-2044	34,360,000	12,116,142	46,476,142
2045-2049	24,645,000	5,619,918	30,264,918
2050-2053	10,335,000	905,250	11,240,250
Totals:	<u>\$ 172,120,000</u>	<u>\$ 94,307,060</u>	<u>\$ 266,427,060</u>

Caledonia Community Schools

Notes to the Financial Statements

Accumulated unpaid compensation for termination leave pay as of June 30, 2024 has been computed and recorded in the financial statements as a long-term liability as the liability is expected to be liquidated from future financial resources. At present, eligible School employees are entitled to a termination leave payment based on their unused absence days at current pay rate and eligible teachers and certain administrators are entitled to supplemental retirement stipends according to guidelines set forth by the School. As of June 30, 2024, the accumulated liability (expected to be financed by general fund resources) amounted to \$1,402,805.

Note 9 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System ("System" or "MPSERS") is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of the State of Michigan ("State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at Michigan.gov/ORSSchools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Caledonia Community Schools

Notes to the Financial Statements

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the Sept. 30, 2022, valuation will be amortized over a 16-year period beginning Oct. 1, 2022 and ending Sept. 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2023:

<u>Benefit Structure</u>	<u>Member</u>	<u>Non-Universities</u>
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

Required contributions to the pension plan from the School were \$10,992,172 for the year ended September 30, 2023.

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

At June 30, 2024, the School reported a liability of \$98,713,201 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The School's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions

Caledonia Community Schools

Notes to the Financial Statements

required from all applicable employers during the measurement period. At September 30, 2023, the School's proportion was 0.30499 percent, which was an increase of 0.00381 percent from its proportion measured as of September 30, 2022.

For the year ending June 30, 2024, the School recognized pension expense of \$12,052,499. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 3,116,075	\$ 151,213
Changes of assumptions	13,376,088	7,712,348
Net difference between projected and actual earnings on pension plan investments	-	2,019,992
Changes in proportion and differences between Employer contributions and proportionate share of contributions	908,309	1,462,355
Employer contributions subsequent to the measurement date	5,860,122	-
Total	\$ 23,260,594	\$ 11,345,908

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ended September 30	Amount:
2024	\$ 1,555,798
2025	1,327,015
2026	4,489,189
2027	(1,317,438)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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Notes to the Financial Statements

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.00%, net of investment expenses
- Pension Plus Plan:	6.00%, net of investment expenses
- Pension Plus 2 Plan:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-compounded for MIP Members
Mortality:	
Retirees:	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the Sept. 30, 2018 valuation. The total pension liability as of Sept. 30, 2023, is based on the results of an actuarial valuation date of Sept. 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.3922 for non-university employers.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

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Notes to the Financial Statements

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a buildingblock method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of Sept. 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic equity pools	25.0%	5.8%
Private equity pools	16.0	9.6
International equity pools	15.0	6.8
Fixed income pools	13.0	1.3
Real estate and infrastructure pools	10.0	6.4
Absolute return pools	9.0	4.8
Real return/opportunistic pools	10.0	7.3
Short-term investment pools	2.0	0.3
<i>Total</i>	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.7% inflation.

Rate of Return

For the fiscal year ended Sept. 30, 2023, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the

Caledonia Community Schools

Notes to the Financial Statements

member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

Pension		
1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
\$133,361,245	\$98,713,201	\$69,867,451

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System ("System" or "MPERS") is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of the State of Michigan ("State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members- eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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The System's financial statements are available on the ORS website at Michigan.gov/ORSSchools.

Benefits Provided

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

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

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

Contributions

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

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Notes to the Financial Statements

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the Sept. 30, 2022, valuation will be amortized over a 16-year period beginning Oct. 1, 2022 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended Sept. 30, 2022:

<u>Benefit Structure</u>	<u>Member</u>	<u>Non-Universities</u>
Premium Subsidy	3.00%	8.07%
Personal Healthcare Fund (PHF)	0.00%	7.21%

Required contributions to the OPEB plan from the School were \$2,433,214 for the year ended September 30, 2023.

