



FOREST HILLS
— PUBLIC SCHOOLS —

Forest Hills Public Schools
Grand Rapids, Michigan

Annual Comprehensive Financial Report
Year Ended June 30, 2023

**Forest Hills Public Schools
Grand Rapids, Michigan**

Annual Comprehensive Financial Report
Year Ended June 30, 2023

Prepared by:

Forest Hills Public Schools

Business Office

Julie Davis, Assistant Superintendent for Finance and Operations

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Forest Hills Public Schools

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October 2, 2023

The Board of Education
Forest Hills Public Schools
6590 Cascade Road
Grand Rapids, Michigan 49546-6428

Dear Board Members and Citizens of Forest Hills Public Schools:

This letter of transmittal provides an overview of the financial position of Forest Hills Public Schools (the District) from the perspective of the Superintendent and the Assistant Superintendent for Finance and Operations. It serves as an introduction to our Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. The ACFR is divided into three sections: introductory section, financial section, and statistical section. The introductory section includes the District's organizational chart, a list of principal officials and this letter of transmittal. The financial section contains the independent auditor's unmodified opinion letter and the Management's Discussion and Analysis report. The Management's Discussion and Analysis report provides a more detailed analysis of the financial condition of the District and should be read in conjunction with this letter. The District's government-wide financial statements, fund financial statements and supplemental information are also contained in this section. The statistical section includes selected financial, demographic, and general information, generally presented on a multi-year basis.

The District's Business Office has prepared this report with responsibility for the accuracy, fairness, and completeness of the presentation, including all disclosures, resting with the District. We believe the information is accurate in all material respects, is presented in a manner designed to fairly show the financial position and results of operations of the District, and includes all disclosures necessary to enable the reader to gain an understanding of the District's financial affairs. The report includes a statistical section containing data on numerous financial trends as well as facility information.

State law requires that every school district publish, on November 1 after the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

The District

Forest Hills Public Schools is a suburban school district, located in Kent County and adjacent to the cities of Grand Rapids and East Grand Rapids. The District covers approximately 68 square miles and includes major portions of Ada, Cascade and Grand Rapids Townships, plus fractions of Cannon Township and the Cities of Kentwood and Grand Rapids. The District was formed in 1956 from a consolidation of 12 small K-6 and K-8 school districts. It is a fiscally independent school district governed by a seven-member elected Board of Education.

The District's blended enrollment for the 2022-23 school year was 9,200. Recently, the area has experienced a small decline in student population, and projections indicate a small decline in future enrollment. The projected enrollment for the 2023-24 fiscal year is 9,114. There are six K-4 elementary schools, two K-5 elementary schools, three 5-6 schools, one 6-8 middle school, two 7-8 middle schools, three 9-12 high schools, one post-secondary special education transition program and various other support buildings. The buildings range in age from 19 to 69 years.

Student Services Provided and Major Initiatives

Forest Hills Public Schools provides its students a comprehensive program of public education from the home delivery of services for Early Childhood Special Education students as early as age two through twelfth grade. The District has a broad-based curriculum designed to meet the individual needs of all students including regular daytime, gifted and talented, at-risk, special needs and alternative education pupils in collaboration with the Kent Intermediate School District. All students have exposure to current technology integrated across curriculum and access to comprehensive media centers. Students also have the opportunity to participate in a Spanish Immersion program from pre-school through high school, as well as a Chinese Immersion program which started in 2008. A magnet environmental education program is also available to selected fifth and sixth grade students. In addition, the District offers a dual enrollment program whereby qualifying high school students may attend local colleges and universities, receiving both high school and college credit. The District's education program includes a wide array of special education services for eligible students. There are numerous opportunities for students to participate in extracurricular activities including music, drama, fine arts, intramural and interscholastic sports, clubs, and many other special interest activities.

Accounting Systems, Budgetary Control and Annual Audit

The District adheres to budgetary policies and procedures established by the Board of Education, including specific guidelines in the development and review of the budget. The Board of Education is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the District's financial planning and control. The budget is prepared for the general fund and each special revenue fund. The District utilizes a line item budget developed by the Assistant Superintendent for Finance and Operations and the Superintendent, and submitted to the Board of Education for approval and adoption. The budget development process includes input from employees, parents, and the community. This budget process is designed to effectively allocate resources to maximize student benefit.

The District integrates the budget with the accounting system and internal controls. We have designed the internal controls to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use, and for maintaining accountability of the assets. These controls also provide assurance on the reliability of the financial records necessary for producing financial statements. We believe our budgetary and internal controls adequately safeguard District assets, and provide reasonable assurance that errors or fraud that could be material to the financial statements are prevented or would be detected within a timely period.

The District is required to have an annual audit performed of its financial statements. The financial statements are the responsibility of the management of the District, and the auditors are expressing opinions on the statements. There is no scope limitation.

Relevant Financial Policies

The District has adopted a comprehensive set of financial policies. During the current year, one of these policies was particularly relevant. The District has a policy that requires fund balance equal to 10 percent of the adopted general fund budget be maintained for the purposes of protecting the cash flow position of the District and avoiding the need to borrow against either anticipated state aid payments or local property tax revenues for school operating purposes. During the current fiscal year, the District's use of fund balance was limited to available reserves above the 10 percent threshold.

The District maintains a prudent cash management and investment program. The policy and procedures are designed to maximize interest earnings on available cash balances with minimal principal investment risk. The District's investments may include uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent and not in the District's name.

Economic Environment

Michigan voters approved the state constitutional amendment known as Proposal A in 1994. Funding of District operations shifted dramatically from local property tax revenue to State Aid as a result of this amendment. Voter approval of the District's 2018 bond issue has provided additional funding for essential capital projects.

Certificate of Excellence

The District has earned the Association of School Business Officials (ASBO) Certificate of Excellence for the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The District first received the ASBO award in 1997, and has received it every year since. This achievement is a source of pride for both the School Administration and the Board of Education, whose support is a necessity for maintaining such high standards for financial reporting.

While a Certificate of Excellence is valid for a period of only one year, the District believes its current report continues to conform to program standards, and we are submitting our report to ASBO to determine its eligibility for another certificate.

In Appreciation

We would like to express appreciation to a highly dedicated Board of Education that has adopted sound policies and programs designed to continue the District's growth and quality improvement during an era of significant changes and challenges.

Respectfully submitted,



Dr. Sara Magaña Shubel
Interim Superintendent



Julie Davis
Assistant Superintendent
for Finance and Operations

**Forest Hills Public Schools
Elected Officials and Administrative Staff**

2022-2023 Board of Education

President	Kristen Fauson
Vice President	Kristen Covelle
Secretary	Maggie Terryn
Treasurer	CJ Michaud
Trustee	Mary Vonck
Trustee	Malorie Ninemeier
Trustee	Holly DeBoer

2022-2023 Administrative Staff

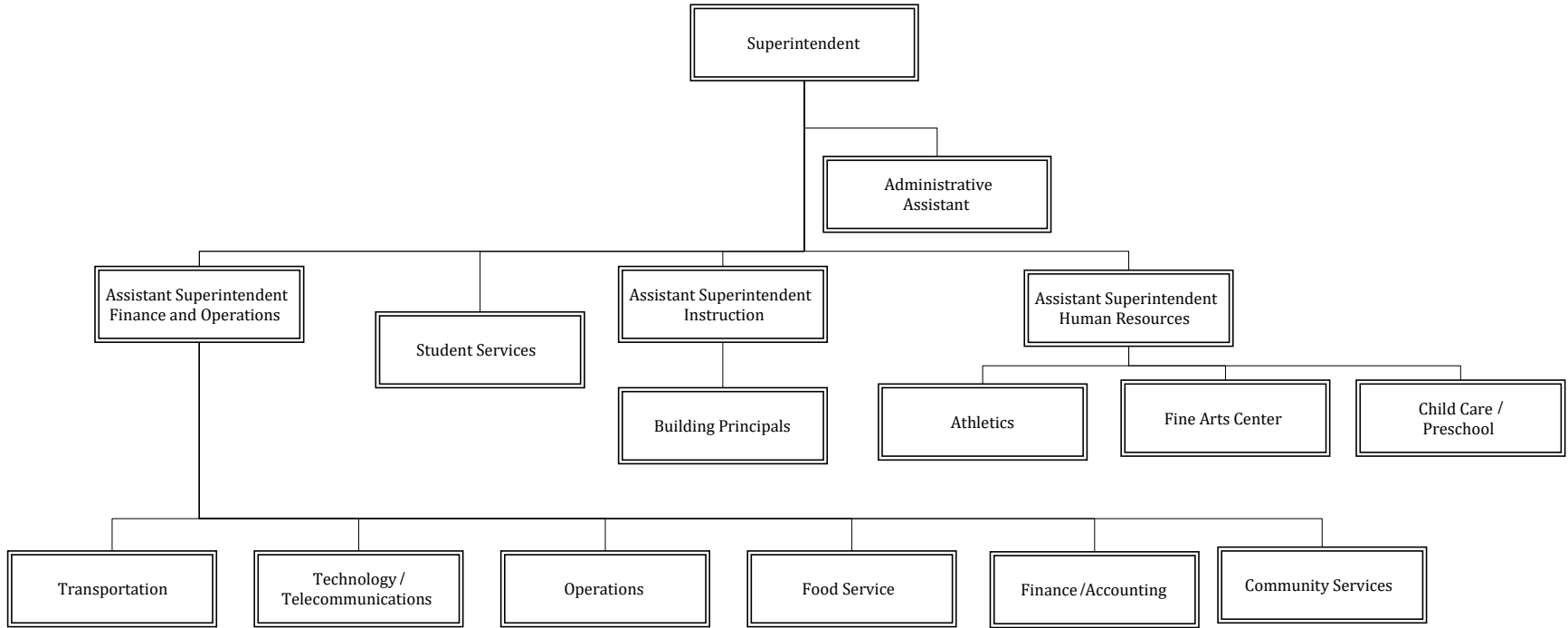
Superintendent	Daniel Behm
Assistant Superintendent for Finance and Operations	Julie Davis
Assistant Superintendent for Instruction	Scott Haid
Assistant Superintendent for Human Resources	Christine Annese



FOREST HILLS
— PUBLIC SCHOOLS —

Forest Hills Public Schools

SUPERINTENDENT'S OFFICE
Organizational Structure



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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Forest Hills Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Forest Hills Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forest Hills Public Schools (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Forest Hills Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Forest Hills Public Schools, as of June 30, 2023, 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 Forest Hills Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-based IT Arrangements*. Our opinions are not modified with respect to this matter.

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 Forest Hills Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2023, on our consideration of Forest Hills Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Forest Hills Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Forest Hills Public Schools' internal control over financial reporting and compliance.

Maney Costerian PC

October 2, 2023

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**Forest Hills Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023**

As management of Forest Hills Public Schools (the District), we offer this narrative overview and analysis of the financial activities of Forest Hills Public Schools for the year ended June 30, 2023. Generally accepted accounting principles (GAAP) require the reporting of two types of financial statements: the Government-Wide Financial Statements and the Fund Financial Statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements are prepared using full accrual accounting and more closely represent those presented by business and industry. All of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation/amortization, as well as the bonded debt and other long-term liabilities of the District.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position can serve as a barometer of financial health and whether the District's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the year. This statement focuses on both the gross and net cost of the various activities which are supported by the District's property taxes, state aid and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various services.

Fund Financial Statements

The governmental fund financial statements are reported on a modified accrual basis in that only those assets that are measurable and currently available are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. In the State of Michigan, school districts' major instruction and instructional support activities are reported in the General Fund. Additional activities are reported in Special Revenue Funds, Debt Service Funds and Capital Project Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt obligations are not recorded in the fund financial statements.

Summary of Net Position

The following schedule summarizes the net position at June 30, 2023 and 2022:

	2023	2022
Assets		
Current assets	\$ 109,099,086	\$ 96,953,953
Capital assets	472,789,810	446,604,315
Less accumulated depreciation/amortization	(232,326,249)	(221,259,833)
Capital assets, net book value	240,463,561	225,344,482
Total Assets	349,562,647	322,298,435
Deferred Outflows of Resources	97,327,529	45,979,344
Liabilities		
Current liabilities	24,325,600	19,858,234
Long-term liabilities	158,820,626	150,831,800
Net other postemployment benefit liability	13,840,268	9,625,097
Net pension liability	243,246,630	148,290,484
Total Liabilities	440,233,124	328,605,615
Deferred Inflow of Resources	48,362,187	97,940,476
Net Position		
Net investment in capital assets	142,937,027	129,253,918
Restricted for debt service	1,478,098	958,750
Unrestricted	(186,120,260)	(188,480,980)
Total Net Position	\$ (41,705,135)	\$ (58,268,312)

Capital Assets and Long-Term Debt

Capital Assets

By the end of the 2022-23 fiscal year, the District had invested \$472.8 million in a broad range of capital assets, including school buildings and facilities, site improvements, right to use subscription-based IT, school buses and other vehicles, and various types of equipment. Depreciation/amortization expense for the year amounted to approximately \$11.6 million, bringing accumulated depreciation/amortization to approximately \$232.3 million as of June 30, 2023.

**Capital Assets at Year-End
at June 30
(Net of Depreciation/Amortization - in millions)**

	2023	2022
Buildings and improvements	\$ 150.2	\$ 155.3
Land and land improvements	19.0	13.3
Machinery, furniture and equipment	17.8	13.5
Transportation equipment	2.5	2.3
Construction in progress	50.3	40.9
Right to use - subscription-based IT	0.7	
	\$ 240.5	\$ 225.3

The increase in capital assets is due to ongoing depreciation/amortization of existing assets being less than the asset additions related to the 2019, 2021 and 2023 Building and Site bonds.

Long-Term Obligations

At June 30, 2023, the District had approximately \$415.9 million in long-term obligations outstanding, which included approximately \$137.2 million in general obligation bonds. This represents a net increase of approximately \$6.4 million in bonds payable at the close of the fiscal year due primarily to issuing new bonds and the retirement of principal.

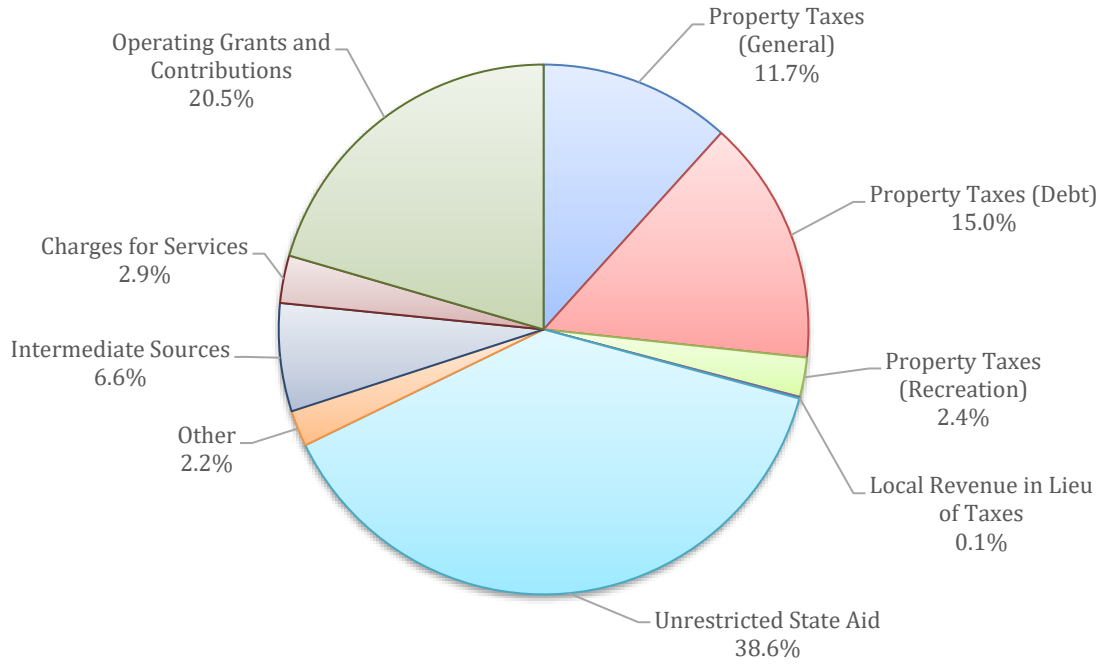
For more detailed information regarding capital assets and long-term obligations, please review the notes to the financial statements located in the financial section of this report.

