



FOREST HILLS
— PUBLIC SCHOOLS —

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

Annual Comprehensive Financial Report
Year Ended June 30, 2022

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

Annual Comprehensive Financial Report
Year Ended June 30, 2022

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 4, 2022

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, 2022. 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, 2022.

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 2021-22 school year was 9,319. In previous years, the area has experienced growth in student population, and projections indicate a stable enrollment in the future. The projected enrollment for the 2022-23 fiscal year is 9,246. 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 17 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, 2021. 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,



Daniel Behm
Superintendent



Julie Davis
Assistant Superintendent
for Finance and Operations

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

2021-2022 Board of Education

President	Suzanne Callahan
Vice President	Kristen Fauson
Secretary	Kristen Covelle
Treasurer	Nicole Meloche-Gregory
Trustee	CJ Michaud
Trustee	Maggie Terryn
Trustee	Mary Vonck

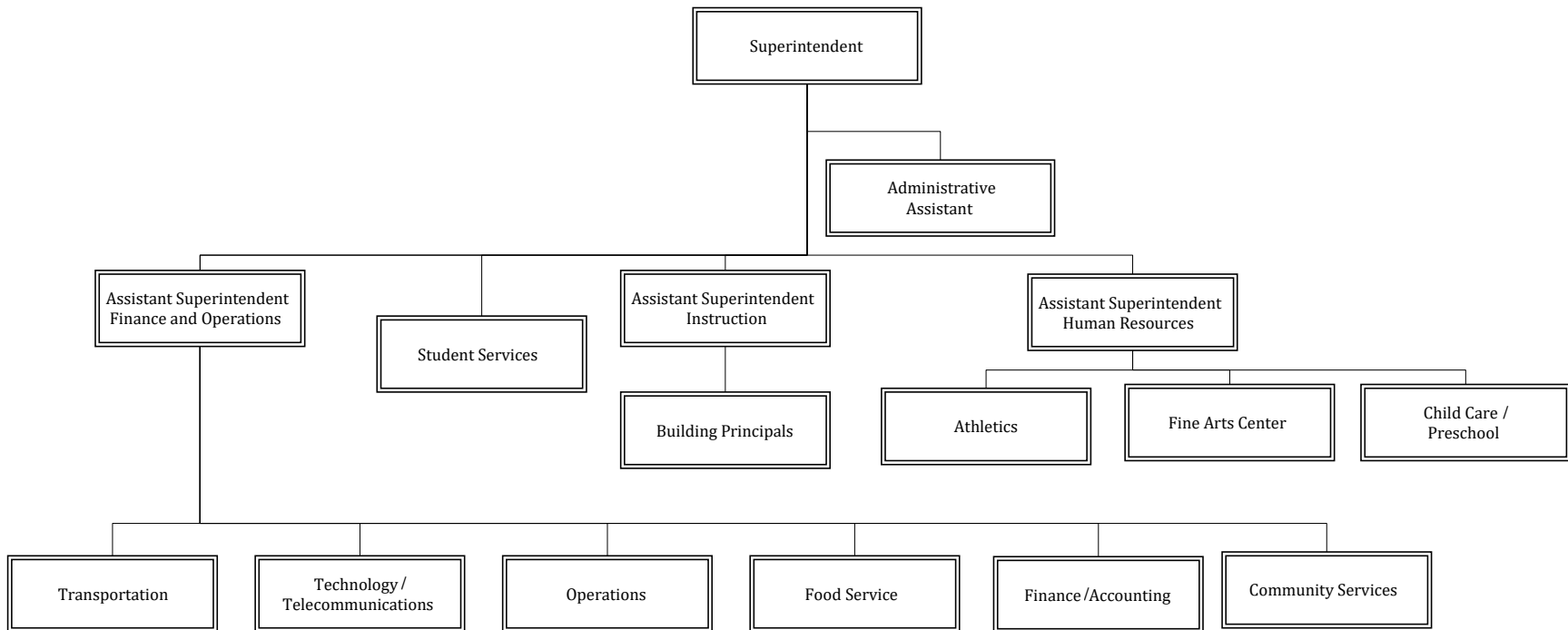
2021-2022 Administrative Staff

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

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, 2021.**

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



A handwritten signature in black ink, reading 'Will Sutter'.

**William A. Sutter
President**

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis
Executive Director**

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

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

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, 2022, 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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 4, 2022, 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.

Manes Costeian PC

October 4, 2022

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**Forest Hills Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022**

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, 2022. 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, 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, 2022 and 2021:

	2022	2021
Assets		
Current assets	\$ 96,953,953	\$ 118,911,422
Capital assets	446,604,315	429,496,993
Less accumulated depreciation	(221,259,833)	(210,297,988)
Capital assets, net book value	225,344,482	219,199,005
Total Assets	322,298,435	338,110,427
Deferred Outflows of Resources	45,979,344	62,464,829
Liabilities		
Current liabilities	19,858,234	23,264,962
Long-term liabilities	150,831,800	170,957,782
Net other postemployment benefit liability	9,625,097	33,339,490
Net pension liability	148,290,484	215,211,777
Total Liabilities	328,605,615	442,774,011
Deferred Inflow of Resources	97,940,476	38,386,540
Net Position		
Net investment in capital assets	129,253,918	119,970,709
Restricted for debt service	958,750	1,310,247
Unrestricted	(188,480,980)	(201,866,251)
Total Net Position	\$ (58,268,312)	\$ (80,585,295)

Capital Assets and Long-Term Debt

Capital Assets

By the end of the 2021-22 fiscal year, the District had invested \$446.6 million in a broad range of capital assets, including school buildings and facilities, site improvements, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to approximately \$11.6 million, bringing accumulated depreciation to approximately \$221.3 million as of June 30, 2022.

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

	2022	2021
Buildings and improvements	\$ 155.3	\$ 163.5
Land and land improvements	13.3	14.1
Machinery, furniture and equipment	13.5	12.1
Transportation equipment	2.3	2.8
Construction in progress	40.9	26.7
	\$ 225.3	\$ 219.2

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

Long-Term Obligations

At June 30, 2022, the District had approximately \$308.7 million in long-term obligations outstanding, which included approximately \$130.8 million in general obligation bonds. This represents a decrease of approximately \$18.2 million in bonds payable at the close of the fiscal year due primarily to the retirement of principal.

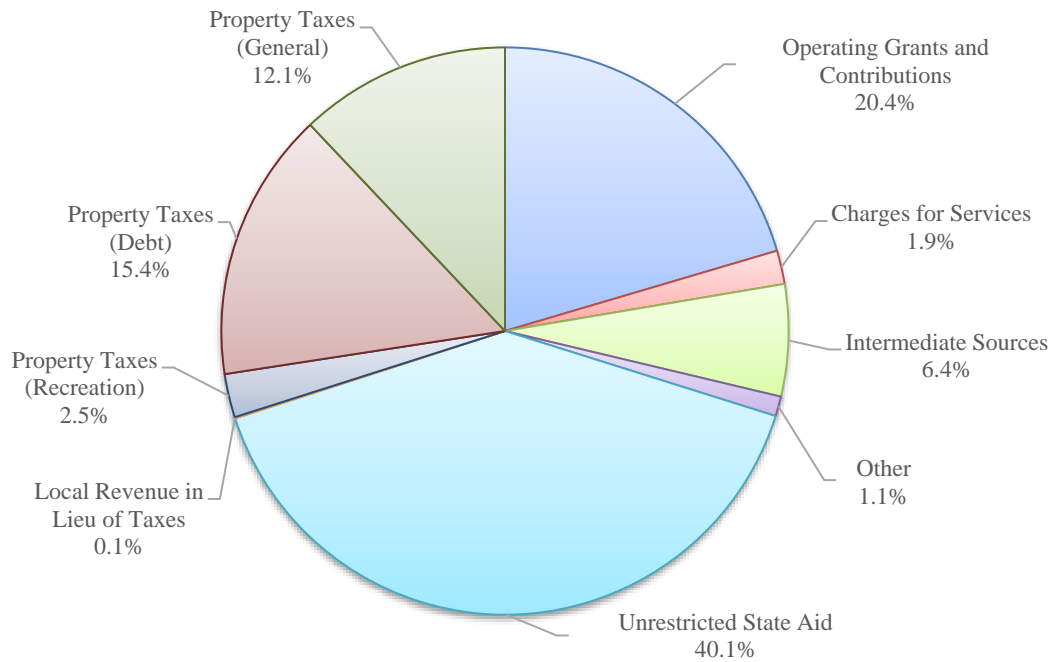
For more detailed information regarding capital assets and long-term obligations, please review the notes to the financial statements located in the financial section of this report.