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

At June 30, 2024, the School reported a liability (asset) of \$(1,766,975) for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation rolled forward from September 2022. The School's proportion of the net OPEB liability (asset) was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the School's proportion was 0.31235%, which was an increase of 0.01418% from its proportion measured as of October 1, 2022.

For the year ending June 30, 2024, the School recognized OPEB expense of negative \$2,947,099.

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Notes to the Financial Statements

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 13,352,168
Changes of assumptions	3,933,594	473,679
Net difference between projected and actual earnings on OPEB plan investments	5,387	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	901,011	956,734
Employer contributions subsequent to the measurement date	1,999,367	-
Total	\$ 6,839,359	\$ 14,782,581

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year Ended September 30	Amount:
2024	\$ (3,231,393)
2025	(3,280,527)
2026	(1,136,528)
2027	(1,105,860)
2028	(792,507)
Thereafter	(395,774)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; Post-65: 5.25% Year 1 graded to 3.5% Year 15
Mortality:	
Retirees:	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions:	
Opt-Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Notes:

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the Sept. 30, 2018 valuation. The total OPEB liability as of Sept. 30, 2023, is based on the results of an actuarial valuation date of Sept. 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2250 for non-university employers.

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Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a buildingblock method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of Sept. 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic equity pools	25.0%	5.8%
Private equity pools	16.0	9.6
International equity pools	15.0	6.8
Fixed income pools	13.0	1.3
Real estate and infrastructure pools	10.0	6.4
Absolute return pools	9.0	4.8
Real return/opportunistic pools	10.0	7.3
Short-term investment pools	2.0	0.3
<i>Total</i>	100.0%	

*Long-term rates of return are net of administrative expenses and 2.7% inflation.

Rate of Return

For the fiscal year ended Sept. 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be

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made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School’s proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the School’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.00%, as well as what the School’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

Other Postemployment Benefits		
1% Decrease	Current Discount Rate	1% Increase
5.00%	6.00%	7.00%
\$ 1,831,823	\$ (1,766,975)	\$ (4,859,787)

Sensitivity of the School’s proportionate share of the net OPEB liability (asset) to Healthcare Cost Trend Rate

The following presents the School’s proportionate share of the net OPEB liability (asset) calculated using assumed trend rates, as well as what the School’s proportionate share of net OPEB liability (asset) would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

Other Postemployment Benefits		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (4,867,499)	\$ (1,766,975)	\$ 1,588,809

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2023 MPSERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

Note 11 - Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

Caledonia Community Schools

Notes to the Financial Statements

Note 12 - Contingent Liabilities

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

Note 13 - Tax Abatements

The School receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by the City of Kentwood and the Township of Caledonia. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2024, the School's operating property tax revenues were reduced by \$546,165 and the debt service property tax revenues were reduced by \$273,601 under these programs. Operating revenues not paid to the School because of tax abatement agreements are reimbursed to the School by the State of Michigan through the per-pupil foundation allowance.

Note 14 - Subsequent Events and Commitments

The School has committed \$59,817,160 for projects using the 2020, 2021, and 2023 bond issuances through year-end. As of June 30, 2024, the balance of the construction commitments was \$59,817,160 (net of approved project changes and construction payments).

The Administration and Board of Education is not aware of any subsequent events that would have a significant impact on the financial condition of the School.