Results of Operations

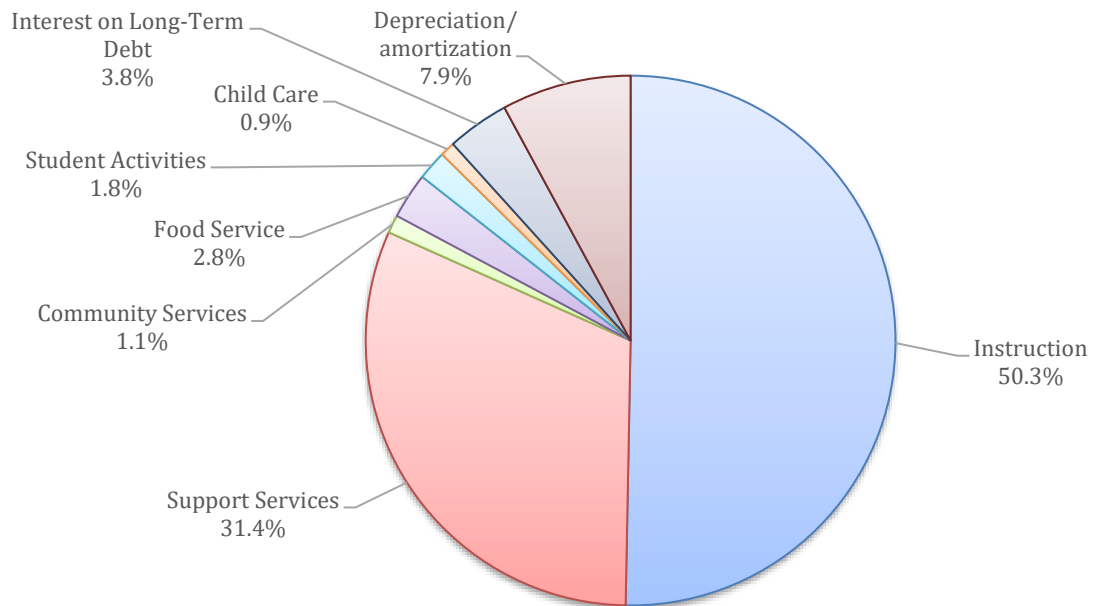
For the fiscal years ended June 30, 2023 and 2022 the results of operations on a government-wide basis were:

	2023	2022	Percent Change
General Revenues			
Property taxes levied for general purposes	\$ 19,111,423	\$ 18,338,415	4.22%
Property taxes levied for debt service	24,459,297	23,419,152	4.44%
Property taxes levied for recreation	3,968,025	3,779,438	4.99%
Local revenue in lieu of taxes	97,777	102,063	-4.20%
State of Michigan aid, unrestricted	63,048,075	61,165,891	3.08%
Investment earnings	2,455,257	179,442	1268.27%
Intermediate sources	10,704,165	9,704,487	10.30%
Miscellaneous	1,199,637	1,534,724	-21.83%
Total general revenues	125,043,656	118,223,612	5.77%
Program Revenues			
Charges for services	4,783,032	2,912,127	64.25%
Operating grants and contributions	33,348,878	31,102,663	7.22%
Total program revenues	38,131,910	34,014,790	12.10%
Total Revenues	163,175,566	152,238,402	7.18%
Expenses			
Instruction	73,823,425	63,283,949	16.65%
Support services	46,041,659	40,903,737	12.56%
Community services	1,584,929	1,209,335	31.06%
Food service	4,047,081	3,600,705	12.40%
Student/school activities	2,608,731	2,199,612	18.60%
Child care	1,310,947	938,659	39.66%
Interest on long-term debt	5,622,101	6,178,362	-9.00%
Unallocated depreciation/amortization	11,573,516	11,607,060	-0.29%
Total Expenses	146,612,389	129,921,419	12.85%
Increase in Net Position	16,563,177	22,316,983	-25.78%
Net Position, beginning of year	(58,268,312)	(80,585,295)	-27.69%
Net Position, end of year	\$ (41,705,135)	\$ (58,268,312)	-28.43%

Government-wide Revenues



Government-wide Expenses



Analysis of Significant Revenues and Expenditures

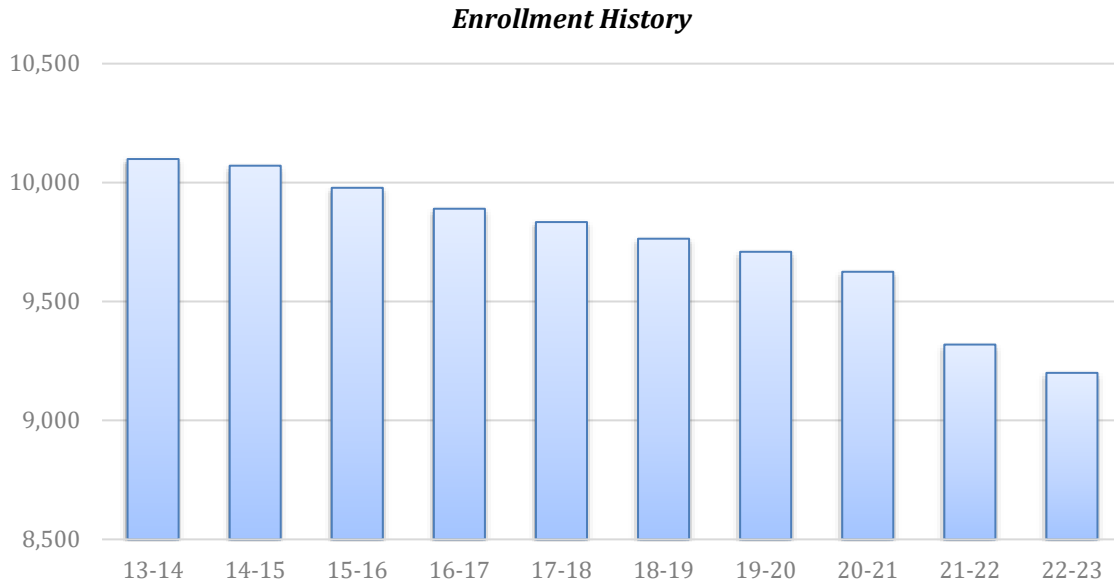
Significant revenues and expenditures are discussed in the segments below.

State Sources

The District is funded primarily by state aid, which increased by an additional \$450 per pupil resulting in a final per-pupil allocation of \$9,150 for 2022-23. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's fall count and 10% of the prior fiscal year's spring count. Blended state aid membership was 9,200 and 9,319 in 2022-23 and 2021-22, respectively.

Student Enrollment

The District's enrollment for the 2022-23 fall count was 9,189 students. This is a decrease of 127 students over the prior year. Forest Hills Public Schools is centrally located in Kent County. This area has previously experienced growth, and projections indicate stable enrollment in the future. Enrollment over the last ten years is illustrated as follows:



Property Taxes

The District can levy up to 18.0 mills of property taxes for operations on non-pre properties; however, due to the mandatory reductions required by the Headlee Amendment the District levied 17.6614 mills. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is 50% of the property's market value.

For the 2022-23 fiscal year, the District's non-pre current year property tax collections were approximately \$19.2 million. This is an increase of 4.9% from the prior year due primarily to an increase in property values.

In February 2004, voters approved 1.0 mill to be levied on all property to support recreational activities in the District; however, due to the mandatory reductions required by the Headlee Amendment the District levied 0.9815 mills. The total current tax year amount was approximately \$4.0 million. This is an increase of 4.9% from the prior year due primarily to an increase in property values.

The District levied 6.05 mills of property taxes on all classes of property located within the District for bonded debt service. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total current tax year amount collected for debt service in 2022-23 was approximately \$24.5 million. This is an increase of 4.7% from the prior year due primarily to an increase in property values.

General Fund Budgetary Highlights

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

For the 2022-23 fiscal year, the District amended the budget two times: once in January 2023, and a final amendment in June 2023. The following schedule shows a comparison of the original budget, the final amended budget, and actual totals from operations.

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Percent Variance
Total Revenues and Other Financing Sources/Uses	\$ 121,677,931	\$ 135,479,450	\$ 135,966,482	\$ 487,032	0.4%
Expenditures					
Instruction	\$ 75,963,146	\$ 82,166,931	\$ 81,386,817	\$ 780,114	0.9%
Support services	47,774,751	52,899,313	52,489,974	409,339	0.8%
Community services	1,689,385	1,944,808	1,701,815	242,993	12.5%
Other transactions	11	498,678	478,752	19,926	4.0%
Total Expenditures	\$ 125,427,293	\$ 137,509,730	\$ 136,057,358	\$ 1,452,372	1.1%

The actual revenues and other financing sources/uses for the fund were \$136.0 million. This is greater than the original budget estimate of \$121.7 million and is greater than the final amended budget amount of \$135.5 million. The actual expenditures were \$136.1 million. This is more than the original budget estimate of \$125.4 million and less than the final amended budget amount of \$137.5 million.

The variance between actual revenues and the original and final revenue budgets is rather small and is consistent with the District’s historical revenue variances.

The variances between the actual expenditures and the original and final expenditure budgets are indicative of the district’s conservative budget estimates during development and amendment of the budget.

Analysis of Financial Position

General Fund

The District maintains a healthy amount of reserves at 13.6 percent of expenditures following an approximate \$90 thousand decrease to fund balance to support general operations. Management will continue to make conservative reductions of operating expenses, particularly focusing on employee attrition management, and increase revenues where opportunities exist. The budget adopted for 2023-24 reflects a use of fund balance.

Capital Projects Fund

In November 2018, voters authorized \$130 million in debt to finance capital projects throughout the District. The first series of bonds were sold in May 2019 totaling \$38 million including the bond premium. Planning commenced during the 2018-19 fiscal year, with construction beginning in the summer of 2019. At the close of the 2022-23 fiscal year, the funds restricted for future capital projects amounted to approximately \$864,000.

The second series of bonds were sold in May 2021 totaling \$63.2 million including the bond premium. Planning commenced during the 2020-21 fiscal year, with construction starting in the summer of 2021. At the close of the 2022-23 fiscal year, the funds restricted for future capital projects amounted to approximately \$28.7 million.

The third series of bonds were sold in May 2023 totaling \$29.1 million including the bond premium. Planning commenced during the 2022-23 fiscal year, with construction starting in the summer of 2023. At the close of the 2022-23 fiscal year, the funds restricted for capital projects amounted to approximately \$29.1 million.

Factors Bearing on the District's Future

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

- The pandemic caused by COVID-19 continues to create challenges for school districts. The long-term impact remains to be seen. However, the federal government has authorized funding under the Elementary and Secondary School Emergency Relief Fund (ESSER) and the American Rescue Plan (ARP). While these funds will help as the district addresses the challenges caused by the pandemic, they are one-time and not ongoing financial support.
- Another important factor affecting the District is student count. The amount of State foundation allowance revenue the district receives is based on the blended student count and the foundation allowance per pupil. The district has experienced minor reductions in its enrollment the last several years due to an overall decline in the birth rate.
- The District is part of a statewide multi-employer defined benefit pension plan. Recent pension reform enacted at the state level includes as goals the limiting of future rate increases and a reduction in the plan's unfunded liability.
- The State of Michigan continues to increase its focus on student achievement. Results of standardized test scores from the Michigan Student Test of Educational Progress are compared from year to year with the results being tabulated by school building and by district.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Assistant Superintendent for Finance and Operations, Julie Davis, Forest Hills Public Schools, Grand Rapids, Michigan.

Basic Financial Statements

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Government-Wide Financial Statements

Forest Hills Public Schools
Government-Wide Financial Statements
Statement of Net Position

<i>June 30, 2023</i>	Governmental Activities
Assets	
Cash and investments	\$ 88,381,171
Taxes receivable	11
Accounts receivable	241,051
Intergovernmental receivable	19,731,350
Inventories	205,134
Prepaid expenses	315,369
Deposits	225,000
Capital assets, net of accumulated depreciation/amortization	182,389,085
Capital assets, not being depreciated/amortized	58,074,476
Total Assets	349,562,647
Deferred Outflows of Resources	
Deferred charge on refunding	757,122
Related to other postemployment benefits	19,473,693
Related to pension	77,096,714
Total Deferred Outflows of Resources	97,327,529
Liabilities	
Accounts payable	4,815,628
Intergovernmental payable	1,637,200
Accrued interest	996,476
Accrued payroll	7,856,585
Accrued retirement	5,161,303
Accrued expenses	124,769
Arbitrage liability	591,282
Unearned revenue	3,142,357
Noncurrent liabilities	
Due within one year	21,726,534
Due in more than one year	137,094,092
Net other postemployment benefits liability	13,840,268
Net pension liability	243,246,630
Total Liabilities	440,233,124
Deferred Inflows of Resources	
Related to other postemployment benefits	28,830,857
Related to pension	1,786,253
Related to state aid funding for pension	17,745,077
Total Deferred Inflows of Resources	48,362,187
Net Position	
Net investment in capital assets	142,937,027
Restricted for debt service	1,478,098
Unrestricted	(186,120,260)
Total Net Position	\$ (41,705,135)

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

Forest Hills Public Schools

Government-Wide Financial Statements Statement of Activities

<i>Year ended June 30, 2023</i>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total
Governmental Activities				
Instruction	\$ 73,823,425	\$ 174,676	\$ 18,434,375	\$ (55,214,374)
Support services	46,041,659	796,772	8,916,400	(36,328,487)
Community services	1,584,929	483,512	80,031	(1,021,386)
Food service	4,047,081	2,272,512	1,699,191	(75,378)
Student/school activities	2,608,731		2,597,175	(11,556)
Child care	1,310,947	1,055,560	1,621,706	1,366,319
Interest on long-term debt	5,622,101			(5,622,101)
Unallocated depreciation/amortization*	11,573,516			(11,573,516)
Total School District	\$ 146,612,389	\$ 4,783,032	\$ 33,348,878	(108,480,479)

General revenues:

Property taxes levied for general purposes	19,111,423
Property taxes levied for debt service	24,459,297
Property taxes levied for recreation	3,968,025
Local revenue in lieu of taxes	97,777
Unrestricted state aid	63,048,075
Investment earnings	2,455,257
Intermediate sources	10,704,165
Miscellaneous	1,199,637

Total general revenues	125,043,656
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Change in net position	16,563,177
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Net Position, beginning of year	(58,268,312)
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Net Position, end of year	\$ (41,705,135)
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* Unallocated depreciation/amortization includes 100% of depreciation/amortization expense, no depreciation/amortization expense is allocated to various programs.

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

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Fund Financial Statements

Forest Hills Public Schools

Governmental Funds Balance Sheet

<i>June 30, 2023</i>	General Fund	Debt Service Fund	2021 Capital Projects Fund	2023 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 16,278,725	\$ 2,474,574	\$ 32,946,869	\$ 29,092,940	\$ 7,588,063	\$ 88,381,171
Taxes receivable	11					11
Accounts receivable	217,645		11,455		11,951	241,051
Intergovernmental receivable	19,688,988				42,362	19,731,350
Inventories	171,100				34,034	205,134
Prepaid expenditures	315,369					315,369
Deposits					225,000	225,000
Total Assets	\$ 36,671,838	\$ 2,474,574	\$ 32,958,324	\$ 29,092,940	\$ 7,901,410	\$ 109,099,086
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 402,414		\$ 4,277,291		\$ 135,923	\$ 4,815,628
Accrued payroll	7,822,479				34,106	7,856,585
Accrued retirement	5,147,734				13,569	5,161,303
Accrued expenditures	117,781				6,988	124,769
Intergovernmental payable	1,637,100				100	1,637,200
Unearned revenue	2,983,483				158,874	3,142,357
Total liabilities	18,110,991		4,277,291		349,560	22,737,842
Fund Balances						
Nonspendable - inventories	171,100					171,100
Nonspendable - prepaid expenditures	315,369					315,369
Nonspendable - deposits					225,000	225,000
Restricted for capital projects			28,681,033	\$ 29,092,940	863,923	58,637,896
Restricted for debt service		\$ 2,474,574				2,474,574
Restricted for food service					1,648,366	1,648,366
Committed for student/school activities					2,407,641	2,407,641
Committed for child care program					2,406,920	2,406,920
Assigned for subsequent year's budget	594,356					594,356
Unassigned	17,480,022					17,480,022
Total fund balances	18,560,847	2,474,574	28,681,033	29,092,940	7,551,850	86,361,244
Total Liabilities and Fund Balances	\$ 36,671,838	\$ 2,474,574	\$ 32,958,324	\$ 29,092,940	\$ 7,901,410	\$ 109,099,086

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

Forest Hills Public Schools

Reconciliation of Fund Balances of Governmental Funds to Net Position on the Statement of Net Position

Year ended June 30, 2023

Total fund balances - total governmental funds		\$ 86,361,244
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Deferred outflows of resources - deferred charge on refunding		757,122
Deferred outflows of resources - related to pension		77,096,714
Deferred outflows of resources - related to other postemployment benefits		19,473,693
Deferred inflows of resources - related to pension		(1,786,253)
Deferred inflows of resources - related to other postemployment benefits		(28,830,857)
Deferred inflows of resources - related to state funding for pension		(17,745,077)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
<p>These assets consist of:</p>		
Capital assets, at cost	\$ 472,789,810	
Accumulated depreciation/amortization	<u>(232,326,249)</u>	
Net capital assets		240,463,561
<p>Long-term liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. Balances are as follows:</p>		
General obligation bonds	(137,180,000)	
Deferred issuance premium	(19,324,938)	
Accrued interest on bonds	(996,476)	
Direct borrowings and direct placements	(416,614)	
Compensated absences	(1,866,074)	
Retirement contracts payable	(33,000)	
Net other postemployment benefits liability	(13,840,268)	
Net pension liability	(243,246,630)	
Arbitrage liability	<u>(591,282)</u>	
Net long-term liabilities		<u>(417,495,282)</u>
Net Position of Governmental Activities		<u>\$ (41,705,135)</u>