Results of Operations

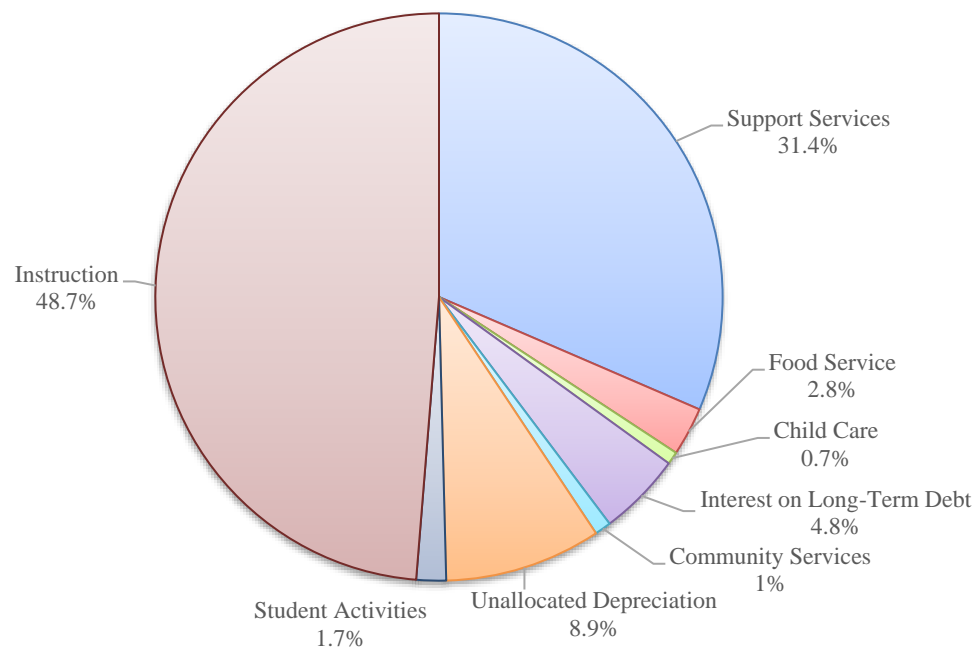
For the fiscal years ended June 30, 2022 and 2021 the results of operations on a government-wide basis were:

	2022	2021	Percent Change
General Revenues			
Property taxes levied for general purposes	\$ 18,338,415	\$ 18,038,908	1.66%
Property taxes levied for debt service	23,419,152	24,830,124	-5.68%
Property taxes levied for recreation	3,779,438	3,701,731	2.10%
Local revenue in lieu of taxes	102,063	110,602	-7.72%
State of Michigan aid, unrestricted	61,165,891	62,722,016	-2.48%
Investment earnings	179,442	160,144	12.05%
Intermediate sources	9,704,487	9,521,627	1.92%
Miscellaneous	1,534,724	904,280	69.72%
Total general revenues	118,223,612	119,989,432	-1.47%
Program Revenues			
Charges for services	2,912,127	1,574,246	84.99%
Operating grants and contributions	31,102,663	25,333,479	22.77%
Total program revenues	34,014,790	26,907,725	26.41%
Total Revenues	152,238,402	146,897,157	3.64%
Expenses			
Instruction	63,283,949	74,583,369	-15.15%
Support services	40,903,737	44,410,770	(7.9%)
Community services	1,209,335	1,054,159	14.72%
Food service	3,600,705	2,873,152	25.32%
Student/school activities	2,199,612	1,128,646	94.89%
Child care	938,659	907,030	3.49%
Interest on long-term debt	6,178,362	5,398,595	14.44%
Unallocated depreciation	11,607,060	11,379,099	2.00%
Total Expenses	129,921,419	141,734,820	-8.33%
Increase in Net Position	22,316,983	5,162,337	332.30%
Net Position, beginning of year	(80,585,295)	(85,747,632)	-6.02%
Net Position, end of year	\$ (58,268,312)	\$ (80,585,295)	-27.69%

Government-wide Revenues



Government-wide Expenses



Analysis of Significant Revenues and Expenditures

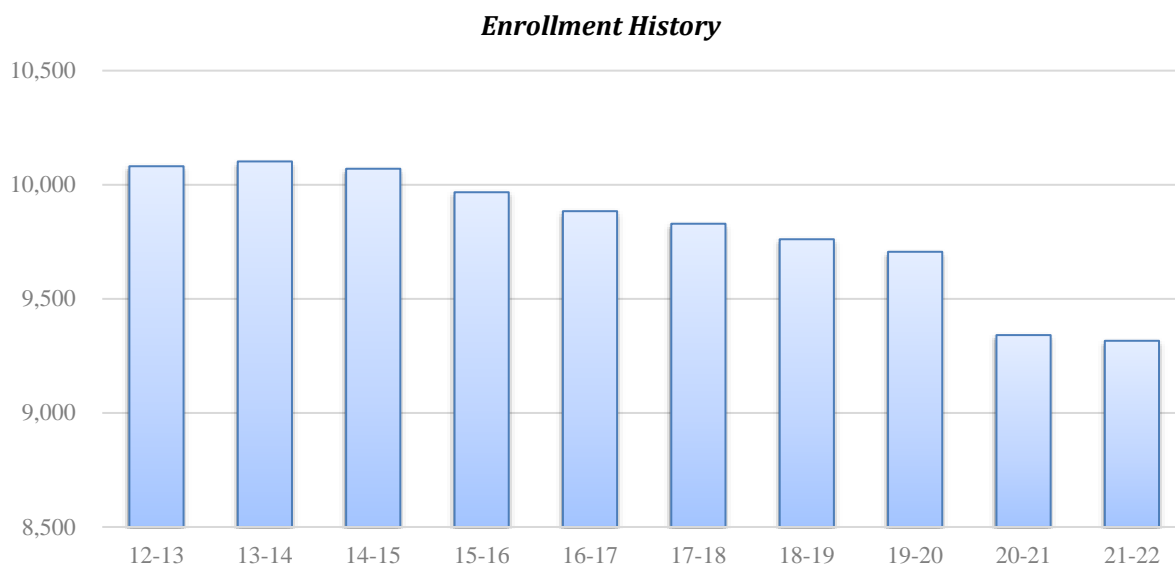
Significant revenues and expenditures are discussed in the segments below.

State Sources

The District is funded primarily by state aid, which increased by an additional \$171 per pupil resulting in a final per-pupil allocation of \$8,700 for 2021-22. 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 9,319 and 9,625 in 2021-22 and 2020-21, respectively.

Student Enrollment

The District's enrollment for the 2021-22 fall count was 9,316 students. This is a decrease of 25 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 17.7824 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 2021-22 fiscal year, the District's non-pre current year property tax collections were approximately \$18.3 million. This is an increase of 1.6% 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 0.9846 mills. The total current tax year amount was approximately \$3.8 million. This is comparable to the prior year.

The District levied 6.1 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 2021-22 was approximately \$23.4 million. This is comparable to the prior year.

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 2021-22 fiscal year, the District amended the budget two times: once in March 2022, and a final amendment in June 2022. 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	\$ 111,011,528	\$ 121,679,139	\$ 120,768,720	\$ (910,419)	(0.7%)
Expenditures					
Instruction	\$ 71,042,300	\$ 76,400,517	\$ 75,883,294	\$ 517,223	0.7%
Support services	43,457,600	47,255,558	46,584,642	670,916	1.4%
Community services	1,650,466	1,702,815	1,365,089	337,726	19.8%
Other transactions		66,000	10,000	56,000	84.8%
Total Expenditures	\$ 116,150,366	\$ 125,424,890	\$ 123,843,025	\$ 1,581,865	1.3%

The actual revenues and other financing sources/uses for the fund were \$120.8 million. This is greater than the original budget estimate of \$111.0 million and is less than the final amended budget amount of \$121.7 million. The actual expenditures were \$123.8 million. This is more than the original budget estimate of \$116.2 million and less than the final amended budget amount of \$125.4 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 15 percent of expenditures following an approximate \$3.1 million 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 2022-23 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 2021-22 fiscal year, the funds restricted for future capital projects amounted to approximately \$862,000.