Required Supplementary Information

Caledonia Community Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable) Final to Actual
Revenues				
Local sources	\$ 12,990,341	\$ 14,776,961	\$ 14,881,197	\$ 104,236
State sources	45,831,930	48,705,739	48,426,549	(279,190)
Federal sources	4,040,109	4,113,453	4,185,464	72,011
Interdistrict and other	5,234,685	5,648,121	5,714,414	66,293
Total Revenues	<u>68,097,065</u>	<u>73,244,274</u>	<u>73,207,624</u>	<u>(36,650)</u>
Other Financing Sources				
Transfers in	--	--	25,000	25,000
Total Revenues and Other Financing Sources	<u>68,097,065</u>	<u>73,244,274</u>	<u>73,232,624</u>	<u>(11,650)</u>
Expenditures				
Instruction				
Basic programs	33,304,980	33,648,784	32,736,227	912,557
Added needs	7,325,418	8,416,998	8,374,161	42,837
Total instruction	<u>40,630,398</u>	<u>42,065,782</u>	<u>41,110,388</u>	<u>955,394</u>
Supporting services				
Pupil	5,247,317	5,432,626	5,386,033	46,593
Instructional staff	2,269,602	2,331,696	2,255,853	75,843
General administration	5,828,669	6,098,837	6,018,411	80,426
Operations and maintenance	6,408,783	6,975,438	6,688,995	286,443
Transportation	3,635,669	3,951,590	3,779,939	171,651
Central services	2,035,833	1,967,694	1,897,349	70,345
Total supporting services	<u>25,425,873</u>	<u>26,757,881</u>	<u>26,026,580</u>	<u>731,301</u>
Community services	152,749	163,496	139,936	23,560
Non-public school services	2,130,799	2,461,916	2,420,749	41,167
Athletics	1,435,058	1,745,403	1,796,394	(50,991)
Total Expenditures	<u>69,774,877</u>	<u>73,194,478</u>	<u>71,494,047</u>	<u>1,700,431</u>
Other Financing Uses				
Transfers out	80,000	50,000	50,000	--
Total Expenditures and Other Financing Uses	<u>69,854,877</u>	<u>73,244,478</u>	<u>71,544,047</u>	<u>1,700,431</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(1,757,812)</u>	<u>(204)</u>	<u>1,688,577</u>	<u>1,688,781</u>
Net Change in Fund Balance	<u>(1,757,812)</u>	<u>(204)</u>	<u>1,688,577</u>	<u>1,688,781</u>
<i>Fund Balance at Beginning of Period</i>	10,377,347	10,377,347	10,377,347	--
Fund Balance at End of Period	<u>\$ 8,619,535</u>	<u>\$ 10,377,143</u>	<u>\$ 12,065,924</u>	<u>\$ 1,688,781</u>

Caledonia Community Schools
Schedule of School District's Proportionate Share of Net Pension Liability
Michigan Public School Employee Retirement Plan
Last Ten Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Portion of Net Pension Liability (%)	0.30499%	0.30118%	0.30424%	0.31211%	0.31531%	0.29956%	0.29807%	0.29569%	0.28574%	0.27493%
School District's Proportionate Share of Net Pension Liability	\$ 98,713,201	\$ 113,269,711	\$ 72,031,190	\$ 107,212,548	\$ 104,420,571	\$ 90,054,205	\$ 77,243,119	\$ 73,774,301	\$ 69,791,385	\$ 60,557,132
School District's Covered Payroll	\$ 31,361,269	\$ 29,099,636	\$ 27,706,107	\$ 26,935,296	\$ 28,501,784	\$ 25,731,211	\$ 24,927,686	\$ 25,366,089	\$ 24,807,775	\$ 24,738,965
School District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	314.76%	389.25%	259.98%	398.04%	366.37%	349.98%	309.87%	290.84%	281.33%	244.78%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Caledonia Community Schools
Schedule of School District's Pension Contributions
Michigan Public School Employee Retirement Plan
Last Ten School District Fiscal Years (Amounts determined as of June 30 of each year)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily Required Contributions	\$ 10,992,172	\$ 10,250,901	\$ 9,135,319	\$ 8,577,139	\$ 8,376,373	\$ 8,157,179	\$ 4,523,200	\$ 4,616,300	\$ 4,424,300	\$ 5,494,350
Contributions in Relation to Statutorily Required Contributions	<u>10,992,172</u>	<u>10,250,901</u>	<u>9,135,319</u>	<u>8,577,139</u>	<u>8,376,373</u>	<u>8,157,179</u>	<u>4,523,200</u>	<u>4,616,300</u>	<u>4,424,300</u>	<u>5,494,350</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 32,356,646	\$ 32,156,066	\$ 28,243,044	\$ 27,144,925	\$ 27,281,897	\$ 28,061,597	\$ 25,353,000	\$ 25,917,500	\$ 25,293,000	\$ 25,101,600
Contributions as a Percentage of Covered Payroll	33.97%	31.88%	32.35%	31.60%	30.70%	29.07%	17.84%	17.81%	17.49%	21.89%