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

Forest Hills Public Schools

Statement of Revenues, Expenditures, and Changes in Fund Balances

<i>Year ended June 30, 2023</i>	General Fund	Debt Service Fund	2021 Capital Projects Fund	2023 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 23,079,448	\$ 24,459,297				\$ 47,538,745
Other local sources	3,484,092	380,358	\$ 1,698,138	\$ 239,886	\$ 6,124,391	11,926,865
State sources	91,247,240	454,902			173,513	91,875,655
Federal sources	6,254,273				3,147,384	9,401,657
Intermediate sources	10,704,165					10,704,165
Total revenues	134,769,218	25,294,557	1,698,138	239,886	9,445,288	171,447,087
Expenditures						
Current						
Instruction	81,386,817					81,386,817
Support services	52,489,974					52,489,974
Community services	1,701,815					1,701,815
Food service					3,454,610	3,454,610
Student/school activities					2,608,731	2,608,731
Child care					1,196,108	1,196,108
Debt service						
Principal	315,365	19,150,000				19,465,365
Interest and other		5,553,858				5,553,858
Bond issuance costs				232,965		232,965
Capital outlay	57,774		23,810,146		985,207	24,853,127
Outgoing transfers and other	105,600					105,600
Total expenditures	136,057,345	24,703,858	23,810,146	232,965	8,244,656	193,048,970
Excess (deficiency) of revenues over (under) expenditures	(1,288,127)	590,699	(22,112,008)	6,921	1,200,632	(21,601,883)
Other Financing Sources (Uses)						
Issuance of bonds				25,550,000		25,550,000
Premium on bonds issued				3,536,019		3,536,019
Sale of capital assets	115,285				9,000	124,285
Proceeds from subscription-based IT arrangements	731,979					731,979
Transfers in	350,000				13	350,013
Transfers out	(13)				(350,000)	(350,013)
Total other financing sources (uses)	1,197,251			29,086,019	(340,987)	29,942,283
Changes in fund balances	(90,876)	590,699	(22,112,008)	29,092,940	859,645	8,340,400
Fund Balances, beginning of year	18,651,723	1,883,875	50,793,041		6,692,205	78,020,844
Fund Balances, end of year	\$ 18,560,847	\$ 2,474,574	\$ 28,681,033	\$ 29,092,940	\$ 7,551,850	\$ 86,361,244

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

Forest Hills Public Schools

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

Year ended June 30, 2023

Changes in fund balances - total governmental funds		\$ 8,340,400
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital outlay	\$ 26,692,595	
Depreciation/amortization expense	<u>(11,573,516)</u>	
		15,119,079
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. In the statement of net position, bonds issued are reported as a liability and repayments reduce the liability.		
Proceeds from long-term debt	(25,550,000)	
Premium on issuance of bonds	(3,536,019)	
Proceeds from subscription-based IT arrangements	(731,979)	
Repayment of principal on bonded debt	19,150,000	
Repayment of principal on notes from direct borrowings and direct placements	<u>315,365</u>	
		(10,352,633)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization	1,933,889	
Pension related items	(358,409)	
Other postemployment benefits related items	10,178,138	
Accrued interest	(71,351)	
Retirement contracts payable	(22,000)	
Compensated absences	191,870	
Arbitrage liability	<u>(591,282)</u>	
		11,260,855
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension and other postemployment contributions subsequent to the measurement period.		
Pension related items, beginning of year	9,940,553	
Pension related items, end of year	<u>(17,745,077)</u>	
Change in Net Position of Governmental Activities		<u>\$ 16,563,177</u>

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

Forest Hills Public Schools

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

Reporting Entity

The District is an independent entity with an elected Board of Education consisting of seven members. Board members serve six-year terms. The Board has responsibility and control over all matters affecting the District, including authority to levy taxes and determine its budget, the power to designate management and primary accountability for fiscal matters. The basic financial statements of the District contain all funds for which the District is financially accountable. There are no other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

Basis of Presentation

Government-wide financial statements: The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize activities as either governmental or business-type. All of the District's activities are classified as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to recipients who purchase, use, or directly benefit from goods, services or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Property taxes, state aid foundation and certain other items are reported as general revenues.

Fund financial statements: The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Major individual governmental funds are reported in separate columns in the fund financial statements.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first.

Forest Hills Public Schools

Notes to Financial Statements

Governmental Funds

Governmental Funds are used to account for the District's general activity. The focus is on determination of the financial position and changes in financial position rather than on income determination. The following is a description of the Governmental Funds of the District:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. It is considered a major fund.

Special Revenue Funds are used to account for, and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District operates three special revenue funds: Food Service, Student/School Activities, and Child Care. These funds are considered nonmajor funds.

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The Debt Service Fund is considered a major fund and resources are mainly from property taxes.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital projects. Capital project fund resources are mainly from bond proceeds and investment income. The 2021 and 2023 Capital Projects Funds are considered major funds and the 2019 Capital Projects Fund is considered a nonmajor fund.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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 if they are collected within the current period or soon enough after to pay liabilities for the current period. The District considers revenues available if collected within 60 days after year-end for property taxes, state aid and interest, and 90 days after year-end for entitlement funds and grants.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Forest Hills Public Schools

Notes to Financial Statements

State Foundation Revenue

The State of Michigan allocates funds through a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources primarily are governed by the School Aid Act and the School Code of Michigan. For the year ended June 30, 2023, the foundation allowance was based on the blended student membership counts taken in October 2022 and February 2022.

The state portion of the foundation is provided primarily by a state education property tax millage of six mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills.

State Categorical Revenue

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as unearned revenue.

Federal Revenue

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Budgets and Budgetary Accounting

The budgetary data reflected in the financial statements is established by the District using the procedures outlined below:

During the January to June period, the budget development process occurs. This process includes sharing of information on District finances, soliciting input, and responding to questions with various employee and parent groups and the Board of Education.

This information is used to develop a budget and resolution for the General Fund and Special Revenue Funds. This includes proposed expenditures and the means of financing them and is compiled on the same basis of accounting used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis.

In June, the budget resolution is subjected to a public hearing before the full Board of Education and is adopted after this hearing and before July 1, the first day of the budgeted fiscal year.

Various administrators are authorized to transfer amounts within their departmental budget. However, any revisions that alter the total expenditures of a fund, the legal level of budgetary control, must be approved by the Board of Education. Unexpended appropriations lapse at year-end. The budget is integrated with the accounting system of the District and is used as a management control device during the year.

Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

Forest Hills Public Schools

Notes to Financial Statements

The budget was amended during the year to reflect changes occurring since the original adoption. The major cause of amendments typically relates to classification of revenues and expenditures, as well as changes since the original adoption. The State of Michigan has implemented new accounting classifications in recent years which has caused some of these changes.

Cash and Cash Equivalents

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

Investments

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

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

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

Inventories and Prepaid Items

Inventories are stated at cost. Inventories consist primarily of food, cafeteria supplies, teaching and maintenance supplies and are valued using FIFO, except natural gas inventory which is valued using a weighted average method. Inventories are reported as assets when purchased and charged to operations when used.

Forest Hills Public Schools

Notes to Financial Statements

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items when purchased and charged to operations when used in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, buildings, and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year, and whose costs exceed \$20,000 for buildings and improvements and \$10,000 for all other capital asset categories, 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 their estimated acquisition value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Right to use assets of the District are amortized using the straight-line method over the shorter of the subscription period or the estimated useful life. Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets as follows:

	Years
Land improvements	20
Transportation equipment	8
Buildings and improvements	20 - 50
Machinery, furniture and equipment	5 - 20
Right to use - subscription based IT	2 - 6

Defined Benefit Plans

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

Deferred Outflows

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

Forest Hills Public Schools

Notes to Financial Statements

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension 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.

Compensated Absences

District employees are granted vacation and sick leave in varying amounts based on length of service. Sick leave is accumulated at different rates for various categories of employees. Unused sick leave accumulates from year to year to a maximum, which varies for different categories of employees. Unused sick leave is paid to employees at a contractual rate for each unused sick day either at the time of retirement or upon termination, depending upon the category of the employee. 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.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds issued are deferred and amortized over the life of the related bonds. Bond issuance costs are expensed.

In the fund financial statements, the face amount of new debt issued is reported as other financing sources. Bond premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and premiums used for the acquisition or construction of those assets. Deferred outflows of resources and restricted capital projects net position that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use, either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

Forest Hills Public Schools

Notes to Financial Statements

Fund Balance

Fund balance represents the difference between assets and liabilities in the governmental fund financial statements. The District's fund balance is classified in the following categories:

Nonspendable fund balance - represents amounts that cannot be spent due to legal requirements or because it is not in spendable form. The District reports nonspendable fund balance for inventories, prepaid expenditures, and deposits.

Restricted fund balance - restricted for specific purposes imposed by grantors, bondholders, constitutional provisions or enabling legislation. The District reports restricted fund balance in the Debt Fund, Capital Projects Fund and Food Service Fund.

Committed fund balance - represent amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's board of education. The District reports committed fund balance in the Student/School Activities and Child Care Funds.

Assigned fund balance - intended to be used for specific purposes but doesn't meet the criteria for restricted or committed fund balance. The District reports assigned fund balance in the General Fund to report specific projects and subsequent year budgeted use of fund balance. The Board of Education has authority to assign amounts to a specific purpose by authority of a Board resolution passed in June 2011.

Unassigned fund balance - the residual fund balance of the General Fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance and then unassigned fund balance.

The District has a policy that funds equal to 10% of the adopted General Fund budget shall be maintained for the purposes of protecting the cash flow position of the District and avoiding the need to borrow against either anticipated state aid payments or local property tax revenues for school operating purposes.

Subscription-based IT Arrangements (SBITA)

The District is a lessee for a noncancelable subscription of an IT arrangement. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

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

Forest Hills Public Schools

Notes to Financial Statements

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

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

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

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

Property Taxes

School District property taxes are due July 1 of each fiscal year in the City of Grand Rapids, on December 1 of each fiscal year in Cannon Township, and on July 1 and December 1 of each fiscal year in the City of Kentwood and the remaining townships. The taxes are payable without interest on or before July 31 in the City of Grand Rapids, February 14 in Cannon Township and September 1 and February 14 in the City of Kentwood, and September 14 and February 14 in the remaining townships, and without penalty on or before the following February 14. All real property taxes remaining unpaid on March 1 of the year following the levy are turned over to the County Treasurer for collection.

For the year ended June 30, 2023, the District levied the following amounts per \$1,000 of assessed valuation. The general fund levied 17.6614 mills for applicable property and a supplemental 0.9815 mill for parks and recreation activities. The debt service fund levied 6.05 mills.

Interfund Activity

During the course of its operations the District has transactions between funds. The General Fund regularly has transfers of funds between the Food Service and Child Care funds. During the year, the Food Service Fund and Child Care Fund transferred \$200,000 and \$150,000, respectively, to the General Fund for indirect costs. The General Fund transferred \$13 to the Food Service Fund for at-risk meals. To the extent that certain transactions had not been paid or received as of year-end, balances of interfund receivables or payables are recorded. Balances are normally liquidated in the subsequent fiscal year.

Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Forest Hills Public Schools

Notes to Financial Statements

Subsequent Events

Management has evaluated subsequent events through October 2, 2023 the date the financial statements were available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

2. Cash and Investments

Deposits

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District minimizes custodial credit risk by pre-qualifying financial institutions. At June 30, 2023, \$750,000 of the District's bank balances (without recognition of deposits in transit and outstanding checks) of \$24,305,611 was insured and \$23,555,611 was uninsured and uncollateralized. The Federal Deposit Insurance Corporation (FDIC) general deposit insurance rules provide \$250,000 of insurance for all time and savings deposits and \$250,000 of insurance for all demand deposits per institution.

Investments

At June 30, 2023, the District had the following investments:

<i>Investment Type</i>	Rating	Fair Value	Maturity
			Less Than 1 Year
MILAF External Investment Pool - CMC	S&P AAAm	\$ 4,694,553	\$ 4,694,553
MILAF External Investment Pool - Max	S&P AAAm	62,790,182	62,790,182
Total investments		67,484,735	<u>\$ 67,484,735</u>
Cash		<u>20,896,436</u>	
Total Investments and Cash		\$ 88,381,171	

The District voluntarily invests certain excess funds in external pooled investment funds which includes money market funds. Two of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund Cash Management Class and Max Class (MILAF). These are external pooled investment funds of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2023, the fair value of the District's investments is the same as the value of the pool shares. MILAF Cash Management Class and Max Class funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures and are valued at amortized cost.

Forest Hills Public Schools

Notes to Financial Statements

Interest Rate Risk

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

Custodial Credit Risk Related to Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business. The District had no investments subject to custodial credit risk at June 30, 2023.

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

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

Foreign Currency Risk

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

Forest Hills Public Schools

Notes to Financial Statements

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

State statutes authorize the District to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, banker's acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, and investment pools authorized by the Surplus Funds Investment Pool Act.

The District follows state statutes and has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

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

3. Interfund Activity

Transfers between funds during the year June 30, 2023 were as follows:

<i>Fund</i>	Transfers In	Transfers Out
General Fund	\$ 350,000	\$ 13
Nonmajor Governmental Funds	13	350,000
	\$ 350,013	\$ 350,013

4. Intergovernmental Receivable

Intergovernmental receivables consist of the following:

<i>Fund</i>	Local	State	Federal	Total
General	\$ 363,112	\$ 16,671,735	\$ 2,654,141	\$ 19,688,988
Food Service		22,704	18,098	40,802
Child Care	1,485			1,485
Student/School Activities	75			75
Total	\$ 364,672	\$ 16,694,439	\$ 2,672,239	\$ 19,731,350

All balances are expected to be collected within one year.

Forest Hills Public Schools

Notes to Financial Statements

5. Capital Assets

The following summarizes capital asset activity for the year ended June 30, 2023.

	Balance, June 30, 2022	Additions	Deletions	Balance, June 30, 2023
Governmental Activities				
Capital assets not depreciated/amortized				
Land	\$ 7,696,373			\$ 7,696,373
Construction in progress	40,931,222	\$ 19,379,375	\$ (9,932,494)	50,378,103
Total capital assets not depreciated/amortized	48,627,595	19,379,375	(9,932,494)	58,074,476
Capital assets being depreciated/amortized				
Land improvements	13,886,443	6,405,213		20,291,656
Buildings and improvements	316,161,356	3,157,200		319,318,556
Machinery, furniture and equipment	59,963,505	6,004,685	(22,972)	65,945,218
Transportation equipment	7,965,416	663,402	(484,128)	8,144,690
Right to use - subscription-based IT		1,015,214		1,015,214
Total capital assets being depreciated/amortized	397,976,720	17,245,714	(507,100)	414,715,334
Totals at historical cost	446,604,315	36,625,089	(10,439,594)	472,789,810
Less accumulated depreciation/amortization for				
Land improvements	8,226,698	763,748		8,990,446
Buildings and improvements	160,884,690	8,257,251		169,141,941
Machinery, furniture and equipment	46,512,908	1,689,863	(22,972)	48,179,799
Transportation equipment	5,635,537	534,150	(484,128)	5,685,559
Right to use - subscription-based IT		328,504		328,504
Total accumulated depreciation/amortization	221,259,833	11,573,516	(507,100)	232,326,249
Net Capital Assets	\$ 225,344,482	\$ 25,051,573	\$ (9,932,494)	\$ 240,463,561

Depreciation/amortization for the year ended June 30, 2023 was \$11,573,516. The District determined that it was impractical to allocate depreciation/amortization to various governmental activities as the assets serve multiple functions.

Costs to complete the construction in progress are approximately \$46,780,000.