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 2021-22 fiscal year, the funds restricted for future capital projects amounted to approximately \$50.8 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, 2022</i>	Governmental Activities
Assets	
Cash and investments	\$ 79,238,820
Taxes receivable	10
Accounts receivable	238,860
Intergovernmental receivable	17,029,692
Inventories	199,306
Prepaid expenses	22,265
Deposits	225,000
Capital assets, net of accumulated depreciation	176,716,887
Capital assets, not being depreciated	48,627,595
Total Assets	322,298,435
Deferred Outflows of Resources	
Deferred charge on refunding	1,017,170
Related to other postemployment benefits	13,203,040
Related to pension	31,759,134
Total Deferred Outflows of Resources	45,979,344
Liabilities	
Accounts payable	4,106,701
Intergovernmental payable	362,165
Accrued interest	925,125
Accrued payroll	7,361,223
Accrued retirement	3,644,736
Accrued expenses	6,438
Unearned revenue	3,451,846
Noncurrent liabilities	
Due within one year	19,872,635
Due in more than one year	130,959,165
Net other postemployment benefits liability	9,625,097
Net pension liability	148,290,484
Total Liabilities	328,605,615
Deferred Inflows of Resources	
Related to other postemployment benefits	37,025,262
Related to pension	50,974,661
Related to state aid funding for pension	9,940,553
Total Deferred Inflows of Resources	97,940,476
Net Position	
Net investment in capital assets	129,253,918
Restricted for debt service	958,750
Unrestricted	(188,480,980)
Total Net Position	\$ (58,268,312)

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

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
<i>Year ended June 30, 2022</i>	Expenses		Contributions	Net Position
Governmental Activities				
Instruction	\$ 63,283,949	\$ 147,912	\$ 15,476,379	\$ (47,659,658)
Support services	40,903,737	698,199	7,687,238	(32,518,300)
Community services	1,209,335	412,786	81,570	(714,979)
Food service	3,600,705	597,678	4,714,211	1,711,184
Student/school activities	2,199,612		2,295,982	96,370
Child care	938,659	1,055,552	847,283	964,176
Interest on long-term debt	6,178,362			(6,178,362)
Unallocated depreciation*	11,607,060			(11,607,060)
Total School District	\$ 129,921,419	\$ 2,912,127	\$ 31,102,663	(95,906,629)
General revenues:				
				18,338,415
				23,419,152
				3,779,438
				102,063
				61,165,891
				179,442
				9,704,487
				1,534,724
				118,223,612
				22,316,983
				(80,585,295)
				\$ (58,268,312)

* Unallocated depreciation includes 100% of depreciation expense, no depreciation 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

	General	Debt	2021 Capital	Nonmajor	Total
<i>June 30, 2022</i>	Fund	Service	Projects	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Assets					
Cash and investments	\$ 15,870,245	\$ 1,883,865	\$ 52,917,326	\$ 8,567,384	\$ 79,238,820
Taxes receivable		10			10
Accounts receivable	223,816		166	14,878	238,860
Intergovernmental receivable	16,933,041			96,651	17,029,692
Inventories	155,582			43,724	199,306
Prepaid expenditures	22,265				22,265
Deposits				225,000	225,000
Total Assets	\$ 33,204,949	\$ 1,883,875	\$ 52,917,492	\$ 8,947,637	\$ 96,953,953
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 919,132		\$ 2,124,451	\$ 1,063,118	\$ 4,106,701
Accrued payroll	7,321,967			39,256	7,361,223
Accrued retirement	3,630,413			14,323	3,644,736
Accrued expenditures	3,694			2,744	6,438
Intergovernmental payable	357,665			4,500	362,165
Unearned revenue	2,320,355			1,131,491	3,451,846
Total liabilities	14,553,226		2,124,451	2,255,432	18,933,109
Fund Balances					
Nonspendable - inventories	155,582				155,582
Nonspendable - prepaid expenditures	22,265				22,265
Nonspendable - deposits				225,000	225,000
Restricted for capital projects			50,793,041	862,081	51,655,122
Restricted for debt service		\$ 1,883,875			1,883,875
Restricted for food service				2,072,180	2,072,180
Committed for student/school activities				2,332,837	2,332,837
Committed for child care program				1,200,107	1,200,107
Assigned for subsequent year's budget	3,749,356				3,749,356
Unassigned	14,724,520				14,724,520
Total fund balances	18,651,723	1,883,875	50,793,041	6,692,205	78,020,844
Total Liabilities and Fund Balances	\$ 33,204,949	\$ 1,883,875	\$ 52,917,492	\$ 8,947,637	\$ 96,953,953

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, 2022

Total fund balances - total governmental funds	\$ 78,020,844
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources - deferred charge on refunding	1,017,170
Deferred outflows of resources - related to pension	31,759,134
Deferred outflows of resources - related to other postemployment benefits	13,203,040
Deferred inflows of resources - related to pension	(50,974,661)
Deferred inflows of resources - related to other postemployment benefits	(37,025,262)
Deferred inflows of resources - related to state funding for pension	(9,940,553)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
These assets consist of:	
Capital assets, at cost	\$ 446,604,315
Accumulated depreciation	<u>(221,259,833)</u>
Net capital assets	225,344,482
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:	
General obligation bonds	(130,780,000)
Deferred issuance premium	(17,982,856)
Accrued interest on bonds	(925,125)
Compensated absences	(2,057,944)
Retirement contracts payable	(11,000)
Net other postemployment benefits liability	(9,625,097)
Net pension liability	<u>(148,290,484)</u>
Net long-term liabilities	<u>(309,672,506)</u>
Net Position of Governmental Activities	<u>\$ (58,268,312)</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, 2022</i>	General Fund	Debt Service Fund	2021 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 22,117,853	\$ 23,419,152			\$ 45,537,005
Other local sources	2,998,273	108,758	\$ 114,111	\$ 3,957,426	7,178,568
State sources	80,538,073	452,038		197,258	81,187,369
Federal sources	4,944,553			5,368,848	10,313,401
Intermediate sources	9,704,487				9,704,487
Total revenues	120,303,239	23,979,948	114,111	9,523,532	153,920,830
Expenditures					
Current:					
Instruction	75,883,294				75,883,294
Support services	46,584,642				46,584,642
Community services	1,365,089				1,365,089
Food service				3,732,280	3,732,280
Student/school activities				2,199,612	2,199,612
Child care				1,088,747	1,088,747
Debt service:					
Principal		18,150,000			18,150,000
Interest and other		6,302,364			6,302,364
Capital outlay	10,000		12,122,465	5,319,491	17,451,956
Total expenditures	123,843,025	24,452,364	12,122,465	12,340,130	172,757,984
Excess (deficiency) of revenues over (under) expenditures	(3,539,786)	(472,416)	(12,008,354)	(2,816,598)	(18,837,154)
Other Financing Sources (Uses)					
Sale of capital assets	165,494				165,494
Transfers in	300,000			13	300,013
Transfers out	(13)			(300,000)	(300,013)
Total other financing sources (uses)	465,481			(299,987)	165,494
Changes in fund balances	(3,074,305)	(472,416)	(12,008,354)	(3,116,585)	(18,671,660)
Fund Balances, beginning of year	21,726,028	2,356,291	62,801,395	9,808,790	96,692,504
Fund Balances, end of year	\$ 18,651,723	\$ 1,883,875	\$ 50,793,041	\$ 6,692,205	\$ 78,020,844

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, 2022

Changes in fund balances - total governmental funds		\$ (18,671,660)
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	\$ 17,752,537	
Depreciation expense	<u>(11,607,060)</u>	
		6,145,477
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.		
Repayment of principal	<u>18,150,000</u>	
		18,150,000
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	1,896,430	
Pension related items	6,372,686	
Other postemployment benefits related items	10,331,549	
Accrued interest	120,919	
Retirement contracts payable	10,989	
Compensated absences	<u>(191,485)</u>	
		18,541,088
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		8,092,631
Pension related items, end of year		<u>(9,940,553)</u>
Change in Net Position of Governmental Activities		<u>\$ 22,316,983</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 Capital Projects Fund is considered a major fund 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, 2022, the foundation allowance was based on the blended student membership counts taken in October 2021 and February 2021.