Caledonia Community Schools
Schedule of School District's Proportionate Share of Net OPEB Liability (Asset)
Michigan Public School Employee Retirement Plan
Last Seven Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Portion of Net OPEB Liability (Asset) (%)	0.31235%	0.29817%	0.30553%	0.30343%	0.32580%	0.30202%	0.29849%
School District's Proportionate Share of Net OPEB Liability (Asset)	\$ (1,766,975)	\$ 6,315,479	\$ 4,663,514	\$ 16,255,435	\$ 23,384,993	\$ 24,007,601	\$ 26,433,528
School District's Covered Payroll	\$ 31,361,269	\$ 29,099,636	\$ 27,706,107	\$ 26,935,296	\$ 28,501,784	\$ 25,731,211	\$ 24,927,686
School District's Proportionate Share of Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-5.63%	21.70%	16.83%	60.35%	82.05%	93.30%	106.04%
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

**Caledonia Community Schools
Schedule of School District's OPEB Contributions
Michigan Public School Employee Retirement Plan
Last Seven School District Fiscal Years (Amounts determined as of June 30 of each year)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily Required Contributions	\$ 2,433,214	\$ 2,271,279	\$ 2,268,072	\$ 2,143,792	\$ 2,236,957	\$ 1,960,415	\$ 1,938,600
Contributions in Relation to Statutorily Required Contributions	<u>2,433,214</u>	<u>2,271,279</u>	<u>2,268,072</u>	<u>2,143,792</u>	<u>2,236,957</u>	<u>1,960,415</u>	<u>1,938,600</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 32,356,646	\$ 32,156,066	\$ 28,243,044	\$ 27,144,925	\$ 27,281,897	\$ 28,061,597	\$ 25,353,000
Contributions as a Percentage of Covered Payroll	7.52%	7.06%	8.03%	7.90%	8.20%	6.99%	7.65%

Combining and Individual Fund Statements and Schedules

**Caledonia Community Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024**

	<u>Special Revenue</u>				<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Community Services</u>	<u>Child Care</u>	<u>Food Services</u>	<u>Student Activity Fund</u>	<u>Public Improvement</u>	<u>Capital Improvement Fund</u>	
ASSETS							
Cash and investments	\$ 221,656	\$ 195,167	\$ 1,773,533	\$ 540,000	\$ 2,324,585	\$ 50,001	\$ 5,104,942
Receivables	--	--	43,706	--	--	--	43,706
Prepaid items	--	563	20,856	3,006	--	--	24,425
Due from other funds	--	2,204	266,662	--	--	--	268,866
<i>Total Assets</i>	<u>\$ 221,656</u>	<u>\$ 197,934</u>	<u>\$ 2,104,757</u>	<u>\$ 543,006</u>	<u>\$ 2,324,585</u>	<u>\$ 50,001</u>	<u>\$ 5,441,939</u>
LIABILITIES							
Accounts payable	\$ --	\$ --	\$ 140,788	\$ 10,190	\$ --	\$ --	\$ 150,978
Accrued payroll	3,639	--	--	--	--	--	3,639
Accrued benefits	1,384	--	--	--	--	--	1,384
Unearned revenue	35,009	8,412	74,035	--	--	--	117,456
<i>Total Liabilities</i>	<u>40,032</u>	<u>8,412</u>	<u>214,823</u>	<u>10,190</u>	<u>--</u>	<u>--</u>	<u>273,457</u>
FUND BALANCE							
Nonspendable	--	563	20,856	3,006	--	--	24,425
Restricted	--	--	1,869,078	--	--	--	1,869,078
Committed	181,624	188,959	--	529,810	2,324,585	50,001	3,274,979
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>181,624</u>	<u>189,522</u>	<u>1,889,934</u>	<u>532,816</u>	<u>2,324,585</u>	<u>50,001</u>	<u>5,168,482</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 221,656</u>	<u>\$ 197,934</u>	<u>\$ 2,104,757</u>	<u>\$ 543,006</u>	<u>\$ 2,324,585</u>	<u>\$ 50,001</u>	<u>\$ 5,441,939</u>