Forest Hills Public Schools

Notes to Financial Statements

6. Long-Term Obligations

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

	Balance, June 30, 2022	Additions	Deductions	Balance, June 30, 2023	Due Within One Year
General obligation bonds	\$ 130,780,000	\$ 25,550,000	\$ (19,150,000)	\$ 137,180,000	\$ 20,560,000
Deferred issuance premium	17,982,856	3,536,019	(2,193,937)	19,324,938	
Notes from direct borrowings and direct placements		731,979	(315,365)	416,614	294,534
Compensated absences	2,057,944	909,506	(1,101,376)	1,866,074	861,000
Retirement contracts payable	11,000	33,000	(11,000)	33,000	11,000
Net pension liability	148,290,484	94,956,146		243,246,630	
Net other postemployment benefits liability	9,625,097	4,215,171		13,840,268	
	\$ 308,747,381	\$ 129,931,821	\$ (22,771,678)	\$ 415,907,524	\$ 21,726,534

General obligation bonds at June 30, 2023 are comprised of the following individual issues:

<i>June 30, 2023</i>	Principal Outstanding	Remaining Interest Requirements
2013 Refunding Bonds, \$19,560,000, due in an annual installment of \$2,250,000 in May 1, 2024, interest at 5.00%.	\$ 2,250,000	\$ 112,500
2014 Building and Site Bonds, \$25,000,000 due in annual installments of \$2,200,000 to \$2,650,000 through May 1, 2029, interest at 5.00%.	14,550,000	1,860,750
2016 Building, Site and Refunding Bonds, \$48,130,000, due in annual installments of \$4,910,000 to \$5,230,000 through May 1, 2027, interest at 5.00%.	20,360,000	2,572,250
2019 Building and Site Series I Bonds, \$31,950,000, due in annual installments of \$2,100,000 to \$2,700,000 through May 1, 2034, interest at 5.00%.	26,000,000	8,110,000
2020 Refunding Bonds, \$9,670,000 due in annual installments of \$1,025,000 to \$1,075,000 through May 1, 2029, interest at 4.00%.	6,325,000	892,000
2021 Building and Site Bonds, \$55,350,000 due in annual installments of \$2,800,000 to \$8,075,000 through May 1, 2036, interest at 3.00% to 4.00%.	42,145,000	8,991,650
2023 Building and Site Bonds, \$25,550,000 due in annual installments of \$1,100,000 to \$2,480,000 through May 1, 2038, interest at 5.00%.	25,550,000	11,934,903
	\$ 137,180,000	\$ 34,474,053

Forest Hills Public Schools

Notes to Financial Statements

Notes from direct borrowings and direct placements at June 30, 2023 are comprised of the following:

<i>June 30, 2023</i>	Principal Outstanding	Remaining Interest Requirements
Various subscription-based IT arrangements, due in annual installments of \$59,995 to \$187,181 through July 1, 2024, including imputed interest at 5%.	\$ 416,614	\$ 26,935

Severance Program

A severance program is available for administrative staff to receive \$11,000 per year for three years after retirement, and the liability at year-end was \$33,000. Retirement contracts and compensated absences typically are liquidated by the General Fund.

Debt Service Requirements

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$416,614 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The District defeased certain general obligations bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets, and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2023, \$23,025,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2023, are as follows:

<i>Year Ending June 30,</i>	General Obligation Bonds		Direct Borrowing and Direct Placement		Other Long-term Obligations	Total
	Principal	Interest	Principal	Interest		
2024	\$ 20,560,000	\$ 5,985,953	\$ 294,534	\$ 20,831		\$ 26,861,318
2025	14,445,000	5,100,050	122,080	6,104		19,673,234
2026	15,020,000	4,462,300				19,482,300
2027	15,295,000	3,797,700				19,092,700
2028	10,285,000	3,121,350				13,406,350
2029-2033	39,070,000	9,614,100				48,684,100
2034-2038	22,505,000	2,392,600				24,897,600
	137,180,000	34,474,053	416,614	26,935		172,097,602
Deferred issuance premium	19,324,938					19,324,938
Compensated absences					\$ 1,866,074	1,866,074
Retirement contracts payable					33,000	33,000
Net pension liability					243,246,630	243,246,630
Net other postemployment benefits liability					13,840,268	13,840,268
	\$ 156,504,938	\$ 34,474,053	\$ 416,614	\$ 26,935	\$ 258,985,972	\$ 450,408,512

The net pension and net other postemployment benefits liabilities are liquidated by the General, Food Service, and Child Care funds.

Forest Hills Public Schools

Notes to Financial Statements

7. Pension and Other Postemployment Benefits

Plan Description

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

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

Forest Hills Public Schools

Notes to Financial Statements

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

Forest Hills Public Schools

Notes to Financial Statements

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

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

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

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

Pension Reform of 2017

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Forest Hills Public Schools

Notes to Financial Statements

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Forest Hills Public Schools

Notes to Financial Statements

Employer Contributions

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

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

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

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

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

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$29,905,000. Of the total pension contributions approximately \$29,204,000 was contributed to fund the Defined Benefit Plan and approximately \$701,000 was contributed to the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB benefits were approximately \$5,473,000. Of the total OPEB contributions approximately \$5,077,000 was contributed to fund the Defined Benefit Plan and approximately \$396,000 was contributed to fund the Defined Contribution Plan.

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

Forest Hills Public Schools

Notes to Financial Statements

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

Pension Liabilities

The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<i>MPERS (Plan) Non-university Employers:</i>	September 30, 2022	September 30, 2021
Total pension liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan fiduciary net position	\$ 58,268,076,344	\$ 62,717,060,920
Net pension liability	\$ 37,608,719,276	\$ 23,675,412,475
Proportionate share	0.64678%	0.62635%
Net pension liability for the District	\$ 243,246,630	\$ 148,290,484

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

For the year ended June 30, 2023, the District recognized pension expense of approximately \$29,634,000.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 41,798,487	
Net difference between projected and actual plan investment earnings	570,413	
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,680,629	\$ 1,242,379
Differences between expected and actual experience	2,433,315	543,874
Reporting Unit's contributions subsequent to the measurement date	27,613,870	
	\$ 77,096,714	\$ 1,786,253

Forest Hills Public Schools

Notes to Financial Statements

\$27,613,870, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2023	\$ 13,269,318
2024	10,485,115
2025	9,433,160
2026	14,508,998

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<i>MPSERS (Plan) Non-university Employers:</i>	September 30, 2022	September 30, 2021
Total other postemployment benefits liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan fiduciary net position	\$ 10,404,650,683	\$ 10,520,015,621
Net other postemployment benefits liability	\$ 2,118,062,641	\$ 1,526,377,890
Proportionate share	0.65344%	0.63058%
Net other postemployment benefits liability for the District	\$ 13,840,268	\$ 9,625,097

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

For the year ended June 30, 2023, the District recognized OPEB benefit of approximately \$5,173,000.

Forest Hills Public Schools

Notes to Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 12,336,275	\$ 1,004,490
Net difference between projected and actual plan investment earnings	1,081,726	
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,631,433	718,584
Differences between expected and actual experience		27,107,783
Reporting Unit's contributions subsequent to the measurement date	4,424,259	
	\$ 19,473,693	\$ 28,830,857

\$4,424,259, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2023	\$ (5,204,935)
2024	(4,540,122)
2025	(4,025,834)
2026	(37,060)
2027	(24,804)
2028	51,332

Actuarial Assumptions

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

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

Forest Hills Public Schools

Notes to Financial Statements

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

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

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

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

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

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

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

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

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

Forest Hills Public Schools

Notes to Financial Statements

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

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

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

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

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

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

Forest Hills Public Schools

Notes to Financial Statements

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 320,995,184	\$ 243,246,630	\$ 179,178,319

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

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 23,215,719	\$ 13,840,268	\$ 5,944,976

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

	Other Postemployment Benefits		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 5,795,643	\$ 13,840,268	\$ 22,870,520

Pension and OPEB Plan Fiduciary Net Position

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

Forest Hills Public Schools

Notes to Financial Statements

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

8. Risk Management and Benefits

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees and natural disasters. The District is a member of the West Michigan Risk Management Trust (Trust), a self-insurance program with 18 districts pooling together to insure property, liability, and auto exposures. Premiums from members of the Trust are arrived at through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,112,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. Specific types of coverage are listed in the supplemental material. A \$1,000 per occurrence deductible for property losses is maintained to place the responsibility for small charges with the members of the Trust.

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

9. Bond Compliance

The Capital Projects Funds include activities funded by bonds that were issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351(a) of the Revised School Code. Beginning with the year of bond issuance, the District has reported the annual construction activity in the Capital Projects Funds as follows:

<i>June 30, 2023</i>	Cumulative Revenues	Cumulative Expenditures (excluding transfers)
2019 Bonds	\$ 705,106	\$ 37,950,611
2021 Bonds	\$ 1,812,249	\$ 36,289,898
2023 Bonds	\$ 239,886	\$ 232,965

The above revenue excludes net bond proceeds of \$38,109,428 for the 2019 bonds, \$63,158,682 for the 2021 bonds, and \$29,086,019 for the 2023 bonds.

Forest Hills Public Schools

Notes to Financial Statements

10. Contingent Liabilities

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

11. Tax Abatements

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes abated
Ada Township	\$ 265,856
Cascade Township	48,010
	\$ 313,866

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 Funding of the State School Aid Act.

There are no abatements made by the District.

12. Upcoming Accounting Pronouncements

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

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

Forest Hills Public Schools

Notes to Financial Statements

13. Change in Accounting Principle

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

Summary:

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

There was no impact on the District's prior year financial statement after the adoption of GASB Statement No. 96.

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Required Supplementary Information

Forest Hills Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund

<i>Year ended June 30, 2023</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local sources	\$ 25,008,689	\$ 26,543,063	\$ 26,563,540	\$ 20,477
State sources	82,797,721	90,624,045	91,247,240	623,195
Federal sources	4,167,521	6,564,602	6,254,273	(310,329)
Incoming transfers and other	9,399,000	10,575,402	10,704,165	128,763
Total revenues	121,372,931	134,307,112	134,769,218	462,106
Expenditures				
Current				
Instruction				
Basic programs	67,715,478	73,504,386	72,748,227	756,159
Added needs	8,247,668	8,662,545	8,638,590	23,955
Total instruction	75,963,146	82,166,931	81,386,817	780,114
Support services				
Pupil	8,881,936	9,429,828	9,417,084	12,744
Instructional staff	4,963,732	5,773,759	5,729,091	44,668
General administration	689,077	1,061,899	1,005,932	55,967
School administration	7,050,349	7,631,398	7,617,442	13,956
Business	1,785,159	2,001,157	1,917,825	83,332
Operation/maintenance	10,894,615	12,459,628	12,408,594	51,034
Pupil transportation	6,632,055	6,674,623	6,538,360	136,263
Central services	3,651,798	4,513,993	4,505,297	8,696
Other support services	3,226,030	3,353,028	3,350,349	2,679
Total support services	47,774,751	52,899,313	52,489,974	409,339
Community services	1,689,385	1,944,808	1,701,815	242,993
Debt service				
Principal		315,365	315,365	
Capital outlay		58,300	57,774	526
Outgoing transfers and other		125,000	105,600	19,400
Total expenditures	125,427,282	137,509,717	136,057,345	1,452,372
Excess (deficiency) of revenues over (under) expenditures	(4,054,351)	(3,202,605)	(1,288,127)	1,914,478
Other Financing Sources (Uses)				
Sale of capital assets	25,000	75,000	115,285	40,285
Transfers out	(11)	(13)	(13)	
Transfers in	280,000	380,000	350,000	(30,000)
Proceeds from subscription-based IT arrangements		717,338	731,979	14,641
Total other financing sources (uses)	304,989	1,172,325	1,197,251	24,926
Changes in fund balances	\$ (3,749,362)	\$ (2,030,280)	(90,876)	\$ 1,939,404
Fund Balances, beginning of year			<u>18,651,723</u>	
Fund Balances, end of year			<u>\$ 18,560,847</u>	

Forest Hills Public Schools

Required Supplementary Information Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability

Michigan Public School Employee Retirement Plan

Last Nine Fiscal Years (Determined as of plan year ended September 30)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.64678%	0.62635%	0.62651%	0.63621%	0.64398%	0.64621%	0.64748%	0.66514%	0.65714%
Reporting Unit's proportionate share of net pension liability	\$ 243,246,630	\$ 148,290,484	\$ 215,211,777	\$ 210,690,414	\$ 193,593,162	\$ 167,461,311	\$ 161,540,348	\$ 162,459,976	\$ 144,743,892
Reporting Unit's covered-employee payroll	\$ 63,286,514	\$ 56,892,487	\$ 55,042,380	\$ 55,296,936	\$ 54,481,110	\$ 54,393,825	\$ 54,658,644	\$ 56,533,172	\$ 56,799,068
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	384.36%	260.65%	390.99%	381.02%	355.34%	307.87%	295.54%	287.37%	254.83%
Plan fiduciary net position as a percentage of total pension liability (non-university employers)	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

Forest Hills Public Schools

Required Supplementary Information Schedule of the Reporting Unit's Pension Contributions Michigan Public School Employee Retirement Plan Last Nine Fiscal Years (Determined as of the year ended June 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 29,203,718	\$ 21,180,572	\$ 18,356,199	\$ 16,977,014	\$ 16,594,792	\$ 16,891,003	\$ 14,928,424	\$ 14,194,187	\$ 11,944,916
Contributions in relation to statutorily required contributions	29,203,718	21,180,572	18,356,199	16,977,014	16,594,792	16,891,003	14,928,424	14,194,187	11,944,916
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll	\$ 61,550,355	\$ 60,189,541	\$ 56,405,803	\$ 55,173,961	\$ 55,275,159	\$ 54,414,234	\$ 56,015,095	\$ 55,051,841	\$ 57,042,047
Contributions as a percentage of covered-employee payroll	47.45%	35.19%	32.54%	30.77%	30.02%	31.04%	26.65%	25.78%	20.94%

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

Forest Hills Public Schools

Required Supplementary Information Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability

Michigan Public School Employee Retirement Plan Last Six Fiscal Years (Determined as of plan year ended September 30)

	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.65344%	0.63058%	0.62232%	0.63331%	0.64002%	0.64637%
Reporting Unit's proportionate share of net OPEB liability	\$ 13,840,268	\$ 9,625,097	\$ 33,339,490	\$ 45,457,453	\$ 50,874,956	\$ 57,238,748
Reporting Unit's covered-employee payroll	\$ 63,286,514	\$ 56,892,487	\$ 55,042,380	\$ 55,296,936	\$ 54,481,110	\$ 54,393,825
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	21.87%	16.92%	60.57%	82.21%	93.38%	105.23%
Plan fiduciary net position as a percentage of total OPEB liability (non-university employers)	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

Forest Hills Public Schools
Required Supplementary Information
Schedule of the Reporting Unit's OPEB Contributions
Michigan Public School Employee Retirement Plan
Last Six Fiscal Years (Determined as of the year ended June 30)

	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	\$ 5,077,189	\$ 4,999,425	\$ 4,873,960	\$ 4,726,246	\$ 4,543,578	\$ 4,739,561
Contributions in relation to statutorily required contributions	5,077,189	4,999,425	4,873,960	4,726,246	4,543,578	4,739,561
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll (OPEB)	\$ 61,550,355	\$ 60,189,451	\$ 56,405,803	\$ 55,173,961	\$ 55,275,159	\$ 54,414,234
OPEB contributions as a percentage of covered-employee payroll	8.25%	8.31%	8.64%	8.57%	8.22%	8.71%

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

Forest Hills Public Schools

Notes to the Required Supplementary Information

1. Pension Information

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

Changes of Assumptions - the assumption changes for 2022 were:

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

2. OPEB Information

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

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate decreased to 6.00% from 6.95%

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Additional Supplementary Information

General Fund

Forest Hills Public Schools

General Fund

To account for resources except those required to be accounted for in another fund.