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. 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

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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows

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.

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.

Forest Hills Public Schools

Notes to Financial Statements

For the year ended June 30, 2022, the District levied the following amounts per \$1,000 of assessed valuation. The general fund levied 17.7824 mills for applicable property and a supplemental 0.9845 mill for parks and recreation activities. The debt service fund levied 6.1 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 \$150,000 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.

Subsequent Events

Management has evaluated subsequent events through October 4, 2022 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, 2022, \$750,000 of the District's bank balances (without recognition of deposits in transit and outstanding checks) of \$17,652,912 was insured and \$16,902,912 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.

Forest Hills Public Schools

Notes to Financial Statements

Investments

At June 30, 2022, 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	\$ 9,180,553	\$ 9,180,553
MILAF External Investment Pool - Max	S&P AAAm	54,737,410	54,737,410
Total investments		63,917,963	<u>\$ 63,917,963</u>
Cash		15,320,857	
Total Investments and Cash		\$ 79,238,820	

The District voluntarily invests certain excess funds in external pooled investment funds which included 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, 2022, 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.

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, 2022.

Forest Hills Public Schools

Notes to Financial Statements

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.

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.

Forest Hills Public Schools

Notes to Financial Statements

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, 2022 were as follows:

<i>Fund</i>	Transfers In	Transfers Out
General Fund	\$ 300,000	\$ 13
Nonmajor Governmental Funds	13	300,000
	\$ 300,013	\$ 300,013

4. Intergovernmental Receivable

Intergovernmental receivables consist of the following:

<i>Fund</i>	Local	State	Federal	Total
General	\$ 36,829	\$ 14,598,101	\$ 2,298,111	\$ 16,933,041
Food Service		96,651		96,651
Total	\$ 36,829	\$ 14,694,752	\$ 2,298,111	\$ 17,029,692

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, 2022.

	Balance, June 30, 2021	Additions	Deletions	Balance, June 30, 2022
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 7,696,373			\$ 7,696,373
Construction in progress	26,712,530	\$ 14,218,692		40,931,222
Total capital assets not depreciated:	34,408,903	14,218,692		48,627,595
Capital assets being depreciated:				
Land improvements	13,886,443			13,886,443
Buildings and improvements	316,161,356			316,161,356
Machinery, furniture and equipment	56,543,304	3,481,057	\$ (60,856)	59,963,505
Transportation equipment	8,496,987	52,788	(584,359)	7,965,416
Total capital assets being depreciated	395,088,090	3,533,845	(645,215)	397,976,720
Totals at historical cost	429,496,993	17,752,537	(645,215)	446,604,315
Less accumulated depreciation for:				
Land improvements	7,534,607	692,091		8,226,698
Buildings and improvements	152,675,500	8,209,190		160,884,690
Machinery, furniture and equipment	44,427,137	2,146,627	(60,856)	46,512,908
Transportation equipment	5,660,744	559,152	(584,359)	5,635,537
Total accumulated depreciation	210,297,988	11,607,060	(645,215)	221,259,833
Net Capital Assets	\$ 219,199,005	\$ 6,145,477	\$ -	\$ 225,344,482

Depreciation for the year ended June 30, 2022 was \$11,607,060. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Costs to complete the construction in progress are approximately \$26,237,200.

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, 2022.

	Balance, June 30, 2021	Additions	Deductions	Balance, June 30, 2022	Due Within One Year
General obligation bonds	\$ 148,930,000		\$ (18,150,000)	\$ 130,780,000	\$ 19,150,000
Deferred issuance premium	20,139,334		(2,156,478)	17,982,856	
Compensated absences	1,866,459	\$ 863,964	(672,479)	2,057,944	711,635
Retirement contracts payable	21,989		(10,989)	11,000	11,000
Net pension liability	215,211,777		(66,921,293)	148,290,484	
Net other postemployment benefits liability	33,339,490		(23,714,393)	9,625,097	
	\$ 419,509,049	\$ 863,964	\$ (111,625,632)	\$ 308,747,381	\$ 19,872,635

General obligation bonds at June 30, 2022 are comprised of the following individual issues:

<i>June 30, 2022</i>	Principal Outstanding	Remaining Interest Requirements
2013 Refunding Bonds, \$19,560,000, due in annual installments of \$2,250,000 through May 1, 2024, interest at 5.00%.	\$ 4,500,000	\$ 337,500
2014 Building and Site Bonds, \$25,000,000 due in annual installments of \$2,125,000 to \$2,650,000 through May 1, 2029, interest at 5.00%.	16,675,000	2,413,000
2016 Building, Site and Refunding Bonds, \$48,130,000, due in annual installments of \$4,795,000 to \$5,230,000 through May 1, 2027, interest at 5.00%.	25,155,000	3,830,000
2019 Building and Site Series I Bonds, \$31,950,000, due in annual installments of \$2,000,000 to \$2,700,000 through May 1, 2034, interest at 5.00%.	28,000,000	9,510,000
2020 Refunding Bonds, \$9,670,000 due in annual installments of \$1,000,000 to \$1,075,000 through May 1, 2029, interest at 4.00%.	7,325,000	1,185,000
2021 Building and Site Bonds, \$55,350,000 due in annual installments of \$2,840,000 to \$8,075,000 through May 1, 2036, interest at 3.00% to 4.00%.	49,125,000	10,814,400
	<u>\$ 130,780,000</u>	<u>\$ 28,089,900</u>

Forest Hills Public Schools

Notes to Financial Statements

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 \$11,000.

Retirement contracts and compensated absences typically are liquidated by the General Fund.

Debt Service Requirements

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, 2022, \$27,825,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2022, are as follows:

Year Ending June 30,	General Obligation Bonds		Other Long-term Obligations	Total
	Principal	Interest		
2023	\$ 19,150,000	\$ 5,550,750	\$	24,700,750
2024	20,560,000	4,715,550		25,275,550
2025	13,345,000	3,822,550		17,167,550
2026	13,640,000	3,239,800		16,879,800
2027	13,845,000	2,644,200		16,489,200
2028 - 2032	33,560,000	6,863,550		40,423,550
2033 - 2036	16,680,000	1,253,500		17,933,500
	130,780,000	28,089,900		158,869,900
Deferred issuance premium	17,982,856			17,982,856
Compensated absences			\$ 2,057,944	2,057,944
Retirement contracts payable			11,000	11,000
Net pension liability			148,290,484	148,290,484
Net other postemployment benefits liability			9,625,097	9,625,097
	\$ 148,762,856	\$ 28,089,900	\$ 159,984,525	\$ 336,837,281

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

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

	Pension	Other Postemployment Benefit
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately \$21,781,000. Of the total pension contributions approximately \$21,181,000 was contributed to fund the Defined Benefit Plan and approximately \$600,000 was contributed to the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB benefits were approximately \$5,354,000. Of the total OPEB contributions approximately \$4,999,000 was contributed to fund the Defined Benefit Plan and approximately \$355,000 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<i>MPERS (Plan) Non-university Employers:</i>	September 30, 2021	September 30, 2020
Total pension liability	\$ 86,392,473,395	\$ 85,290,583,799
Plan fiduciary net position	\$ 62,717,060,920	\$ 50,939,496,006
Net pension liability	\$ 23,675,412,475	\$ 34,351,087,793
Proportionate share	0.62635%	0.62651%
Net pension liability for the District	\$ 148,290,484	\$ 215,211,777

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

For the year ended June 30, 2022, the District recognized pension expense of approximately \$14,901,000.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 9,347,702	
Net difference between projected and actual plan investment earnings		\$ 47,674,914
Changes in proportion and differences between employer contributions and proportionate share of contributions		2,426,492
Differences between expected and actual experience	2,297,083	873,255
Reporting Unit's contributions subsequent to the measurement date	20,114,349	
	\$ 31,759,134	\$ 50,974,661

Forest Hills Public Schools

Notes to Financial Statements

\$20,114,349, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2022	\$ (5,338,743)
2023	(9,208,047)
2024	(11,887,306)
2025	(12,895,780)

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<i><u>MPERS (Plan) Non-university Employers:</u></i>	September 30, 2021	September 30, 2020
Total other postemployment benefits liability	\$ 12,046,393,511	\$ 13,206,903,534
Plan fiduciary net position	\$ 10,520,015,621	\$ 7,849,636,555
Net other postemployment benefits liability	\$ 1,526,377,890	\$ 5,357,266,979
Proportionate share	0.63058%	0.62232%
Net other postemployment benefits liability for the District	\$ 9,625,097	\$ 33,339,490

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

For the year ended June 30, 2022, the District recognized OPEB benefit of approximately \$5,426,000.