Caledonia Community Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Community Services	Child Care	Food Services	Student Activity Fund	Public Improvement	Capital Improvement Fund	
Revenues							
Local sources	\$ 461,170	\$ 294,374	\$ 500,863	\$ 569,650	\$ 81,232	\$ 1	\$ 1,907,290
State sources	--	--	2,161,888	--	--	--	2,161,888
Federal sources	--	--	1,349,277	--	--	--	1,349,277
Total Revenues	<u>461,170</u>	<u>294,374</u>	<u>4,012,028</u>	<u>569,650</u>	<u>81,232</u>	<u>1</u>	<u>5,418,455</u>
Expenditures							
Supporting services	--	--	--	492,127	484,339	--	976,466
Community services	383,197	--	--	--	--	--	383,197
Food services	--	--	3,647,852	--	--	--	3,647,852
Child care	--	229,285	--	--	--	--	229,285
Capital outlay	--	--	113,761	--	--	--	113,761
Total Expenditures	<u>383,197</u>	<u>229,285</u>	<u>3,761,613</u>	<u>492,127</u>	<u>484,339</u>	<u>--</u>	<u>5,350,561</u>
Excess of Revenues Over (Under) Expenditures	<u>77,973</u>	<u>65,089</u>	<u>250,415</u>	<u>77,523</u>	<u>(403,107)</u>	<u>1</u>	<u>67,894</u>
Other Financing Sources (Uses)							
Transfers in	--	--	--	--	--	50,000	50,000
Transfers out	--	--	(25,000)	--	--	--	(25,000)
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(25,000)</u>	<u>--</u>	<u>--</u>	<u>50,000</u>	<u>25,000</u>
Net Change in Fund Balance	<u>77,973</u>	<u>65,089</u>	<u>225,415</u>	<u>77,523</u>	<u>(403,107)</u>	<u>50,001</u>	<u>92,894</u>
Fund Balance at Beginning of Period	<u>103,651</u>	<u>124,433</u>	<u>1,664,519</u>	<u>455,293</u>	<u>2,727,692</u>	<u>--</u>	<u>5,075,588</u>
Fund Balance at End of Period	<u>\$ 181,624</u>	<u>\$ 189,522</u>	<u>\$ 1,889,934</u>	<u>\$ 532,816</u>	<u>\$ 2,324,585</u>	<u>\$ 50,001</u>	<u>\$ 5,168,482</u>



**CALEDONIA COMMUNITY SCHOOLS
KENT COUNTY, MICHIGAN
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED JUNE 30, 2024**

Caledonia Community Schools
Schedule of Expenditures of Federal Awards
June 30, 2024

<u>Federal Grantor / Pass-through Grantor / Program / Project Number</u>	<u>Assistance Listing Number</u>	<u>Program or Award Amount</u>	<u>Prior Year Expenditures (Memorandum Only)</u>	<u>Accrued Revenue at July 1, 2023</u>	<u>Current Year Receipts</u>	<u>Current Year Expenditures</u>	<u>Accrued (Unearned) Revenue at June 30, 2024</u>
U.S. Department of Agriculture:							
<i>Passed Through Michigan Department of Education:</i>							
Child Nutrition Cluster:							
231960 National School Lunch Program	10.555	113,735	-	-	113,735	113,735	-
241960 National School Lunch Program	10.555	638,162	-	-	638,162	638,162	-
231970 National School Lunch Program-Breakfast	10.553	33,700	-	-	33,700	33,700	-
241970 National School Lunch Program-Breakfast	10.553	246,642	-	-	246,642	246,642	-
220910 Food Service Supply Chain Grant	10.555	192,645	-	(34,528)	-	34,528	-
230910 Food Service Supply Chain Grant	10.555	45,538	-	(45,538)	-	45,538	-
240910 Food Service Supply Chain Grant	10.555	125,743	-	-	125,743	125,743	-
Entitlement Commodities - 2024	10.555	111,229	-	-	111,229	111,229	-
Total Child Nutrition Cluster		1,507,394	-	(80,066)	1,269,211	1,349,277	-
Total U.S. Department of Agriculture		1,507,394	-	(80,066)	1,269,211	1,349,277	-
U.S. Department of Education:							
MV ARP Homeless II							
211012 2122	84.425W	12,819	-	-	-	11,646	11,646
Title I, Part A - Educationally Deprived							
231530 2223	84.010	113,512	-	62,543	62,543	-	-
241530 2324	84.010	136,726	-	-	-	96,822	96,822
Total Title I, Part A		263,057	-	62,543	62,543	108,467	108,468
Title II, Part A - Improving Teacher Quality State Grants							
230520 2223	84.367	129,074	-	53,565	53,565	-	-
240520 2324	84.367	132,496	-	-	-	99,638	99,638
Total Title II, Part A		261,570	-	53,565	53,565	99,638	99,638