Forest Hills Public Schools

General Fund

Schedule of Revenues and Other Financing Sources - Budget to Actual

<i>Year ended June 30, 2023</i>	Final Budget	Actual	Variance
Revenues			
Local Sources			
Property taxes	\$ 23,068,000	\$ 23,079,448	\$ 11,448
Revenue in lieu of taxes	14,000	13,648	(352)
Tuition (fees for instruction)	80,000	53,335	(26,665)
Investment income	600,000	613,142	13,142
Student activity revenue:			
Admissions, athletics	225,000	227,101	2,101
Admissions, other	152,000	123,046	(28,954)
Dues and fees, athletics	425,000	449,094	24,094
Community service revenue:			
Community and aquatic center	500,000	483,512	(16,488)
Other local revenue:			
Rentals	80,000	120,577	40,577
Private sources	246,563	326,990	80,427
Miscellaneous other local revenue	1,152,500	1,073,647	(78,853)
Total revenues from local sources	26,543,063	26,563,540	20,477
State Sources			
Restricted	27,758,745	28,132,436	373,691
Unrestricted	62,798,600	63,048,074	249,474
Payments in lieu of taxes	66,700	66,730	30
Total revenues from state sources	\$ 90,624,045	\$ 91,247,240	\$ 623,195

Forest Hills Public Schools

General Fund

Schedule of Revenues and Other Financing Sources - Budget to Actual

<i>Year ended June 30, 2023</i>	Final Budget	Actual	Variance
Federal Sources			
IDEA	\$ 2,034,823	\$ 2,034,823	
ESSER	3,742,743	3,682,053	\$ (60,690)
Title I	256,157	229,896	(26,261)
Title II	165,491	91,755	(73,736)
Title III	97,559	40,772	(56,787)
Other grants	267,829	174,974	(92,855)
Total revenues from federal sources	6,564,602	6,254,273	(310,329)
Other Governmental Units			
Kent ISD Act 18 special education millage	5,663,000	5,663,698	698
Special education transportation	1,230,000	1,237,018	7,018
Other payments received from other governments	3,682,402	3,803,449	121,047
Total revenues from other governmental units	10,575,402	10,704,165	128,763
Total revenues	134,307,112	134,769,218	462,106
Other Financing Sources			
Sale of capital assets	75,000	115,285	40,285
Transfers in	380,000	350,000	(30,000)
Proceeds from subscription-based IT arrangements	717,338	731,979	14,641
Total other financing sources	1,172,338	1,197,264	24,926
Total Revenues and Other Financing Sources	\$ 135,479,450	\$ 135,966,482	\$ 487,032

Forest Hills Public Schools

General Fund Schedule of Expenditures and Other Financing Uses - Budget to Actual

<i>Year ended June 30, 2023</i>	Salaries	Employee Benefits Retirement	Employee Benefits FICA	Employee Benefits Other
Expenditures				
Instruction				
Basic programs	\$ 36,892,233	\$ 21,293,610	\$ 2,596,587	\$ 7,645,180
Added needs	4,586,464	2,632,512	327,982	781,317
Total instruction	41,478,697	23,926,122	2,924,569	8,426,497
Support Services				
Pupil services	2,667,888	1,535,704	190,463	420,106
Instructional staff	2,678,956	1,588,680	195,068	529,855
General administration	496,745	241,322	22,723	75,913
School administration	3,872,219	2,259,933	274,724	1,037,678
Business	719,915	427,601	51,209	159,892
Operations and maintenance	2,936,250	1,612,781	215,366	568,330
Pupil transportation	2,123,508	1,201,624	156,503	451,133
Central services	1,558,373	868,067	110,520	366,087
Other support	1,570,122	642,045	115,816	77,705
Total support services	18,623,976	10,377,757	1,332,392	3,686,699
Community Services	562,930	399,057	38,813	112,755
Debt Service				
Principal				
Capital Outlay				
Other Transactions				
Total expenditures	60,665,603	34,702,936	4,295,774	12,225,951
Other Financing Uses				
Transfers out				
Total Expenditures	\$ 60,665,603	\$ 34,702,936	\$ 4,295,774	\$ 12,225,951

Forest Hills Public Schools

General Fund Schedule of Expenditures and Other Financing Uses - Budget to Actual

Purchased Services	Supplies, Materials and Other	Total Actual Expenditures	Final Budget	Variance
\$ 1,653,794	\$ 2,666,823	\$ 72,748,227	\$ 73,504,386	\$ 756,159
198,669	111,646	8,638,590	8,662,545	23,955
1,852,463	2,778,469	81,386,817	82,166,931	780,114
561,055	4,041,868	9,417,084	9,429,828	12,744
488,139	248,393	5,729,091	5,773,759	44,668
141,239	27,990	1,005,932	1,061,899	55,967
47,512	125,376	7,617,442	7,631,398	13,956
270,030	289,178	1,917,825	2,001,157	83,332
3,644,633	3,431,234	12,408,594	12,459,628	51,034
544,055	2,061,537	6,538,360	6,674,623	136,263
1,049,406	552,844	4,505,297	4,513,993	8,696
569,123	375,538	3,350,349	3,353,028	2,679
7,315,192	11,153,958	52,489,974	52,899,313	409,339
483,798	104,462	1,701,815	1,944,808	242,993
	315,365	315,365	315,365	
	57,774	57,774	58,300	526
	105,600	105,600	125,000	19,400
9,651,453	14,515,628	136,057,345	137,509,717	1,452,372
	13	13	13	
\$ 9,651,453	\$ 14,515,641	\$ 136,057,358	\$ 137,509,730	\$ 1,452,372

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Nonmajor Governmental Funds

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Forest Hills Public Schools

Nonmajor Governmental Funds

Special Revenue Funds

To account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District maintains the following Special Revenue Funds:

Food Service Fund - to account for activity relating to cafeteria operations.

Student/School Activities Fund - to account for activities relating to student/school organizations.

Child Care Fund - to account for activities related to child care.

Capital Projects Fund

2019 Capital Projects Fund - accounts for the erection, renovation, furnishing and equipping of school buildings and other projects approved by voters. Funding is provided by the 2019 bond proceeds and interest earned.

Forest Hills Public Schools
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2023</i>	Food Service	Student/School Activities	Child Care	2019 Capital Projects Fund	Total
Assets					
Cash and investments	\$ 1,763,890	\$ 2,442,984	\$ 2,517,266	\$ 863,923	\$ 7,588,063
Accounts receivable		10,064	1,887		11,951
Intergovernmental receivable	40,802	75	1,485		42,362
Inventories	34,034				34,034
Deposits	225,000				225,000
Total Assets	\$ 2,063,726	\$ 2,453,123	\$ 2,520,638	\$ 863,923	\$ 7,901,410
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 22,089	\$ 40,231	\$ 73,603		\$ 135,923
Accrued payroll	6,230	1,120	26,756		34,106
Accrued retirement	2,647	415	10,507		13,569
Accrued expenditures	1,888	3,716	1,384		6,988
Intergovernmental payable	100				100
Unearned revenue	157,406		1,468		158,874
Total liabilities	190,360	45,482	113,718		349,560
Fund Balances					
Nonspendable - deposits	225,000				225,000
Restricted for capital projects				\$ 863,923	863,923
Restricted for food service	1,648,366				1,648,366
Committed for student/ school activities		2,407,641			2,407,641
Committed for child care			2,406,920		2,406,920
Total fund balances	1,873,366	2,407,641	2,406,920	863,923	7,551,850
Total Liabilities and Fund Balances	\$ 2,063,726	\$ 2,453,123	\$ 2,520,638	\$ 863,923	\$ 7,901,410

Forest Hills Public Schools
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year ended June 30, 2023</i>	Food Service	Student/School Activities	Child Care	2019 Capital Projects Fund	Total
Revenues					
Local sources	\$ 2,319,558	\$ 2,683,535	\$ 1,119,456	\$ 1,842	\$ 6,124,391
State sources	152,285		21,228		173,513
Federal sources	1,546,906		1,600,478		3,147,384
Total revenues	4,018,749	2,683,535	2,741,162	1,842	9,445,288
Expenditures					
Salaries and wages	817,069		567,926		1,384,995
Employee benefits	471,816		382,511		854,327
Food and milk costs	1,342,534		49,806		1,392,340
Supplies, materials and other	144,985		172,310		317,295
Purchased services	678,206		23,555		701,761
Student/school activities		2,608,731			2,608,731
Capital outlay	796,966		188,241		985,207
Total expenditures	4,251,576	2,608,731	1,384,349		8,244,656
Excess (deficiency) of revenues over (under) expenditures	(232,827)	74,804	1,356,813	1,842	1,200,632
Other Financing Sources (Uses)					
Proceeds from the sale of capital assets	9,000				9,000
Transfers in	13				13
Transfers out	(200,000)		(150,000)		(350,000)
Total other financing sources (uses)	(190,987)		(150,000)		(340,987)
Changes in fund balances	(423,814)	74,804	1,206,813	1,842	859,645
Fund Balances, beginning of year	2,297,180	2,332,837	1,200,107	862,081	6,692,205
Fund Balances, end of year	\$ 1,873,366	\$ 2,407,641	\$ 2,406,920	\$ 863,923	\$ 7,551,850

Forest Hills Public Schools

Special Revenue Funds Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

<i>Year ended June 30, 2023</i>	Food Service		
	Final Budget	Actual	Variance
Revenues			
Local sources			
Food sales	\$ 2,222,500	\$ 2,272,512	\$ 50,012
Student/school activities			
Child care fees			
Investment income	45,000	47,046	2,046
State source			
Restricted state aid	124,822	152,285	27,463
Federal sources			
Child care stabilization grant			
Child nutrition cluster	1,293,135	1,295,709	2,574
Donated commodities	434,230	251,197	(183,033)
Total revenues	4,119,687	4,018,749	(100,938)
Other Financing Sources			
Proceeds from the sale of capital assets	9,000	9,000	
Transfers in	13	13	
Total other financing sources	9,013	9,013	
Total revenues and other financing sources	4,128,700	4,027,762	(100,938)
Expenditures			
Current			
Salaries and wages	837,550	817,069	20,481
Employee benefits	488,500	471,816	16,684
Food and milk costs	1,701,230	1,342,534	358,696
Supplies, materials and other	151,250	144,985	6,265
Purchased services	771,500	678,206	93,294
Student/school activities			
Capital outlay	900,000	796,966	103,034
Total expenditures	4,850,030	4,251,576	598,454
Other Financing Uses			
Transfers out	230,000	200,000	30,000
Total expenditures and other financing uses	5,080,030	4,451,576	628,454
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(951,330)	(423,814)	527,516
Fund Balances, beginning of year	2,297,180	2,297,180	
Fund Balances, end of year	\$ 1,345,850	\$ 1,873,366	\$ 527,516

Forest Hills Public Schools

Special Revenue Funds Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

Student/School Activities			Child Care		
Final Budget	Actual	Variance	Final Budget	Actual	Variance
\$ 2,450,000	\$ 2,597,175	\$ 147,175			
80,000	86,360	6,360	\$ 1,047,000	\$ 1,055,560	\$ 8,560
			63,000	63,896	896
			17,600	21,228	3,628
			1,671,255	1,600,478	(70,777)
2,530,000	2,683,535	153,535	2,798,855	2,741,162	(57,693)
2,530,000	2,683,535	153,535	2,798,855	2,741,162	(57,693)
			564,000	567,926	(3,926)
			391,950	382,511	9,439
			50,300	49,806	494
			295,785	172,310	123,475
			21,850	23,555	(1,705)
2,560,000	2,608,731	(48,731)	143,000	188,241	(45,241)
2,560,000	2,608,731	(48,731)	1,466,885	1,384,349	82,536
			150,000	150,000	
2,560,000	2,608,731	(48,731)	1,616,885	1,534,349	82,536
(30,000)	74,804	104,804	1,181,970	1,206,813	24,843
2,332,837	2,332,837		1,200,107	1,200,107	
\$ 2,302,837	\$ 2,407,641	\$ 104,804	\$ 2,382,077	\$ 2,406,920	\$ 24,843

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Schedules of Debt Service Requirements

Forest Hills Public Schools
2013 Refunding Bonds - Bonded Debt

This issue consists of bonds in denominations of \$2,250,000 dated April 11, 2013, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

<i>Payment Date</i>	Rate	Requirements			Outstanding
		Principal	Interest	Total	
November 1, 2023	5.00		\$ 56,250	\$ 56,250	
May 1, 2024	5.00	\$ 2,250,000	56,250	2,306,250	
Total requirements		\$ 2,250,000	\$ 112,500	\$ 2,362,500	

Forest Hills Public Schools

2014 Building and Site Bonds - Bonded Debt

This issue consists of bonds ranging in denominations from \$2,200,000 to \$2,650,000 dated May 8, 2014, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

<i>Payment Date</i>	Rate	Requirements			Outstanding
		Principal	Interest	Total	
November 1, 2023	5.00		\$ 244,250	\$ 244,250	
May 1, 2024	5.00	\$ 2,200,000	244,250	2,444,250	\$ 12,350,000
November 1, 2024	5.00		211,250	211,250	
May 1, 2025	5.00	2,300,000	211,250	2,511,250	10,050,000
November 1, 2025	5.00		176,750	176,750	
May 1, 2026	5.00	2,375,000	176,750	2,551,750	7,675,000
November 1, 2026	5.00		141,125	141,125	
May 1, 2027	5.00	2,475,000	141,125	2,616,125	5,200,000
November 1, 2027	5.00		104,000	104,000	
May 1, 2028	5.00	2,550,000	104,000	2,654,000	2,650,000
November 1, 2028	5.00		53,000	53,000	
May 1, 2029	5.00	2,650,000	53,000	2,703,000	
Total requirements		\$ 14,550,000	\$ 1,860,750	\$ 16,410,750	

Forest Hills Public Schools

2016 Building, Site and Refunding Bonds - Bonded Debt

This issue consists of bonds ranging in denominations from \$4,910,000 to \$5,230,000 dated April 20, 2016, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

<i>Payment Date</i>	Rate	Requirements			Outstanding
		Principal	Interest	Total	
November 1, 2023	5.00		\$ 509,000	\$ 509,000	
May 1, 2024	5.00	\$ 4,910,000	509,000	5,419,000	\$ 15,450,000
November 1, 2024	5.00		386,250	386,250	
May 1, 2025	5.00	5,045,000	386,250	5,431,250	10,405,000
November 1, 2025	5.00		260,125	260,125	
May 1, 2026	5.00	5,175,000	260,125	5,435,125	5,230,000
November 1, 2026	5.00		130,750	130,750	
May 1, 2027	5.00	5,230,000	130,750	5,360,750	
Total requirements		\$ 20,360,000	\$ 2,572,250	\$ 22,932,250	

Forest Hills Public Schools

2019 Building and Site Bonds - Bonded Debt

This issue consists of bonds ranging in denominations from \$2,100,000 to \$2,700,000 dated May 15, 2019, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

<i>Payment Date</i>	Rate	Requirements			Outstanding
		Principal	Interest	Total	
November 1, 2023	5.00		\$ 650,000	\$ 650,000	
May 1, 2024	5.00	\$ 2,100,000	650,000	2,750,000	\$ 23,900,000
November 1, 2024	5.00		597,500	597,500	
May 1, 2025	5.00	2,150,000	597,500	2,747,500	21,750,000
November 1, 2025	5.00		543,750	543,750	
May 1, 2026	5.00	2,200,000	543,750	2,743,750	19,550,000
November 1, 2026	5.00		488,750	488,750	
May 1, 2027	5.00	2,250,000	488,750	2,738,750	17,300,000
November 1, 2027	5.00		432,500	432,500	
May 1, 2028	5.00	2,300,000	432,500	2,732,500	15,000,000
November 1, 2028	5.00		375,000	375,000	
May 1, 2029	5.00	2,350,000	375,000	2,725,000	12,650,000
November 1, 2029	5.00		316,250	316,250	
May 1, 2030	5.00	2,400,000	316,250	2,716,250	10,250,000
November 1, 2030	5.00		256,250	256,250	
May 1, 2031	5.00	2,450,000	256,250	2,706,250	7,800,000
November 1, 2031	5.00		195,000	195,000	
May 1, 2032	5.00	2,500,000	195,000	2,695,000	5,300,000
November 1, 2032	5.00		132,500	132,500	
May 1, 2033	5.00	2,600,000	132,500	2,732,500	2,700,000
November 1, 2033	5.00		67,500	67,500	
May 1, 2034	5.00	2,700,000	67,500	2,767,500	
Total requirements		\$ 26,000,000	\$ 8,110,000	\$ 34,110,000	

Forest Hills Public Schools
2020 Refunding Bonds - Bonded Debt

This issue consists of bond payments from \$1,025,000 to \$1,075,000 dated February 27, 2020, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

<i>Payment Date</i>	Rate	Requirements			Outstanding
		Principal	Interest	Total	
November 1, 2023	4.00		\$ 126,500	\$ 126,500	
May 1, 2024	4.00	\$ 1,025,000	126,500	1,151,500	\$ 5,300,000
November 1, 2024	4.00		106,000	106,000	
May 1, 2025	4.00	1,050,000	106,000	1,156,000	4,250,000
November 1, 2025	4.00		85,000	85,000	
May 1, 2026	4.00	1,050,000	85,000	1,135,000	3,200,000
November 1, 2026	4.00		64,000	64,000	
May 1, 2027	4.00	1,050,000	64,000	1,114,000	2,150,000
November 1, 2027	4.00		43,000	43,000	
May 1, 2028	4.00	1,075,000	43,000	1,118,000	1,075,000
November 1, 2028	4.00		21,500	21,500	
May 1, 2029	4.00	1,075,000	21,500	1,096,500	
Total requirements		\$ 6,325,000	\$ 892,000	\$ 7,217,000	

Forest Hills Public Schools

2021 Building and Site Bonds - Bonded Debt

This issue consists of bonds ranging in denominations from \$2,840,000 to \$8,075,000 dated May 5, 2021, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

<i>Payment Date</i>	Rate	Requirements			Outstanding
		Principal	Interest	Total	
November 1, 2023	4.00		\$ 771,775	\$ 771,775	
May 1, 2024	4.00	\$ 8,075,000	771,775	8,846,775	\$ 34,070,000
November 1, 2024	4.00		610,275	610,275	
May 1, 2025	4.00	2,800,000	610,275	3,410,275	31,270,000
November 1, 2025	4.00		554,275	554,275	
May 1, 2026	4.00	2,840,000	554,275	3,394,275	28,430,000
November 1, 2026	4.00		497,475	497,475	
May 1, 2027	4.00	2,840,000	497,475	3,337,475	25,590,000
November 1, 2027	4.00		440,675	440,675	
May 1, 2028	4.00	2,840,000	440,675	3,280,675	22,750,000
November 1, 2028	4.00		383,875	383,875	
May 1, 2029	4.00	2,840,000	383,875	3,223,875	19,910,000
November 1, 2029	4.00		327,075	327,075	
May 1, 2030	4.00	2,840,000	327,075	3,167,075	17,070,000
November 1, 2030	4.00		270,275	270,275	
May 1, 2031	4.00	2,845,000	270,275	3,115,275	14,225,000
November 1, 2031	3.00		213,375	213,375	
May 1, 2032	3.00	2,845,000	213,375	3,058,375	11,380,000
November 1, 2032	3.00		170,700	170,700	
May 1, 2033	3.00	2,845,000	170,700	3,015,700	8,535,000
November 1, 2033	3.00		128,025	128,025	
May 1, 2034	3.00	2,845,000	128,025	2,973,025	5,690,000
November 1, 2034	3.00		85,350	85,350	
May 1, 2035	3.00	2,845,000	85,350	2,930,350	2,845,000
November 1, 2035	3.00		42,675	42,675	
May 1, 2036	3.00	2,845,000	42,675	2,887,675	
Total requirements		\$ 42,145,000	\$ 8,991,650	\$ 51,136,650	