Forest Hills Public Schools

Notes to Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 8,046,103	\$ 1,203,998
Net difference between projected and actual plan investment earnings		7,254,609
Changes in proportion and differences between employer contributions and proportionate share of contributions	595,665	1,092,501
Differences between expected and actual experience		27,474,154
Reporting Unit's contributions subsequent to the measurement date	4,561,272	
	\$ 13,203,040	\$ 37,025,262

\$4,561,272, 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
2022	\$ (7,507,003)
2023	(6,855,075)
2024	(6,210,130)
2025	(5,710,927)
2026	(1,856,751)
2027	(243,608)

Actuarial Assumptions

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

Investment Rate of Return for OPEB - 6.95% a year, compounded annually net of investment and administrative expenses.

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, 2020. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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

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

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

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

Forest Hills Public Schools

Notes to Financial Statements

The target asset allocation at September 30, 2021 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
International Equity Pools	15.0%	7.4%
Private Equity Pools	16.0%	9.1%
Real Estate and Infrastructure Pools	10.0%	5.4%
Fixed Income Pools	10.5%	(0.7%)
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short Term Investment Pools	2.0%	(1.3%)
	100.0%	

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

Rate of Return - For fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.3% and 27.14% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested..

Pension Discount Rate - A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate - A single discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 212,015,176	\$ 148,290,484	\$ 95,458,535

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 17,885,167	\$ 9,625,097	\$ 2,615,247

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 of 7.0% (decreasing to 3.5%), 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 one percentage point lower or one 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	\$ 2,342,672	\$ 9,625,097	\$ 17,818,702

Pension and OPEB Plan Fiduciary Net Position

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

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 19 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 \$1,049,000, 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, 2022 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, 2022</i>	Cumulative Revenues	Cumulative Expenditures (excluding transfers)
2019 Bonds	\$ 703,264	\$ 37,950,611
2021 Bonds	\$ 114,111	\$ 12,479,752

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

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.

Forest Hills Public Schools

Notes to Financial Statements

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	\$ 264,291
City of Kentwood	2,006,605
Cascade Township	48,654
	<hr/>
	\$ 2,319,550

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 Pronouncement

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

13. Change in Accounting Principle

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

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

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

Required Supplementary Information

Forest Hills Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund

<i>Year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local sources	\$ 23,893,900	\$ 24,949,289	\$ 25,116,126	\$ 166,837
State sources	75,330,970	80,509,292	80,538,073	28,781
Federal sources	2,256,669	6,017,524	4,944,553	(1,072,971)
Incoming transfers and other	9,225,000	9,753,045	9,704,487	(48,558)
Total revenues	110,706,539	121,229,150	120,303,239	(925,911)
Expenditures				
Current				
Instruction				
Basic programs	62,841,130	67,929,460	67,660,206	269,254
Added needs	8,201,170	8,471,057	8,223,088	247,969
Total instruction	71,042,300	76,400,517	75,883,294	517,223
Support services:				
Pupil	8,565,303	9,792,526	9,510,031	282,495
Instructional staff	4,466,095	4,693,602	4,581,044	112,558
General administration	668,400	678,837	659,024	19,813
School administration	6,594,830	6,937,649	6,933,714	3,935
Business	1,666,150	1,756,799	1,738,452	18,347
Operation/maintenance	9,891,120	11,092,362	11,088,038	4,324
Pupil transportation	5,270,629	5,448,975	5,427,012	21,963
Central services	3,303,273	3,688,821	3,568,406	120,415
Other support services	3,031,800	3,165,987	3,078,921	87,066
Total support services	43,457,600	47,255,558	46,584,642	670,916
Community services	1,650,466	1,702,815	1,365,089	337,726
Other transactions		66,000	10,000	56,000
Total expenditures	116,150,366	125,424,890	123,843,025	1,581,865
Excess (deficiency) of revenues over (under) expenditures	(5,443,827)	(4,195,740)	(3,539,786)	655,954
Other Financing Sources (Uses)				
Sale of capital assets	25,000	150,000	165,494	15,494
Transfers out	(11)	(11)	(13)	(2)
Transfers in	280,000	300,000	300,000	
Total other financing sources (uses)	304,989	449,989	465,481	15,492
Changes in fund balances	\$ (5,138,838)	\$ (3,745,751)	(3,074,305)	\$ 671,446
Fund Balances, beginning of year			<u>21,726,028</u>	
Fund Balances, end of year			<u>\$ 18,651,723</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 8 Fiscal Years (Determined as of plan year ended September 30)

	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.62635%	0.62651%	0.63621%	0.64398%	0.64621%	0.64748%	0.66514%	0.65714%
Reporting Unit's proportionate share of net pension liability	\$ 148,290,484	\$ 148,290,484	\$ 210,690,414	\$ 193,593,162	\$ 167,461,311	\$ 161,540,348	\$ 162,459,976	\$ 144,743,892
Reporting Unit's covered-employee payroll	\$ 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	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)	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years 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 8 Fiscal Years (Determined as of the year ended June 30)

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 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	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	\$ 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	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 10 years. However, until a full 10 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 5 Fiscal Years (Determined as of plan year ended September 30)

	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.63058%	0.62232%	0.63331%	0.64002%	0.64637%
Reporting Unit's proportionate share of net OPEB liability	\$ 9,625,097	\$ 33,339,490	\$ 45,457,453	\$ 50,874,956	\$ 57,238,748
Reporting Unit's covered-employee payroll	\$ 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	16.92%	60.57%	82.21%	93.38%	105.23%
Plan fiduciary net position as a percentage of total OPEB liability (non-university employers)	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years 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 5 Fiscal Years (Determined as of the year ended June 30)

	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	\$ 4,999,425	\$ 4,873,960	\$ 4,726,246	\$ 4,543,578	\$ 4,739,561
Contributions in relation to statutorily required contributions	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)	\$ 60,189,451	\$ 56,405,803	\$ 55,173,961	\$ 55,275,159	\$ 54,414,234
OPEB contributions as a percentage of covered-employee payroll	8.31%	8.64%	8.57%	8.22%	8.71%

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

Forest Hills Public Schools

Notes to the Required Supplementary Information

1. Pension Information

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

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

2. OPEB Information

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

Changes of Assumptions - the assumption changes for 2021 were:

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

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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, 2022</i>	Final Budget	Actual	Variance
Revenues			
Local Sources			
Property taxes	\$ 22,062,000	\$ 22,117,853	\$ 55,853
Revenue in lieu of taxes	8,500	8,386	(114)
Tuition (fees for instruction)	65,000	81,605	16,605
Investment income	25,000	42,036	17,036
Student activity revenue:			
Admissions, athletics	205,000	204,101	(899)
Admissions, other	32,500	70,811	38,311
Dues and fees, athletics	400,000	411,892	11,892
Community service revenue:			
Community and aquatic center	420,000	412,786	(7,214)
Other local revenue:			
Rentals	75,000	82,206	7,206
Private sources	306,289	319,724	13,435
Miscellaneous other local revenue	1,350,000	1,364,726	14,726
Total revenues from local sources	24,949,289	25,116,126	166,837
State Sources			
Restricted	19,498,692	19,526,510	27,818
Unrestricted	60,950,600	60,950,988	388
Payments in lieu of taxes	60,000	60,575	575
Total revenues from state sources	\$ 80,509,292	\$ 80,538,073	\$ 28,781