See Notes to the Schedule of Expenditures of Federal Awards

Caledonia Community Schools
Schedule of Expenditures of Federal Awards
June 30, 2024

<i>Federal Grantor / Pass-through Grantor / Program / Project Number</i>	<i>Assistance Listing Number</i>	<i>Program or Award Amount</i>	<i>Prior Year Expenditures (Memorandum Only)</i>	<i>Accrued Revenue at July 1, 2023</i>	<i>Current Year Receipts</i>	<i>Current Year Expenditures</i>	<i>Accrued (Unearned) Revenue at June 30, 2024</i>
U.S. Department of Education (continued):							
Title IV, Part A - Student Support and Academic Enrichment							
230750 2223	84.424	10,000	-	10,000	10,000	-	-
240750 2324	84.424	10,000	-	-	-	10,000	10,000
Total Title IV, Part A		\$ 20,000	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
ESSER							
213713 2122 - ARP/ESSER III Formula	84.425U	\$ 1,664,532	\$ 1,339,060	\$ 606,727	\$ 832,195	\$ 325,472	\$ 100,004
213723 2122 - ARP/ESSER III 11t Equalization	84.425U	3,825,224	1,353,751	610,962	1,915,497	2,325,407	1,020,872
Total ESSER		5,489,756	2,692,811	1,217,689	2,747,692	2,650,879	1,120,876
Total Passed Through Michigan Department of Education		7,541,777	2,692,811	1,263,731	4,143,011	4,218,262	1,338,982
Total U.S. Department of Education (Passed through Michigan Department of Ed)		6,034,383	2,692,811	1,343,797	2,873,800	2,868,985	1,338,982
U.S. Department of Education:							
<i>Passed Through Kent ISD:</i>							
Individuals with Disabilities Education ACT (IDEA) - Special Education Cluster							
230450 - 2223 - IDEA Flowthrough	84.027	1,091,615	-	125,402	125,402	-	-
230450 - 2324 - IDEA Flowthrough	84.027	1,159,525	-	-	1,023,007	1,158,618	135,611
230460 - 2223 - IDEA Preschool	84.173	48,918	-	3,659	3,659	-	-
230460 - 2324 - IDEA Preschool	84.173	48,114	-	-	42,123	48,114	5,991
231280 - 2223 - ARP IDEA Flowthrough	84.027	135,456	-	135,456	135,456	-	-
231285 - 2223 - ARP IDEA Preschool	84.173	11,370	-	11,370	11,370	-	-
Total IDEA / Special Education Cluster		2,494,998	-	275,887	1,341,017	1,206,732	141,602
Title III, Part A - English Language Acquisition State Grants							
200580 2223	84.365	13,924	-	13,905	13,905	-	-
200580 2324	84.365	15,277	-	-	-	15,277	15,277
Total Title III, Part A		\$ 29,201	\$ -	\$ 13,905	\$ 13,905	\$ 15,277	\$ 15,277

See Notes to the Schedule of Expenditures of Federal Awards

Continued...