Forest Hills Public Schools

2023 Building and Site Bonds - Bonded Debt

This issue consists of bonds ranging in denominations from \$1,100,000 to \$2,480,000 dated May 3, 2023, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2023 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

<i>Payment Date</i>	Rate	Requirements			Outstanding
		Principal	Interest	Total	
November 1, 2023	5.00		\$ 631,653	\$ 631,653	
May 1, 2024	5.00		638,750	638,750	\$ 25,550,000
November 1, 2024	5.00		638,750	638,750	
May 1, 2025	5.00	\$ 1,100,000	638,750	1,738,750	24,450,000
November 1, 2025	5.00		611,250	611,250	
May 1, 2026	5.00	1,380,000	611,250	1,991,250	23,070,000
November 1, 2026	5.00		576,750	576,750	
May 1, 2027	5.00	1,450,000	576,750	2,026,750	21,620,000
November 1, 2027	5.00		540,500	540,500	
May 1, 2028	5.00	1,520,000	540,500	2,060,500	20,100,000
November 1, 2028	5.00		502,500	502,500	
May 1, 2029	5.00	1,600,000	502,500	2,102,500	18,500,000
November 1, 2029	5.00		462,500	462,500	
May 1, 2030	5.00	1,680,000	462,500	2,142,500	16,820,000
November 1, 2030	5.00		420,500	420,500	
May 1, 2031	5.00	1,760,000	420,500	2,180,500	15,060,000
November 1, 2031	5.00		376,500	376,500	
May 1, 2032	5.00	1,850,000	376,500	2,226,500	13,210,000
November 1, 2032	5.00		330,250	330,250	
May 1, 2033	5.00	1,940,000	330,250	2,270,250	11,270,000
November 1, 2033	5.00		281,750	281,750	
May 1, 2034	5.00	2,040,000	281,750	2,321,750	9,230,000
November 1, 2034	5.00		230,750	230,750	
May 1, 2035	5.00	2,140,000	230,750	2,370,750	7,090,000
November 1, 2035	5.00		177,250	177,250	
May 1, 2036	5.00	2,250,000	177,250	2,427,250	4,840,000
November 1, 2036	5.00		121,000	121,000	
May 1, 2037	5.00	2,360,000	121,000	2,481,000	2,480,000
November 1, 2037	5.00		62,000	62,000	
May 1, 2038	5.00	2,480,000	62,000	2,542,000	
Total requirements		\$ 25,550,000	\$ 11,934,903	\$ 37,484,903	

Statistical Section (Unaudited)

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Forest Hills Public Schools

Contents of the Statistical Section

This part of the Forest Hills Public Schools' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statement.

<u>Contents</u>	<u>Pages</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	88-101
<i>Revenue Capacity</i> These schedules contain information to help the reader assess locally levied taxes.	102-108
<i>Debt Capacity</i> These schedules present information to help the reader assess the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	109-111
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	112-113
<i>Operating Information</i> These schedules contain data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	114-117

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. Certain other information had not been presented previously. The reported numbers begin with the year for which information believed to be accurate is available.

Forest Hills Public Schools

Net Position by Component, Last Ten Fiscal Years (accrual basis of accounting)

<i>June 30,</i>	2014	2015 ^a	2016	Fiscal 2017
Governmental Activities				
Net investment in capital assets	\$ 55,461,936	\$ 63,397,872	\$ 72,267,183	\$ 82,442,482
Restricted	1,931,693	717,856	935,395	243,417
Unrestricted	10,654,520	(133,689,138)	(136,333,815)	(135,975,963)
Total Primary Government Net Position	\$ 68,048,149	\$ (69,573,410)	\$ (63,131,237)	\$ (53,290,064)

Note:

- ^a Net position was restated for fiscal year 2015 as of July 1, 2014 with the implementation of GASB 68 & 71.
- ^b Net position was restated for fiscal year 2018 as of July 1, 2017 with the implementation of GASB 75.
- ^c Net position was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB 84.

Forest Hills Public Schools

Net Position by Component, Last Ten Fiscal Years (accrual basis of accounting)

Year	2018 ^b	2019	2020 ^c	2021	2022	2023
\$	92,670,159	\$ 100,659,291	\$ 110,806,686	\$ 119,970,709	\$ 129,253,918	\$ 142,937,027
	285,124	1,570,992	1,161,475	1,310,247	958,750	1,478,098
	(188,166,552)	(190,559,634)	(197,715,793)	(201,866,251)	(188,480,980)	(186,120,260)
\$	(95,211,269)	\$ (88,329,351)	\$ (85,747,632)	\$ (80,585,295)	\$ (58,268,312)	\$ (41,705,135)

Forest Hills Public Schools

Expenses, Program Revenues, and Net Expense, Last Ten Fiscal Years (accrual basis of accounting)

<i>Year ended June 30,</i>	2014	2015	2016	Fiscal 2017
Expenses				
Governmental Activities				
Instruction	\$ 63,224,228	\$ 64,544,787	\$ 63,942,467	\$ 64,446,086
Support services	37,878,549	37,451,007	37,606,093	36,611,517
Community services	1,426,471	1,517,366	1,494,516	1,520,515
Food service	2,590,634	2,593,543	2,565,137	2,542,861
Child care services	1,160,813	1,253,431	1,014,040	970,161
Student/school activities				
Interest on long-term debt	7,967,588	7,011,600	6,559,298	6,936,259
Unallocated depreciation	9,421,150	9,613,222	9,479,078	10,006,310
Total Expenses	123,669,433	123,984,956	122,660,629	123,033,709
Program Revenues				
Governmental Activities				
Charges for services:				
Instruction	122,171	135,502	105,385	226,759
Support services	523,011	625,591	639,960	533,388
Community services	659,790	673,419	674,740	467,448
Food service	1,981,440	1,981,213	2,023,918	2,152,971
Child care services	1,350,653	1,514,796	1,300,817	1,315,603
Miscellaneous	216,625	223,014	204,653	126,249
Operating grants and contributions	17,160,644	18,572,147	15,873,817	20,204,594
Total Program Revenues	22,014,334	23,725,682	20,823,290	25,027,012
Net Expense	\$ (101,655,099)	\$ (100,259,274)	\$ (101,837,339)	\$ (98,006,697)

Forest Hills Public Schools

Expenses, Program Revenues, and Net Expense, Last Ten Fiscal Years (accrual basis of accounting)

Year	2018	2019	2020	2021	2022	2023
\$	64,909,724	\$ 70,354,686	\$ 74,483,463	\$ 74,583,369	\$ 63,283,949	\$ 73,823,425
	37,722,135	40,427,153	42,062,600	44,410,770	40,903,737	46,041,659
	1,352,800	1,629,026	1,327,637	1,054,159	1,209,335	1,584,929
	2,580,872	2,549,198	2,662,245	2,873,152	3,600,705	4,047,081
	1,015,337	1,159,741	1,232,082	907,030	2,199,612	1,310,947
			2,260,699	1,128,646	938,659	2,608,731
	6,117,609	5,325,769	5,851,861	5,398,595	6,178,362	5,622,101
	9,998,473	10,678,607	11,063,006	11,379,099	11,607,060	11,573,516
	123,696,950	132,124,180	140,943,593	141,734,820	129,921,419	146,612,389
	192,101	222,274	115,137	14,313	147,912	174,676
	698,847	773,963	496,311	548,273	698,199	796,772
	474,533	491,146	386,553	45,780	412,786	483,512
	2,097,923	1,978,443	1,493,552	380,297	597,678	2,272,512
	1,302,002	1,427,693	1,007,100	585,583	1,055,552	1,055,560
	16,676,306	16,074,711	20,183,849	25,333,479	31,102,663	33,348,878
	21,441,712	20,968,230	23,682,502	26,907,725	34,014,790	38,131,910
	\$ (102,255,238)	\$ (111,155,950)	\$ (117,261,091)	\$ (114,827,095)	\$ (95,906,629)	\$ (108,480,479)

Forest Hills Public Schools

General Revenues and Total Change in Net Position, Last Ten Fiscal Years (accrual basis of accounting)

<i>Year ended June 30,</i>	2014	2015	2016	Fiscal 2017
Net Expense	\$ (101,655,099)	\$ (100,259,274)	\$ (101,837,339)	\$ (98,006,697)
General Revenues				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	13,948,317	14,326,407	14,772,583	14,660,861
Property taxes levied for debt service	23,262,034	23,670,284	24,304,723	23,963,417
Property taxes levied for recreation	2,935,931	3,025,379	3,146,080	3,147,568
Local revenue in lieu of taxes	94,115	122,141	270,335	116,852
Unrestricted state aid	65,474,545	65,549,917	64,641,082	64,681,612
Investment earnings	12,415	85,321	107,140	213,705
Gain on sale of assets				
Intermediate sources				
Miscellaneous	677,728	961,329	1,037,569	1,063,855
Total General Revenues	106,405,085	107,740,778	108,279,512	107,847,870
Change in Net Position	\$ 4,749,986	\$ 7,481,504	\$ 6,442,173	\$ 9,841,173

Forest Hills Public Schools

General Revenues and Total Change in Net Position, Last Ten Fiscal Years (accrual basis of accounting)

Year	2018	2019	2020	2021	2022	2023
\$	(102,255,238)	\$ (111,155,950)	\$ (117,261,091)	\$ (114,827,095)	\$ (95,906,629)	\$ (108,480,479)
	15,433,724	16,207,936	17,456,180	18,038,908	18,338,415	19,111,423
	24,804,807	23,413,091	23,744,916	24,830,124	23,419,152	24,459,297
	3,259,954	3,369,128	3,551,034	3,701,731	3,779,438	3,968,025
	121,544	111,359	111,582	110,602	102,063	97,777
	64,057,748	64,048,028	61,669,844	62,722,016	61,165,891	63,048,075
	374,404	824,567	1,056,658	160,144	179,442	2,455,257
	8,495,931	8,942,727	9,289,045	9,521,627	9,704,487	10,704,165
	1,072,077	1,121,032	866,517	904,280	1,534,724	1,199,637
	117,620,189	118,037,868	117,745,776	119,989,432	118,223,612	125,043,656
\$	15,364,951	\$ 6,881,918	\$ 484,685	\$ 5,162,337	\$ 22,316,983	\$ 16,563,177

Forest Hills Public Schools

Fund Balances, Governmental Funds, Last Ten Fiscal Years (modified accrual basis of accounting)

<i>June 30,</i>	Fiscal			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 282,840	\$ 263,531	\$ 221,789	\$ 248,562
Assigned	586,703	245,647		
Unassigned	12,016,113	11,106,880	12,348,461	12,120,027
Total General Fund	\$ 12,885,656	\$ 11,616,058	\$ 12,570,250	\$ 12,368,589
All Other Governmental Funds				
Nonspendable	\$ 52,661	\$ 34,545	\$ 33,179	\$ 255,618
Restricted for capital projects	24,648,789 ^a	13,934,574	25,045,775 ^a	18,648,481
Restricted for debt service	2,212,530	2,100,282	2,128,397	1,288,196
Restricted for food service	414,517	280,333	277,152	313,505
Committed for child care program				
Committed for student/school activities				
Assigned	396,075	559,321	740,998	921,933
Total All Other Governmental Funds	\$ 27,724,572	\$ 16,909,055	\$ 28,225,501	\$ 21,427,733

Notes:

^a Increase in fund balance due to receipt of bond proceeds.

^b Fund balance was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB 84.

Forest Hills Public Schools

Fund Balances, Governmental Funds, Last Ten Fiscal Years (modified accrual basis of accounting)

Year	2018	2019	2020	2021	2022	2023
\$	241,287	\$ 269,407	\$ 105,314	\$ 142,069	\$ 177,847	\$ 486,469
	918,349	550,190	5,465,249	5,138,838	3,749,356	594,356
	14,922,052	17,559,749	14,143,557	16,445,121	14,724,520	17,480,022
\$	16,081,688	\$ 18,379,346	\$ 19,714,120	\$ 21,726,028	\$ 18,651,723	\$ 18,560,847
\$	225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
	10,509,566	41,370,207 ^a	31,352,534	68,563,820 ^a	51,655,122	58,637,896 ^a
	1,178,837	2,428,199	2,045,738	2,356,291	1,883,875	2,474,574
	426,293	603,127	706,564	1,051,124	2,072,180	1,648,366
	1,000,525	1,182,401	933,395	537,535	1,200,107	2,406,920
	81,760		2,071,525 ^b	2,232,706	2,332,837	2,407,641
\$	13,421,981	\$ 45,808,934	\$ 37,334,756	\$ 74,966,476	\$ 59,369,121	\$ 67,800,397

Forest Hills Public Schools

Governmental Funds Revenues, Last Ten Fiscal Years (modified accrual basis of accounting)

<i>Year ended June 30,</i>	2014	2015	2016	Fiscal 2017
Revenues				
Federal Sources				
Federal grants	\$ 2,389,567	\$ 2,109,846	\$ 1,984,216	\$ 1,666,726
Food service fund	646,145	630,376	642,134	661,469
Child care fund				
Total federal sources	3,035,712	2,740,222	2,626,350	2,328,195
State Sources				
Restricted	7,313,852	9,341,042	11,115,341	11,554,483
Unrestricted	65,474,545	65,549,917	64,641,082	64,681,612
Total state sources	72,788,397	74,890,959	75,756,423	76,236,095
Other Governmental Units				
Kent ISD Act 18 special education millage	4,107,027	4,209,139	4,289,356	4,478,149
Miscellaneous	2,510,101	1,845,556	1,854,899	1,912,304
Total other governmental units	6,617,128	6,054,695	6,144,255	6,390,453
Local Sources				
Property taxes	40,146,282	41,022,070	42,223,386	41,771,846
Food service fund	1,981,440	1,983,034	2,025,611	2,157,340
Student/school activities fund ^a				
Child care fund	1,350,653	1,515,258	1,301,559	1,319,144
Interest and other income	12,415	85,321	107,140	213,705
Miscellaneous	2,930,405	3,344,612	3,282,827	2,924,277
Total local sources	46,421,195	47,950,295	48,940,523	48,386,312
Total Revenues	\$ 128,862,432	\$ 131,636,171	\$ 133,467,551	\$ 133,341,055

Notes:

^a The District created a new special revenue fund in fiscal year 2020 when it implemented GASB 84.

Forest Hills Public Schools

Governmental Funds Revenues, Last Ten Fiscal Years (modified accrual basis of accounting)

Year	2018	2019	2020	2021	2022	2023
	\$ 2,073,578	\$ 2,010,533	\$ 2,372,909	\$ 6,153,024	\$ 4,944,553	\$ 6,254,273
	686,734	701,751	1,296,775	2,940,020	4,521,565	1,546,906
					847,283	1,600,478
	2,760,312	2,712,284	3,669,684	9,093,044	10,313,401	9,401,657
	13,191,626	13,218,996	13,951,199	15,720,472	20,236,381	28,827,580
	64,057,748	64,048,028	61,669,844	62,722,016	60,950,988	63,048,075
	77,249,374	77,267,024	75,621,043	78,442,488	81,187,369	91,875,655
	4,632,875	4,782,967	4,885,157	4,873,531	5,158,871	5,663,698
	3,863,056	4,159,760	4,403,888	4,648,096	4,545,616	5,040,467
	8,495,931	8,942,727	9,289,045	9,521,627	9,704,487	10,704,165
	43,498,485	42,990,155	44,752,130	46,570,763	45,537,005	47,538,745
	2,105,935	1,992,258	1,507,952	382,495	600,677	2,272,512
			2,235,190	1,289,827	2,299,743	2,597,175
	1,312,498	1,446,127	1,023,804	587,712	1,056,170	1,055,560
	374,410	824,567	1,056,658	160,144	179,442	2,455,257
	3,165,758	3,136,251	2,048,420	1,919,200	3,042,536	3,546,361
	50,457,086	50,389,358	52,624,154	50,910,141	52,715,573	59,465,610
	\$ 138,962,703	\$ 139,311,393	\$ 141,203,926	\$ 147,967,300	\$ 153,920,830	\$ 171,447,087

Forest Hills Public Schools

Governmental Funds Expenditures and Debt Service Ratio, Last Ten Fiscal Years (modified accrual basis of accounting)

<i>Year ended June 30,</i>	2014	2015	2016	Fiscal 2017
Expenditures				
Instruction	\$ 63,181,431	\$ 65,007,003	\$ 64,173,122	\$ 64,936,029
Pupil support services	6,894,790	7,176,444	7,443,937	7,449,946
Instructional support services	4,540,193	4,019,956	4,202,874	3,552,356
General administration	666,358	586,462	603,474	679,542
School administration	5,551,841	6,063,629	5,967,970	6,060,846
Business services	1,518,990	1,605,180	1,517,307	1,391,825
Operation and maintenance of plant	9,212,913	9,015,762	8,592,344	9,053,422
Pupil transportation services	5,176,389	5,162,620	5,113,062	5,189,040
Central support services	2,563,109	2,607,510	2,743,929	3,020,713
Other support services	2,080,420	2,450,889	2,215,106	2,214,779
Community services	1,425,767	1,529,757	1,514,292	1,527,074
Food service fund	2,592,814	2,598,303	2,574,089	2,547,840
Student/school activities fund ^a				
Child care fund	1,159,736	1,257,199	1,019,197	973,138
Capital outlay	3,487,788	10,632,548	7,689,855	6,476,189
Non-capitalized outlay ^b		136,533	513,624	33,523
Debt service				
Principal	14,935,000	15,505,000	16,780,000	18,175,000
Interest and other	8,387,949	8,876,340	8,143,839	7,087,167
Bond issuance costs				
Total Expenditures	\$ 133,375,488	\$ 144,231,135	\$ 140,808,021	\$ 140,368,429
Debt Service as a Percentage of				
Noncapital Expenditures	18.0%	18.2%	18.7%	18.9%

Notes:

^a The District created a new special revenue fund in fiscal year 2020 when it implemented GASB 84.