Forest Hills Public Schools

General Fund Schedule of Revenues and Other Financing Sources - Budget to Actual

<i>Year ended June 30, 2022</i>	Final Budget	Actual	Variance
Federal Sources			
IDEA	\$ 2,001,189	\$ 2,001,189	
ESSER	2,574,895	1,701,421	\$ (873,474)
Title I	346,557	320,766	(25,791)
Title II	167,583	130,378	(37,205)
Title III	104,778	55,638	(49,140)
Other grants	822,522	735,161	(87,361)
Total revenues from federal sources	6,017,524	4,944,553	(1,072,971)
Other Governmental Units			
Kent ISD Act 18 special education millage	5,158,000	5,158,871	871
Special education transportation	1,120,000	1,028,809	(91,191)
Other payments received from other governments	3,475,045	3,516,807	41,762
Total revenues from other governmental units	9,753,045	9,704,487	(48,558)
Total revenues	121,229,150	120,303,239	(925,911)
Other Financing Sources			
Sale of capital assets	150,000	165,494	15,494
Transfers in	300,000	300,000	
Total other financing sources	450,000	465,494	15,494
Total Revenues and Other Financing Sources	\$ 121,679,150	\$ 120,768,733	\$ (910,417)

Forest Hills Public Schools

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

<i>Year ended June 30, 2022</i>	Salaries	Employee Benefits Retirement	Employee Benefits FICA	Employee Benefits Other
Expenditures				
Instruction				
Basic programs	\$ 35,977,126	\$ 16,442,819	\$ 2,514,541	\$ 7,120,349
Added needs	4,692,695	2,027,353	330,009	836,250
Total instruction	40,669,821	18,470,172	2,844,550	7,956,599
Support Services				
Pupil services	3,144,787	1,416,643	221,378	485,576
Instructional staff	2,254,976	1,014,192	161,840	453,615
General administration	298,050	137,737	17,261	83,497
School administration	3,773,183	1,750,403	268,534	984,933
Business	657,977	298,713	47,841	137,596
Operations and maintenance	2,825,887	1,052,539	202,642	505,215
Pupil transportation	1,819,925	844,451	135,516	388,062
Central services	1,398,447	648,328	98,214	354,881
Other support	1,478,560	627,195	108,840	95,880
Total support services	17,651,792	7,790,201	1,262,066	3,489,255
Community Services	546,185	248,064	37,267	118,818
Other Transactions				
Total expenditures	58,867,798	26,508,437	4,143,883	11,564,672
Other Financing Uses				
Transfers out				
Total Expenditures	\$ 58,867,798	\$ 26,508,437	\$ 4,143,883	\$ 11,564,672

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
\$ 1,810,740	\$ 3,794,631	\$ 67,660,206	\$ 67,929,460	\$ 269,254
120,807	215,974	8,223,088	8,471,057	247,969
1,931,547	4,010,605	75,883,294	76,400,517	517,223
371,292	3,870,355	9,510,031	9,792,526	282,495
504,373	192,048	4,581,044	4,693,602	112,558
106,040	16,439	659,024	678,837	19,813
47,094	109,567	6,933,714	6,937,649	3,935
288,567	307,758	1,738,452	1,756,799	18,347
3,351,396	3,150,359	11,088,038	11,092,362	4,324
257,786	1,981,272	5,427,012	5,448,975	21,963
849,818	218,718	3,568,406	3,688,821	120,415
481,553	286,893	3,078,921	3,165,987	87,066
6,257,919	10,133,409	46,584,642	47,255,558	670,916
300,712	114,043	1,365,089	1,702,815	337,726
	10,000	10,000	66,000	56,000
8,490,178	14,268,057	123,843,025	125,424,890	1,581,865
	13	13	11	(2)
\$ 8,490,178	\$ 14,268,070	\$ 123,843,038	\$ 125,424,901	\$ 1,581,863

Nonmajor Governmental Funds

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, 2022</i>	Food Service	Student/School Activities	Child Care	2019 Capital Projects Fund	Total
Assets					
Cash and investments	\$ 2,134,039	\$ 2,385,794	\$ 2,216,007	\$ 1,831,544	\$ 8,567,384
Accounts receivable		14,878			14,878
Intergovernmental receivable	96,651				96,651
Inventories	43,724				43,724
Deposits	225,000				225,000
Total Assets	\$ 2,499,414	\$ 2,400,672	\$ 2,216,007	\$ 1,831,544	\$ 8,947,637
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 31,058	\$ 51,711	\$ 10,886	\$ 969,463	\$ 1,063,118
Accrued payroll	5,135	9,454	24,667		39,256
Accrued retirement	1,731	3,926	8,666		14,323
Accrued expenditures		2,744			2,744
Intergovernmental payable			4,500		4,500
Unearned revenue	164,310		967,181		1,131,491
Total liabilities	202,234	67,835	1,015,900	969,463	2,255,432
Fund Balances					
Nonspendable - deposits	225,000				225,000
Restricted for capital projects				862,081	862,081
Restricted for food service	2,072,180				2,072,180
Committed for student/ school activities		2,332,837			2,332,837
Committed for child care			1,200,107		1,200,107
Total fund balances	2,297,180	2,332,837	1,200,107	862,081	6,692,205
Total Liabilities and Fund Balances	\$ 2,499,414	\$ 2,400,672	\$ 2,216,007	\$ 1,831,544	\$ 8,947,637

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

<i>Year ended June 30, 2022</i>	Food Service	Student/School Activities	Child Care	2019 Capital Projects Fund	Total
Revenues					
Local sources	\$ 600,677	\$ 2,299,743	\$ 1,056,170	\$ 836	\$ 3,957,426
State sources	192,646		4,612		197,258
Federal sources	4,521,565		847,283		5,368,848
Total revenues	5,314,888	2,299,743	1,908,065	836	9,523,532
Expenditures					
Salaries and wages	771,030		562,765		1,333,795
Employee benefits	432,479		372,665		805,144
Food and milk costs	1,718,251		41,045		1,759,296
Supplies, materials and other	200,158		95,348		295,506
Purchased services	610,362		16,924		627,286
Student/school activities		2,199,612			2,199,612
Capital outlay	411,565		6,746	4,901,180	5,319,491
Total expenditures	4,143,845	2,199,612	1,095,493	4,901,180	12,340,130
Excess (deficiency) of revenues over (under) expenditures	1,171,043	100,131	812,572	(4,900,344)	(2,816,598)
Other Financing Sources (Uses)					
Transfers in	13				13
Transfers out	(150,000)		(150,000)		(300,000)
Total other financing sources (uses)	(149,987)		(150,000)		(299,987)
Changes in fund balances	1,021,056	100,131	662,572	(4,900,344)	(3,116,585)
Fund Balances, beginning of year	1,276,124	2,232,706	537,535	5,762,425	9,808,790
Fund Balances, end of year	\$ 2,297,180	\$ 2,332,837	\$ 1,200,107	\$ 862,081	\$ 6,692,205

Forest Hills Public Schools

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

<i>Year ended June 30, 2022</i>	Food Service		
	Final Budget	Actual	Variance
Revenues			
Local sources			
Food sales	\$ 555,000	\$ 597,678	\$ 42,678
Student/school activities			
Child care fees			
Investment income	3,000	2,999	(1)
State source			
Restricted state aid	109,800	192,646	82,846
Federal sources			
Child care stabilization grant			
Child nutrition cluster	4,243,100	4,274,393	31,293
Donated commodities	247,000	247,172	172
Total revenues	5,157,900	5,314,888	156,988
Other Financing Sources			
Transfers in	11	13	2
Total revenues and other financing sources	5,157,911	5,314,901	156,990
Expenditures			
Current			
Salaries and wages	816,700	771,030	45,670
Employee benefits	463,600	432,479	31,121
Food and milk costs	1,671,000	1,718,251	(47,251)
Supplies, materials and other	191,300	200,158	(8,858)
Purchased services	593,600	610,362	(16,762)
Student/school activities			
Capital outlay	365,000	411,565	(46,565)
Total expenditures	4,101,200	4,143,845	(42,645)
Other Financing Uses			
Transfers out	150,000	150,000	
Total expenditures and other financing uses	4,251,200	4,293,845	(42,645)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	906,711	1,021,056	114,345
Fund Balances, beginning of year	1,276,124	1,276,124	
Fund Balances, end of year	\$ 2,182,835	\$ 2,297,180	\$ 114,345