Caledonia Community Schools
Schedule of Expenditures of Federal Awards
June 30, 2024

<i>Federal Grantor / Pass-through Grantor / Program / Project Number</i>	<i>Assistance Listing Number</i>	<i>Program or Award Amount</i>	<i>Prior Year Expenditures (Memorandum Only)</i>	<i>Accrued Revenue at July 1, 2023</i>	<i>Current Year Receipts</i>	<i>Current Year Expenditures</i>	<i>Accrued (Unearned) Revenue at June 30, 2024</i>
U.S. Department of Education (continued):							
Title III, Part A - English Language Acquisition State Grants							
09320 2223 McKinney - Vinto Homeless	84.196A	1,283	-	1,031	1,031	-	-
09320 2324 McKinney - Vinto Homeless	84.196A	3,349	-	-	3,349	3,349	-
Total U.S. Department of Education (Passed through Kent ISD)		2,528,831	-	290,823	1,359,302	1,225,359	156,879
U.S. Department of Education:							
<i>Passed Through Calhoun ISD:</i>							
Title I - Technical Assistance Grant							
231580 100001	84.010	4,401	-	-	4,401	4,401	-
Total Title III, Part A		4,401	-	-	4,401	4,401	-
Total U.S. Department of Education (Passed through Calhoun ISD)		4,401	-	-	4,401	4,401	-
U.S. Department of Health and Human Services:							
<i>Passed Through Kent ISD:</i>							
Healthcare Resource Advocates Grant							
232810 2023	93.323	56,039	-	56,039	56,039	-	-
232810 2024	93.323	60,148	-	-	60,148	60,148	-
Total Healthcare Resource Advocate Grant		116,187	-	56,039	116,187	60,148	-
22-23 Medicaid Outreach	93.778	17,002	-	17,002	17,002	-	-
23-24 Medicaid Outreach	93.778	26,571	-	-	26,571	26,571	-
Total U.S. Department of Health and Human Services		159,760	-	73,041	159,760	86,719	-
Total Federal Financial Assistance		\$ 10,234,770	\$ 2,692,811	\$ 1,627,595	\$ 5,666,475	\$ 5,534,741	\$ 1,495,861

See Notes to the Schedule of Expenditures of Federal Awards

Caledonia Community Schools

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Caledonia Community Schools (the "School") under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the School's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where applicable and have been identified in the Schedule.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been included and all grant requirements have been met.

The Schedule has been arranged to provide information on both the actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue, and accounts payable items at both the beginning and the end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the grant financial reports. The amounts on the Grant Auditor Report reconcile with this Schedule.

The School has elected not to use the 10-percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The grantee received no noncash assistance during the year ended June 30, 2024 that is not included on the schedule of expenditures of federal awards.

Caledonia Community Schools

Notes to the Schedule of Expenditures of Federal Awards

Note 4 - Reconciliation to the Schedule of Expenditures of Federal Awards

The following schedule reconciles federal revenues reported in the fund financial statements to the federal expenditures reported in the Schedule:

Federal revenue reported in the financial statements	
Governmental funds	\$ 5,534,741
<i>Total expenditures of federal awards</i>	<u>\$ 5,534,741</u>

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

To the Board of Education
Caledonia Community Schools
Caledonia, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caledonia Community Schools (the "School"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 11, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Gabridge & Company, PLC
Grand Rapids, MI
October 11, 2024

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

To the Board of Education
Caledonia Community Schools
Caledonia, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Caledonia Community School's (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the typed name of the firm.

Gabridge & Company, PLC
Grand Rapids, MI
October 11, 2024

**Caledonia Community Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal controls over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing Number
Education Stabilization Fund	84.425
Dollar threshold used to distinguish between Type A and B programs?	\$750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS
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No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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No matters were reported.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

No prior year matters were reported.

October 11, 2024

To the Board of Education
Caledonia Community Schools
Caledonia, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caledonia Community Schools (the “School District”) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the OMB Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 2, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 to the financial statements. There were no new accounting policies adopted during the fiscal year ended June 30, 2024. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management’s estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management’s estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- The assumptions used in the actuarial valuations of the pension and other post-employment benefits are based on historical trends and industry standards.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 11, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

As required by the OMB Uniform Guidance, we have also completed an audit of the federal programs administered by the School District. The results of that audit are provided to the Board of Education in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with the OMB Uniform Guidance dated October 11, 2024.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the pension and OPEB schedules, and the budgetary comparison schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Gabridge & Company, PLC
Grand Rapids, MI