^b In 2015 the District separated non-capitalized outlay from total capital outlay in order to more accurately record debt service as a percentage of non-capital expenditures.

Forest Hills Public Schools

Governmental Funds Expenditures and Debt Service Ratio, Last Ten Fiscal Years (modified accrual basis of accounting)

Year	2018	2019	2020	2021	2022	2023
\$	65,668,519	\$ 66,979,794	\$ 67,262,504	\$ 71,048,510	\$ 75,883,294	\$ 81,386,817
	7,529,705	7,916,550	7,958,453	8,214,945	9,510,031	9,417,084
	3,879,852	3,959,308	3,979,389	3,999,061	4,581,044	5,729,091
	612,036	611,116	614,505	607,606	659,024	1,005,932
	6,073,686	6,218,751	6,495,966	6,695,187	6,933,714	7,617,442
	1,364,554	1,437,176	1,446,029	1,617,289	1,738,452	1,917,825
	8,991,026	9,348,951	9,307,882	10,764,524	11,088,038	12,408,594
	5,125,520	5,476,337	5,090,759	4,786,115	5,427,012	6,538,360
	2,941,339	2,756,769	3,061,829	3,872,357	3,568,406	4,505,297
	2,253,608	2,352,810	2,572,578	2,896,256	3,078,921	3,350,349
	1,365,708	1,606,060	1,244,055	1,015,621	1,365,089	1,701,815
	2,630,140	2,533,428	2,624,078	2,877,408	3,732,280	3,454,610
			2,260,699	1,128,646	2,199,612	2,608,731
	1,025,684	1,114,619	1,122,810	868,572	1,088,747	1,196,108
	7,323,935	6,463,646	10,106,250	24,527,721	17,451,956	24,853,127
	913,490	754,243	511,885	1,091,209		
	19,310,000	17,670,000	18,840,000	19,925,000	18,150,000	19,465,365
	6,271,228	5,365,464	6,064,472	5,239,364	6,302,364	5,659,458
		247,420	126,967	357,287		232,965
\$	143,280,030	\$ 142,812,442	\$ 150,691,110	\$ 171,532,678	\$ 172,757,984	\$ 193,048,970
	18.8%	16.9%	17.7%	17.1%	15.7%	14.9%

Forest Hills Public Schools

Other Financing Sources (Uses) and Net Change in Fund Balances, Governmental Funds, Last Ten Fiscal Years (modified accrual basis of accounting)

<i>Year ended June 30,</i>	Fiscal			
	2014	2015	2016	2017
Deficiency of Revenues Over Expenditures	\$ (4,513,056)	\$ (12,594,964)	\$ (7,340,470)	\$ (7,027,374)
Other Financing Sources (Uses)				
Issuance of bonds	25,000,000	59,625,000	48,130,000	
Premium on bonds issued	948,170	6,917,408	8,688,632	
Payment to escrow agent		(66,061,917)	(37,279,524)	
Proceeds from sale of capital assets		29,358	72,000	27,945
Proceeds from subscription-based IT				
Transfers in	289,000	329,000	295,300	284,100
Transfers out	(289,000)	(329,000)	(295,300)	(284,100)
Total Other Financing Sources (Uses)	25,948,170	509,849	19,611,108	27,945
Net Change in Fund Balances	\$ 21,435,114	\$ (12,085,115)	\$ 12,270,638	\$ (6,999,429)

Forest Hills Public Schools

Other Financing Sources (Uses) and Net Change in Fund Balances, Governmental Funds, Last Ten Fiscal Years (modified accrual basis of accounting)

Year	2018	2019	2020	2021	2022	2023
\$	(4,317,327)	\$ (3,501,049)	\$ (9,487,184)	\$ (23,565,378)	\$ (18,837,154)	\$ (21,601,883)
		31,950,000	9,670,000	55,350,000		25,550,000
		6,159,428	1,302,057	7,808,682		3,536,019
			(10,845,090)			
	24,674	76,232	123,779	50,324	165,494	124,285
						731,979
	285,000	300,011	300,011	265,011	300,013	350,013
	(285,000)	(300,011)	(300,011)	(265,011)	(300,013)	(350,013)
	24,674	38,185,660	250,746	63,209,006	165,494	29,942,283
\$	(4,292,653)	\$ 34,684,611	\$ (9,236,438)	\$ 39,643,628	\$ (18,671,660)	\$ 8,340,400

Forest Hills Public Schools

Taxable Value and Actual Value of Taxable Property, Last Ten Fiscal Years (rate per \$1,000 of assessed value)

<i>Tax Year</i>	Fiscal Year	Estimated Market Value	State Equalized Value
2013	2013 - 2014	\$ 6,147,406,720	\$ 3,073,703,360
2014	2014 - 2015	6,412,942,200	3,206,471,100
2015	2015 - 2016	6,895,839,800	3,447,919,900
2016	2016 - 2017	7,178,210,000	3,589,105,000
2017	2017 - 2018	7,630,152,600	3,815,076,300
2018	2018 - 2019	7,872,913,000	3,936,456,500
2019	2019 - 2020	8,420,064,600	4,210,032,300
2020	2020 - 2021	8,944,665,484	4,472,332,742
2021	2021 - 2022	9,383,236,600	4,691,618,300
2022	2022 - 2023	9,985,594,000	4,992,797,000

Source: County Equalization Department.

Notes: State Equalized Value is estimated at 50% of market value. Taxable Value is basis for tax levy.

Annual growth for property limited to 5% or inflation whichever is less. Other millage includes Recreation millage from 2004 to present. Operating millage applied only against Non-Homestead property. All other taxes applied against total Taxable Value.

Forest Hills Public Schools

Taxable Value and Actual Value of Taxable Property, Last Ten Fiscal Years (rate per \$1,000 of assessed value)

		Taxable Value			Direct Tax Rates			
		Personal Residence						
Non-Personal Residence	Exempt Property	Exempt Property	Total	Operating	Debt	Other	Total	
\$	954,719,696	\$ 1,992,451,513	\$ 2,947,171,209	18.0000	7.9000	1.0000	26.9000	
	970,502,718	2,058,432,892	3,028,935,610	18.0000	7.8000	1.0000	26.8000	
	1,003,321,811	2,143,385,037	3,146,706,848	18.0000	7.7000	1.0000	26.7000	
	959,573,729	2,209,772,685	3,169,346,414	18.0000	7.6000	1.0000	26.6000	
	963,934,585	2,294,815,852	3,258,750,437	18.0000	7.6000	1.0000	26.6000	
	1,007,626,269	2,393,607,163	3,401,233,432	18.0000	6.9000	0.9973	25.8973	
	1,077,201,515	2,501,997,537	3,579,199,052	17.9184	6.6500	0.9945	25.5629	
	1,112,276,005	2,614,743,138	3,727,019,143	17.8467	6.6500	0.9901	25.4868	
	1,131,807,888	2,709,490,550	3,841,298,438	17.7824	6.1000	0.9845	24.8669	
	1,180,167,547	2,859,088,995	4,039,256,542	17.6614	6.0500	0.9815	24.6929	

Forest Hills Public Schools

Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years (rate per \$1,000 of assessed value)

<i>Tax Year</i>	Fiscal Year	Direct Tax Rates			Total
		Operating	Debt	Other	
2013	2013 - 2014	18.0000	7.9000	1.0000	26.9000
2014	2014 - 2015	18.0000	7.8000	1.0000	26.8000
2015	2015 - 2016	18.0000	7.7000	1.0000	26.7000
2016	2016 - 2017	18.0000	7.6000	1.0000	26.6000
2017	2017 - 2018	18.0000	7.6000	1.0000	26.6000
2018	2018 - 2019	18.0000	6.9000	0.9973	25.8973
2019	2019 - 2020	17.9184	6.6500	0.9945	25.5629
2020	2020 - 2021	17.7824	6.1000	0.9845	24.8669
2021	2021 - 2022	17.7824	6.1000	0.9845	24.8669
2022	2022 - 2023	17.6614	6.0500	0.9815	24.6929

Source: County Equalization Department.

Note: Other millage includes Recreation millage from 2004 to present. Operating millage applied only against Non-Homestead property. All other taxes applied against total Taxable Value.

Forest Hills Public Schools

Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years (rate per \$1,000 of assessed value)

Overlapping Rates					
Ada Township	Cannon Township	Cascade Township	Grand Rapids Township	City of Grand Rapids	City of Kentwood
2.8605	2.1540	3.7626	1.5995	8.1719	9.7064
2.8605	2.1299	3.5244	1.5995	9.1518	9.6066
2.7861	2.1170	3.5244	1.5995	9.1515	9.6066
2.7371	2.1817	3.5244	1.5995	9.1166	9.6066
2.8379	2.3523	3.5244	1.5995	9.0258	9.6066
2.8383	2.2222	3.4623	1.5995	8.9710	9.6066
2.7716	2.2991	3.4623	1.5995	8.9011	9.6066
2.9583	2.2622	3.4471	1.5995	8.8070	9.6066
3.9730	2.2268	3.4381	1.5995	8.9950	9.5459
4.4168	2.6839	3.4312	1.5995	8.8331	9.4780

Forest Hills Public Schools

Principal Property Taxpayers, Current Year and Nine Years Ago

<i>Year ended December 31,</i>	2022				
Taxpayer	Ad Valorem Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value
Amway Corporation	\$ 67,156,998	1	1.98%		\$ 67,156,998
Consumers Energy	20,105,600	2	0.59%		20,105,600
Access Logistics Limited partner	15,402,800	3	0.45%		15,402,800
Country Club Manor	13,742,732	4	0.41%		13,742,732
Continental 362 Fund LLC	12,665,948	5	0.37%		12,665,948
HCG SF LLC	12,009,300	6	0.35%		12,009,300
Celebration Cinemas	10,396,529	7	0.31%		10,396,529
Worldpay LLC	10,304,900	8	0.30%		10,304,900
Knapps Corner Flats LLC	9,524,762	9	0.28%		9,524,762
Grand Rapids Realty LLC	9,018,200	10	0.27%		9,018,200
Meijer Inc./Thrifty Kraft Inc.					
Access Business Group LLC					
Alticor					
Porter Hills Presbyterian Village					
Paragon Die & Engineering					
LDSC LLC					
Total principal taxpayers	180,327,769		5.31%		180,327,769
Balance of valuations	3,210,681,096		94.69%		
Total Ad Valorem Valuation	\$ 3,391,008,865		100.00%		

Source: School District Local Tax Units.

Forest Hills Public Schools

Principal Property Taxpayers, Current Year and Nine Years Ago

2013					
	Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value
\$	63,475,436	2	2.17%		\$ 63,475,436
	21,030,217	3	0.72%		21,030,217
	14,322,232	6	0.49%		14,322,232
	9,353,900	9	0.32%		9,353,900
	17,184,184	5	0.59%		17,184,184
	66,490,300	1	2.28%	\$ 7,229,400	73,719,700
	20,748,700	4	0.71%		20,748,700
	12,396,038	7	0.42%		12,396,038
	10,185,000	8	0.35%	2,377,200	12,562,200
	7,795,219	10	0.27%		7,795,219
	242,981,226		8.32%	9,606,600	252,587,826
	2,677,529,741		91.68%		
\$	2,920,510,967		100.00%		

Forest Hills Public Schools

Property Tax Levies and Collections, Last Ten Fiscal Years

<i>Tax Year</i>	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2013 - 2014	\$ 40,479,717	\$ 40,452,963	99.93%	\$ (131,612)	\$ 40,321,351	99.61%
2014	2014 - 2015	41,068,632	41,021,579	99.89%	(129,878)	40,891,701	99.57%
2015	2015 - 2016	42,387,423	42,366,712	99.95%		42,366,712	99.95%
2016	2016 - 2017	42,319,919	42,237,897	99.81%	(638,240)	41,599,657	98.30%
2017	2017 - 2018	43,528,544	43,495,226	99.92%	(27,784)	43,467,442	99.86%
2018	2018 - 2019	43,135,797	43,146,520	100.02%	(171,620)	42,974,900	99.63%
2019	2019 - 2020	44,784,812	44,943,863	100.36%	(191,732)	44,752,131	99.93%
2020	2020 - 2021	46,664,997	46,844,935	100.39%	(195,375)	46,649,560	99.97%
2021	2021 - 2022	45,629,077	45,670,501	100.09%	(158,350)	45,512,151	99.74%
2022	2022 - 2023	47,713,067	47,636,522	99.84%	(112,833)	47,478,172	99.51%

Sources: Kent County Equalization Department and District records.

Beginning in tax year 2016, collections and refunds related to previous years are being reported in the year they were collected.

Forest Hills Public Schools

Outstanding Debt by Type, Last Ten Fiscal Years

<i>Tax Year</i>	<i>Fiscal Year</i>	<i>Outstanding Debt</i>	<i>Total Taxable Value</i>	<i>Outstanding Debt as a % of Taxable Value</i>	<i>Estimated Population</i>	<i>Outstanding Debt Per Capita</i>	<i>Taxable Value Per Capita</i>
2013	2013 - 2014	\$ 183,485,000	\$ 2,947,171,209	6.23%	48,200	\$ 3,807	\$ 61,145
2014	2014 - 2015	172,318,568	3,031,631,119	5.68%	50,816	3,391	59,659
2015	2015 - 2016	173,737,250	3,157,988,487	5.50%	52,664	3,299	59,965
2016	2016 - 2017	153,304,009	3,169,346,414	4.84%	53,677	2,856	59,045
2017	2017 - 2018	131,735,768	3,258,750,437	4.04%	48,895	2,694	66,648
2018	2018 - 2019	149,865,205	3,401,233,432	4.41%	52,725	2,842	64,509
2019	2019 - 2020	128,318,598	3,579,199,052	3.59%	54,773	2,343	65,346
2020	2020 - 2021	169,069,334	3,727,019,143	4.54%	54,810	3,085	67,999
2021	2021 - 2022	148,762,856	3,841,298,438	3.87%	55,008	2,704	69,832
2022	2022 - 2023	156,504,938	4,039,256,542	3.87%	55,133	2,839	73,264

Sources: Kent County Equalization Department, Census Bureau estimates, District records.

Note: All outstanding debt is general obligation-unlimited tax debt.

Forest Hills Public Schools

Direct and Overlapping Governmental Activities Debt as of June 30, 2023

<i>Governmental Unit</i>	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Ada Township	\$ 29,105,000	89.07%	\$ 25,923,824
Cannon Township	4,885,000	1.06%	51,781
Cascade Township	7,075,000	83.59%	5,913,993
Grand Rapids Township		87.61%	
City of Grand Rapids	121,497,500	1.57%	1,907,511
City of Kentwood	4,403,672	10.18%	448,294
Kent County	77,915,000	14.24%	11,095,096
Grand Rapids Community College	21,135,000	13.75%	2,906,063
Subtotal, overlapping debt			<u>48,246,562</u>
District Direct Debt			<u>156,504,938</u>
Total Direct and Overlapping Debt			<u>\$ 204,751,500</u>

Sources: Municipal Advisory Council of Michigan.