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
\$ 2,250,000	\$ 2,295,982	\$ 45,982			
			\$ 1,128,000	\$ 1,055,552	\$ (72,448)
1,500	3,761	2,261	300	618	318
			3,850	4,612	762
			847,283	847,283	
2,251,500	2,299,743	48,243	1,979,433	1,908,065	(71,368)
2,251,500	2,299,743	48,243	1,979,433	1,908,065	(71,368)
			580,381	562,765	17,616
			392,822	372,665	20,157
			40,724	41,045	(321)
			82,217	95,348	(13,131)
			6,700	16,924	(10,224)
2,000,000	2,199,612	(199,612)	6,120	6,746	(626)
2,000,000	2,199,612	(199,612)	1,108,964	1,095,493	13,471
			150,000	150,000	
2,000,000	2,199,612	(199,612)	1,258,964	1,245,493	13,471
251,500	100,131	(151,369)	720,469	662,572	(57,897)
2,232,706	2,232,706		537,535	537,535	
\$ 2,484,206	\$ 2,332,837	\$ (151,369)	\$ 1,258,004	\$ 1,200,107	\$ (57,897)

Schedules of Debt Service Requirements

Forest Hills Public Schools

2013 Refunding Bonds - Bonded Debt

This issue consists of bonds ranging 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, 2022 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, 2022	5.00	\$	112,500	\$ 112,500	
May 1, 2023	5.00	\$ 2,250,000	112,500	2,362,500	\$ 2,250,000
November 1, 2023	5.00		56,250	56,250	
May 1, 2024	5.00	2,250,000	56,250	2,306,250	
Total requirements		\$ 4,500,000	\$ 337,500	\$ 4,837,500	

Forest Hills Public Schools

2014 Building and Site Bonds - Bonded Debt

This issue consists of bonds ranging in denominations from \$2,125,000 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, 2022 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, 2022	5.00		\$ 276,125	\$ 276,125	
May 1, 2023	5.00	\$ 2,125,000	276,125	2,401,125	\$ 14,550,000
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		\$ 16,675,000	\$ 2,413,000	\$ 19,088,000	

Forest Hills Public Schools

2016 Building, Site and Refunding Bonds - Bonded Debt

This issue consists of bonds ranging in denominations from \$4,795,000 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, 2022 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, 2022	5.00	\$	628,875	\$ 628,875	
May 1, 2023	5.00	\$ 4,795,000	628,875	5,423,875	\$ 20,360,000
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		\$ 25,155,000	\$ 3,830,000	\$ 28,985,000	

Forest Hills Public Schools

2019 Building and Site Bonds - Bonded Debt

This issue consists of bonds ranging in denominations from \$2,000,000 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, 2022 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, 2022	5.00		\$ 700,000	\$ 700,000	
May 1, 2023	5.00	\$ 2,000,000	700,000	2,700,000	\$ 26,000,000
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		\$ 28,000,000	\$ 9,510,000	\$ 37,510,000	

Forest Hills Public Schools

2020 Refunding Bonds - Bonded Debt

This issue consists of bond payments from \$1,000,000 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, 2022 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, 2022	4.00		\$ 146,500	\$ 146,500	
May 1, 2023	4.00	\$ 1,000,000	146,500	1,146,500	\$ 6,325,000
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		\$ 7,325,000	\$ 1,185,000	\$ 8,510,000	

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, 2022 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			<i>Outstanding</i>
		Principal	Interest	Total	
November 1, 2022	4.00		\$ 911,375	\$ 911,375	
May 1, 2023	4.00	\$ 6,980,000	911,375	7,891,375	\$ 42,145,000
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		\$ 49,125,000	\$ 10,814,400	\$ 59,939,400	

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.	82-95
<i>Revenue Capacity</i> These schedules contain information to help the reader assess locally levied taxes.	96-102
<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.	103-105
<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.	106-107
<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.	108-111

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>					Fiscal
	2013	2014	2015 ^a		2016
Governmental Activities					
Net investment in capital assets	\$ 53,196,095	\$ 55,461,936	\$ 63,397,872	\$ 72,267,183	
Restricted	1,131,323	1,931,693	717,856	935,395	
Unrestricted	9,786,410	10,654,520	(133,689,138)	(136,333,815)	
Total Primary Government Net Position	\$ 64,113,828	\$ 68,048,149	\$ (69,573,410)	\$ (63,131,237)	

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											
		2017	2018 ^b	2019	2020 ^c	2021	2022				
\$	82,442,482	\$	92,670,159	\$	100,659,291	\$	110,806,686	\$	119,970,709	\$	129,253,918
	243,417		285,124		1,570,992		1,161,475		1,310,247		958,750
	(135,975,963)		(188,166,552)		(190,559,634)		(197,715,793)		(201,866,251)		(188,480,980)
\$	(53,290,064)	\$	(95,211,269)	\$	(88,329,351)	\$	(85,747,632)	\$	(80,585,295)	\$	(58,268,312)

Forest Hills Public Schools

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

<i>Year ended June 30,</i>	Fiscal			
	2013	2014	2015	2016
Expenses				
Governmental Activities				
Instruction	\$ 61,788,288	\$ 63,224,228	\$ 64,544,787	\$ 63,942,467
Support services	37,022,343	37,878,549	37,451,007	37,606,093
Community services	1,392,473	1,426,471	1,517,366	1,494,516
Food service	2,474,973	2,590,634	2,593,543	2,565,137
Child care services	1,094,796	1,160,813	1,253,431	1,014,040
Student/school activities				
Interest on long-term debt	8,026,757	7,967,588	7,011,600	6,559,298
Unallocated depreciation	9,380,246	9,421,150	9,613,222	9,479,078
Total Expenses	121,179,876	123,669,433	123,984,956	122,660,629
Program Revenues				
Governmental Activities				
Charges for services:				
Instruction	126,017	122,171	135,502	105,385
Support services	519,905	523,011	625,591	639,960
Community services	644,504	659,790	673,419	674,740
Food service	1,932,026	1,981,440	1,981,213	2,023,918
Child care services	1,192,806	1,350,653	1,514,796	1,300,817
Miscellaneous	229,146	216,625	223,014	204,653
Operating grants and contributions	15,823,928	17,160,644	18,572,147	15,873,817
Total Program Revenues	20,468,332	22,014,334	23,725,682	20,823,290
Net Expense	\$ (100,711,544)	\$ (101,655,099)	\$ (100,259,274)	\$ (101,837,339)

Forest Hills Public Schools

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

Year						
	2017	2018	2019	2020	2021	2022
\$	64,446,086	\$ 64,909,724	\$ 70,354,686	\$ 74,483,463	\$ 74,583,369	\$ 63,283,949
	36,611,517	37,722,135	40,427,153	42,062,600	44,410,770	40,903,737
	1,520,515	1,352,800	1,629,026	1,327,637	1,054,159	1,209,335
	2,542,861	2,580,872	2,549,198	2,662,245	2,873,152	3,600,705
	970,161	1,015,337	1,159,741	1,232,082	907,030	2,199,612
				2,260,699	1,128,646	938,659
	6,936,259	6,117,609	5,325,769	5,851,861	5,398,595	6,178,362
	10,006,310	9,998,473	10,678,607	11,063,006	11,379,099	11,607,060
	123,033,709	123,696,950	132,124,180	140,943,593	141,734,820	129,921,419
	226,759	192,101	222,274	115,137	14,313	147,912
	533,388	698,847	773,963	496,311	548,273	698,199
	467,448	474,533	491,146	386,553	45,780	412,786
	2,152,971	2,097,923	1,978,443	1,493,552	380,297	597,678
	1,315,603	1,302,002	1,427,693	1,007,100	585,583	1,055,552
	126,249					
	20,204,594	16,676,306	16,074,711	20,183,849	25,333,479	31,102,663
	25,027,012	21,441,712	20,968,230	23,682,502	26,907,725	34,014,790
\$	(98,006,697)	\$ (102,255,238)	\$ (111,155,950)	\$ (117,261,091)	\$ (114,827,095)	\$ (95,906,629)