Forest Hills Public Schools

Legal Debt Margin Information, Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2022-2023:

State Equalized Valuation (SEV), July 1, 2022	\$ 4,992,797,000
Statutory Debt Limit (15% of SEV)	748,919,550
Debt applicable to limit	204,751,500

Legal Debt Margin \$ 544,168,050

<i>Tax Year</i>	Fiscal Year	State Equalized Value (SEV)	Statutory Debt Limit 15% of SEV	Debt Subject to Debt Limit	Legal Debt Margin	Debt as a Percentage of Debt Limit
2013	2013 - 2014	\$ 3,073,703,360	\$ 461,055,504	\$ 210,911,674	\$ 250,143,830	45.75%
2014	2014 - 2015	3,206,471,100	480,970,665	161,305,000	319,665,665	33.54%
2015	2015 - 2016	3,447,919,900	517,187,985	210,911,674	306,578,401	40.78%
2016	2016 - 2017	3,589,105,000	538,365,750	194,580,809	343,784,941	36.14%
2017	2017 - 2018	3,815,076,300	572,261,445	173,174,536	399,086,909	30.26%
2018	2018 - 2019	3,936,456,500	590,468,475	189,889,418	400,579,057	32.16%
2019	2019 - 2020	4,210,032,300	631,504,845	192,641,925	418,157,183	30.51%
2020	2020 - 2021	4,472,332,742	670,849,911	209,224,141	461,625,770	31.19%
2021	2021 - 2022	4,691,618,300	703,742,745	188,917,663	494,518,604	26.84%
2022	2022 - 2023	4,992,797,000	748,919,550	204,751,500	544,168,052	27.34%

Notes: Personal Income data is located in the Demographic and Economic Statistics table.

Forest Hills Public Schools

Demographic and Economic Statistics, Last Ten Calendar Years

<i>Calendar Year</i>	Estimated Population ^a	Unemployment ^b			Inflation Rate ^c	Personal Income ^d	
		City of Grand Rapids *	County of Kent	State of Michigan		Total	Per Capita
2013	48,200	6.7%	6.5%	8.8%	1.5%	\$ 38,950,342	38,314
2014	50,816	5.0%	4.9%	7.3%	0.8%	44,317,379	43,123
2015	52,664	3.7%	3.4%	4.6%	0.7%	47,121,348	45,371
2016	53,677	3.4%	3.4%	4.9%	2.1%	48,709,641	46,519
2017	53,780	3.6%	3.5%	4.6%	2.1%	51,537,497	48,661
2018	52,725	2.8%	3.3%	4.2%	2.1%	54,119,648	50,463
2019	54,773	2.9%	2.9%	4.1%	2.3%	54,223,857	50,330
2020	54,810	7.5%	7.7%	10.0%	1.4%	58,433,902	54,037
2021	55,008	3.9%	3.2%	5.1%	7.0%	61,939,936	56,569
2022	55,133	3.5%	3.7%	4.3%	7.0%	64,417,533	56,813

Notes: N/A = not available

^a U.S. Census Bureau and estimated.

^b Federal Reserve Economic Data.

* Grand Rapids-Wyoming Metropolitan Statistical Area.

^c U. S. Department of Labor - Bureau of Labor Statistics.

National Consumer price index measured December to December.

^d U.S. Department of Commerce, Bureau of Economic Analysis and Grand Rapids Metropolitan Statistical Area.

Total Personal Income reported in thousands.

Forest Hills Public Schools

Principal Employers in West Michigan, Current Year and 2013

<i>Year ended December 31,</i>	2022			2013		
<i>Employer</i>	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Spectrum Health	25,000	1	3.0%	19,100	1	2.7%
Meijer Inc.	10,340	2	1.3%	7,725	3	1.1%
Mercy Health	8,500	3	1.0%	3,774	8	0.5%
Gentex Corporation	5,800	4	0.7%			
Gordon Food Service Inc.	5,000	5	0.6%			
Amway Corporation	3,791	6	0.5%	5,223	4	0.7%
Herman Miller Inc.	3,621	7	0.4%	3,300	10	0.5%
Perrigo Company	3,500	8	0.4%	3,800	7	0.5%
Steelcase Inc.	3,500	9	0.4%			
Farmers Insurance Group	3,500	10	0.4%			
Spartan Stores, Inc.			0.0%	3,608	9	0.5%
Axios Incorporated				8,000	2	1.1%
Johnson Controls Inc.				4,050	5	0.6%
Grand Valley State University				3,991	6	0.6%
Total Principal Employers	72,552		8.8%	62,571		8.8%
Total Employment Base	825,594			713,765		

Source: The Right Place Inc. of Greater Grand Rapids.

Forest Hills Public Schools

Full-Time-Equivalent District Employees by Type, Last Ten Fiscal Years

<i>Employee Category</i>	Full-Time-Equivalent Employees as of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administrators	35	35	37	37	38	39	43	43	46	45
Teachers	583	570	551	538	529	528	536	559	552	569
Clerical/secretarial	82	78	78	78	76	68	71	61	80	70
Instructional aides	128	140	140	96	82	81	72	100	95	118
Maintenance/custodial/food service	128	120	113	106	106	106	114	130	98	130
Transportation	57	53	53	44	41	39	40	42	34	42
Daycare	18	19	16	19	12	11	12	11	13	13
Non-classified/other	72	83	83	78	82	82	82	105	57	99
Total	1,103	1,098	1,071	996	966	954	970	1,051	975	1,086

Source: Michigan Department of Education Registry of Educational Personnel and District Records

Forest Hills Public Schools

Operating Statistics, Last Ten Fiscal Years

<i>Fiscal Year</i>	Enrollment ^a	Percent Change	Operating Expenditures ^b	Percent Change	Cost Per Pupil	Percent Change	Percent of Students Receiving Free or Reduced-Price Meals ^c
2013 - 2014	10,099	0.11%	\$ 102,812,201	2.23%	\$ 10,180	2.11%	10.20%
2014 - 2015	10,071	-0.28%	105,225,212	2.35%	10,448	2.63%	11.90%
2015 - 2016	9,978	-0.92%	104,087,417	-1.08%	10,446	-0.02%	10.10%
2016 - 2017	9,890	-0.88%	105,075,572	0.95%	10,624	1.71%	10.10%
2017 - 2018	9,834	-0.57%	105,805,643	0.69%	10,759	1.27%	10.10%
2018 - 2019	9,764	-0.71%	108,663,629	2.70%	11,129	3.44%	10.10%
2019 - 2020	9,709	-0.56%	109,033,985	0.34%	11,230	0.91%	11.60%
2020 - 2021	9,625	-0.87%	115,517,471	5.95%	12,002	6.87%	11.60%
2021 - 2022	9,319	-3.18%	123,843,025	7.21%	13,289	10.73%	13.59%
2022 - 2023	9,200	-1.28%	136,057,345	9.86%	14,789	11.28%	13.59%

Sources:

^a District enrollment records audited by Intermediate School District.

^b District financial statements as audited.

^c State of Michigan Center for Educational Performance and Information (CEPI).

Forest Hills Public Schools

School Building Information

<i>Site</i>	Grade Configuration	Acreage	Date Originally Constructed	Additions	Square Feet
Ada Elementary	K-4	15.28	1968	1992, 2003, 2004, 2009	65,185
Ada Vista Elementary	K-4	8.79	1971	2003, 2004, 2009	61,454
Collins Elementary	K-4	12.40	1954	1991, 2004, 2009	62,020
Meadow Brook Elementary	K-4	33.26	1992	1996, 2004, 2010	88,930
Pine Ridge Elementary	K-4	27.51	1975	1991, 2002, 2004, 2010	61,750
Thornapple Elementary	K-4	10.04	1959	1996, 2002, 2004, 2008	57,056
Knapp Forest Elementary	K-5	24.71	2003	2004, 2010	96,654
Orchard View Elementary	K-5	10.65	1959	1991, 1996, 2002, 2004, 2008, 2021	79,118
Central Woodlands	5-6	51.67	1997	2004, 2009, 2010	85,678
Goodwillie Environmental	5-6	19.54	2000	2004, 2009	11,786
Northern Trails	5-6	36.58	1997	2004, 2009	85,678
Central Middle	7-8	29.61	1965	1990, 2002, 2004, 2009	137,584
Northern Hills Middle	7-8	35.08	1977	1990, 2002, 2004, 2008	115,025
Eastern High/Middle	6-12	114.72	2004	2005, 2010, 2014-2015, 2021	370,381
Central High	9-12	54.87	1956	1990, 1995, 2003, 2004, 2009	264,833
Northern High	9-12	55.35	1972	1990, 1995, 2003, 2004, 2008, 2009, 2021	255,564
Transitions			2005		3,500

Forest Hills Public Schools

School Building Information

<i>Site</i>	Grade Configuration	Acreage	Date Originally Constructed	Additions	Square Feet
Administration Building	N/A	8.59	1951		23,268
Community and Aquatic Center	N/A	18.36	1990	2009	37,900
Fine Arts Center	N/A	27.55	2004		61,850
Operations/Food Service	N/A	5.782	2000		12,438
Buildings and Grounds	N/A	1.065	1970	2010	12,528
Transportation	N/A	26.21	1999		12,000
A.C.E. Building	N/A	0.88	approx. 1865		950
Alta Dale Property 110-120 Alta Dale SE	N/A	1.70			
Buttrick Property 2280 Buttrick SE	N/A	59.07			
Fulton - Spaulding Property	N/A	7.47			
Honey Creek Property 520 Honey Creek NE	N/A	14.06			
Crew Building/Property	N/A	2.31			

Source: District records.

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Forest Hills Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Award Amount	Accrued (Unearned) Revenue 7/1/2022	Prior Year Expenditures (Memorandum Only)	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash assistance (donated foods)								
National School Lunch Program - Entitlement	10.555		\$ 229,292			\$ 229,292	\$ 229,292	
National School Lunch Program - Bonus	10.555		21,905			21,905	21,905	
Total non-cash assistance			251,197			251,197	251,197	
Cash assistance								
National School Lunch Program	10.555	220910	169,402			169,402	169,402	
National School Lunch Program	10.555	230910	86,076			86,076	86,076	
National School Lunch Program	10.555	221960	136,735			136,735	136,735	
National School Lunch Program	10.555	231960	819,179			802,581	819,179	\$ 16,598
Total ALN 10.555			1,211,392			1,194,794	1,211,392	16,598
Total ALN 10.555			1,462,589			1,445,991	1,462,589	16,598
School Breakfast Program	10.553	221970	5,125			5,125	5,125	
School Breakfast Program	10.553	231970	37,676			36,176	37,676	1,500
Total ALN 10.553			42,801			41,301	42,801	1,500
Total cash assistance			1,254,193			1,236,095	1,254,193	18,098
Total Child Nutrition Cluster			1,505,390			1,487,292	1,505,390	18,098
COVID-19 Pandemic EBT Local Level Costs	10.649	220980	3,135			3,135	3,135	
Local Foods for Schools Cooperative Agreement Program	10.185	230985	38,381			38,381	38,381	
Total U.S. Department of Agriculture			1,546,906			1,528,808	1,546,906	18,098

The accompanying notes are an integral part of this schedule.

Forest Hills Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Award Amount	Accrued (Unearned) Revenue 7/1/2022	Prior Year Expenditures (Memorandum Only)	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Education								
Passed through Kent Intermediate School District								
Special Education Cluster								
Special Education Grants to States	84.027	230450-2223	\$ 1,747,656			\$ 1,339,610	\$ 1,747,656	\$ 408,046
Special Education Grants to States	84.027	220450-2122	1,718,263	\$ 432,860	\$ 1,718,263	432,860		
COVID-19 Special Education Grants to States ARP	84.027X	221280-2122	410,552	42,746	202,599	194,281	207,953	56,418
Total ALN 84.027			3,876,471	475,606	1,920,862	1,966,751	1,955,609	464,464
Special Education Preschool Grants	84.173	230460-2223	63,256			47,942	63,256	15,314
Special Education Preschool Grants	84.173	220460-2122	64,350	16,924	64,350	16,924		
COVID-19 Special Education Preschool Grants ARP	84.173X	221285-2122	31,935	4,017	15,977	16,148	15,958	3,827
Total ALN 84.173			159,541	20,941	80,327	81,014	79,214	19,141
Total Special Education Cluster			4,036,012	496,547	2,001,189	2,047,765	2,034,823	483,605
Education Stabilization Fund								
COVID-19 Homeless Students Grant ARP	84.425W	211012-2122	5,671			694	5,671	4,977
Education for Homeless Children and Youth								
	84.196		987				987	987
Total U.S. Department of Education passed through Kent Intermediate School District			4,042,670	496,547	2,001,189	2,048,459	2,041,481	489,569
Passed through Michigan Department of Education								
Title I Grants to Local Educational Agencies	84.010	231530-2223	255,657			226,887	229,896	3,009
Title I Grants to Local Educational Agencies	84.010	221530-2122	346,557	120,766	320,766	120,766		
Total ALN 84.010			602,214	120,766	320,766	347,653	229,896	3,009
Supporting Effective Instruction State Grants	84.367	230520-2223	155,305			84,705	81,569	(3,136)
Supporting Effective Instruction State Grants	84.367	220520-2122	167,583	25,378	130,378	35,564	10,186	
Total ALN 84.367			322,888	25,378	130,378	120,269	91,755	(3,136)
English Language Acquisition State Grants	84.365	230570-2223	9,386			3,129	4,476	1,347
English Language Acquisition State Grants	84.365	230580-2223	88,173			34,742	36,296	1,554
English Language Acquisition State Grants	84.365	220570-2122	10,062	837	9,837	837		
English Language Acquisition State Grants	84.365	220580-2122	90,274	6,358	41,358	6,358		
Total ALN 84.365			197,895	7,195	51,195	45,066	40,772	2,901
Student Support and Academic Enrichment Program	84.424	230750-2223	18,991			13,490	18,763	5,273
Student Support and Academic Enrichment Program	84.424	220750-2122	18,832	7,804	18,804	7,804		
Total ALN 84.424			37,823	7,804	18,804	21,294	18,763	5,273

The accompanying notes are an integral part of this schedule.

Forest Hills Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Award Amount	Accrued (Unearned) Revenue 7/1/2022	Prior Year Expenditures (Memorandum Only)	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue 6/30/2023
<u>U.S. Department of Education (continued)</u>								
Passed through Michigan Department of Education (continued)								
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	\$ 893,225	\$ 139,911	\$ 877,911	\$ 139,911	\$ 15,314	\$ 15,314
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	2,008,091	36,101	36,101	310,000	283,178	9,279
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III 11t)	84.425U	213723-2122	8,511,881	787,409	787,409	2,119,107	3,383,561	2,051,863
Total Education Stabilization Fund passed through Michigan Department of Education			<u>11,413,197</u>	<u>963,421</u>	<u>1,701,421</u>	<u>2,569,018</u>	<u>3,682,053</u>	<u>2,076,456</u>
Total U.S. Department of Education			<u>16,616,687</u>	<u>1,621,111</u>	<u>4,223,753</u>	<u>5,151,759</u>	<u>6,104,720</u>	<u>2,574,072</u>
<u>U.S. Department of Health and Human Services</u>								
Passed through Kent Intermediate School District Medicaid Cluster								
Medical Assistance Program	93.778		32,932				32,932	32,932
Health Resource Advocates	93.323	232810-HRA2023	116,621			72,620	116,621	44,001
Total U.S. Department of Health and Human Services			<u>149,553</u>			<u>72,620</u>	<u>149,553</u>	<u>76,933</u>
<u>U.S. Federal Communications Commission</u>								
Direct Program								
COVID-19 Emergency Connectivity Fund	32.009		677,000	677,000	677,000	677,000		
TOTAL FEDERAL AWARDS			<u>\$ 18,990,146</u>	<u>\$ 2,298,111</u>	<u>\$ 4,900,753</u>	<u>\$ 7,430,187</u>	<u>\$ 7,801,179</u>	<u>\$ 2,669,103</u>

The accompanying notes are an integral part of this schedule.

Forest Hills Public Schools

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Forest Hills Public Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Forest Hills Public Schools, it is not intended to and does not present the financial position or changes in net position of Forest Hills Public Schools.

The District qualifies for low-risk auditee status. Management has utilized the NexSys Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass through federal funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

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

General fund	\$	6,254,273
Other nonmajor governmental funds		<u>3,147,384</u>
Total federal revenue in the fund financial statements		9,401,657
Less: Federal assistance funding not subject to single audit		<u>(1,600,478)</u>
Expenditures per schedule of expenditures of federal awards	\$	<u><u>7,801,179</u></u>

NOTE 4 - RECONCILIATION OF FEDERAL PROGRAMS FROM MULTIPLE FUNDING SOURCES

Education Stabilization funds reported in the schedule of expenditures of federal awards are reported from the following sources for the year ended June 30, 2023:

U.S. Department of Education		
Passed through Michigan Department of Education	\$	3,682,053
Passed through Kent Intermediate School District		<u>5,671</u>
Total ALN 84.425	\$	<u><u>3,687,724</u></u>



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

To the Board of Education
Forest Hills Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Forest Hills Public Schools (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Forest Hills Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

October 2, 2023



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

To the Board of Education
Forest Hills Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Forest Hills Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Forest Hills Public Schools' major federal programs for the year ended June 30, 2023. Forest Hills Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Forest Hills Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Maney Costeiran PC

October 2, 2023

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Forest Hills Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

Unmodified

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

Identification of major programs:

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

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

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Forest Hills Public Schools
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

There were no audit findings required to be reported on this schedule for the year ended June 30, 2022.