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>	Fiscal			
	2013	2014	2015	2016
Net Expense	\$ (100,711,544)	\$ (101,655,099)	\$ (100,259,274)	\$ (101,837,339)
General Revenues				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	14,470,964	13,948,317	14,326,407	14,772,583
Property taxes levied for debt service	22,976,125	23,262,034	23,670,284	24,304,723
Property taxes levied for recreation	2,906,579	2,935,931	3,025,379	3,146,080
Local revenue in lieu of taxes	72,488	94,115	122,141	270,335
Unrestricted state aid	64,645,104	65,474,545	65,549,917	64,641,082
Investment earnings	35,804	12,415	85,321	107,140
Gain on sale of assets	36,315			
Intermediate sources				
Miscellaneous	504,111	677,728	961,329	1,037,569
Total General Revenues	105,647,490	106,405,085	107,740,778	108,279,512
Change in Net Position	\$ 4,935,946	\$ 4,749,986	\$ 7,481,504	\$ 6,442,173

Forest Hills Public Schools

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

Year	2017	2018	2019	2020	2021	2022
\$	(98,006,697)	\$ (102,255,238)	\$ (111,155,950)	\$ (117,261,091)	\$ (114,827,095)	\$ (95,906,629)
	14,660,861	15,433,724	16,207,936	17,456,180	18,038,908	18,338,415
	23,963,417	24,804,807	23,413,091	23,744,916	24,830,124	23,419,152
	3,147,568	3,259,954	3,369,128	3,551,034	3,701,731	3,779,438
	116,852	121,544	111,359	111,582	110,602	102,063
	64,681,612	64,057,748	64,048,028	61,669,844	62,722,016	61,165,891
	213,705	374,404	824,567	1,056,658	160,144	179,442
		8,495,931	8,942,727	9,289,045	9,521,627	9,704,487
	1,063,855	1,072,077	1,121,032	866,517	904,280	1,534,724
	107,847,870	117,620,189	118,037,868	117,745,776	119,989,432	118,223,612
\$	9,841,173	\$ 15,364,951	\$ 6,881,918	\$ 484,685	\$ 5,162,337	\$ 22,316,983

Forest Hills Public Schools

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

<i>June 30,</i>	Fiscal			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 370,300	\$ 282,840	\$ 263,531	\$ 221,789
Assigned	2,162,514	586,703	245,647	
Unassigned	11,413,731	12,016,113	11,106,880	12,348,461
Total General Fund	\$ 13,946,545	\$ 12,885,656	\$ 11,616,058	\$ 12,570,250
All Other Governmental Funds				
Nonspendable	\$ 48,048	\$ 52,661	\$ 34,545	\$ 33,179
Restricted for capital projects	2,500,733	24,648,789 ^a	13,934,574	25,045,775
Restricted for debt service	1,874,649	2,212,530	2,100,282	2,128,397
Restricted for food service	456,218	414,517	280,333	277,152
Committed for child care program				
Committed for student/school activities				
Assigned	348,921	396,075	559,321	740,998
Total All Other Governmental Funds	\$ 5,228,569	\$ 27,724,572	\$ 16,909,055	\$ 28,225,501

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											
2017		2018		2019		2020		2021		2022	
\$	248,562	\$	241,287	\$	269,407	\$	105,314	\$	142,069	\$	177,847
			918,349		550,190		5,465,249		5,138,838		3,749,356
	12,120,027		14,922,052		17,559,749		14,143,557		16,445,121		14,724,520
\$	12,368,589	\$	16,081,688	\$	18,379,346	\$	19,714,120	\$	21,726,028	\$	18,651,723
\$	255,618	\$	225,000	\$	225,000	\$	225,000	\$	225,000	\$	225,000
	18,648,481		10,509,566		41,370,207 ^a		31,352,534		68,563,820 ^a		51,655,122
	1,288,196		1,178,837		2,428,199		2,045,738		2,356,291		1,883,875
	313,505		426,293		603,127		706,564		1,051,124		2,072,180
			1,000,525		1,182,401		933,395		537,535		1,200,107
							2,071,525 ^b		2,232,706		2,332,837
	921,933		81,760								
\$	21,427,733	\$	13,421,981	\$	45,808,934	\$	37,334,756	\$	74,966,476	\$	59,369,121

Forest Hills Public Schools

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

<i>Year ended June 30,</i>	2013	2014	2015	Fiscal 2016
Revenues				
Federal Sources				
Federal grants	\$ 2,272,296	\$ 2,389,567	\$ 2,109,846	\$ 1,984,216
Food service fund	607,329	646,145	630,376	642,134
Child care fund				
Total federal sources	2,879,625	3,035,712	2,740,222	2,626,350
State Sources				
Restricted	5,949,987	7,313,852	9,341,042	11,115,341
Unrestricted	64,645,104	65,474,545	65,549,917	64,641,082
Total state sources	70,595,091	72,788,397	74,890,959	75,756,423
Other Governmental Units				
Kent ISD Act 18 special education millage	4,130,402	4,107,027	4,209,139	4,289,356
Miscellaneous	2,485,223	2,510,101	1,845,556	1,854,899
Total other governmental units	6,615,625	6,617,128	6,054,695	6,144,255
Local Sources				
Property taxes	40,353,669	40,146,282	41,022,070	42,223,386
Food service fund	1,930,937	1,981,440	1,983,034	2,025,611
Student/school activities fund ^a				
Child care fund	1,192,806	1,350,653	1,515,258	1,301,559
Interest and other income	33,390	12,415	85,321	107,140
Miscellaneous	2,900,298	2,930,405	3,344,612	3,282,827
Total local sources	46,411,100	46,421,195	47,950,295	48,940,523
Total Revenues	\$ 126,501,441	\$ 128,862,432	\$ 131,636,171	\$ 133,467,551

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											
2017		2018		2019		2020		2021		2022	
\$	1,666,726	\$	2,073,578	\$	2,010,533	\$	2,372,909	\$	6,153,024	\$	4,944,553
	661,469		686,734		701,751		1,296,775		2,940,020		4,521,565
	2,328,195		2,760,312		2,712,284		3,669,684		9,093,044		10,313,401
	11,554,483		13,191,626		13,218,996		13,951,199		15,720,472		20,236,381
	64,681,612		64,057,748		64,048,028		61,669,844		62,722,016		60,950,988
	76,236,095		77,249,374		77,267,024		75,621,043		78,442,488		81,187,369
	4,478,149		4,632,875		4,782,967		4,885,157		4,873,531		5,158,871
	1,912,304		3,863,056		4,159,760		4,403,888		4,648,096		4,545,616
	6,390,453		8,495,931		8,942,727		9,289,045		9,521,627		9,704,487
	41,771,846		43,498,485		42,990,155		44,752,130		46,570,763		45,537,005
	2,157,340		2,105,935		1,992,258		1,507,952		382,495		600,677
							2,235,190		1,289,827		2,299,743
	1,319,144		1,312,498		1,446,127		1,023,804		587,712		1,056,170
	213,705		374,410		824,567		1,056,658		160,144		179,442
	2,924,277		3,165,758		3,136,251		2,048,420		1,919,200		3,042,536
	48,386,312		50,457,086		50,389,358		52,624,154		50,910,141		52,715,573
\$	133,341,055	\$	138,962,703	\$	139,311,393	\$	141,203,926	\$	147,967,300	\$	153,920,830

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>	Fiscal			
	2013	2014	2015	2016
Expenditures				
Instruction	\$ 62,339,094	\$ 63,181,431	\$ 65,007,003	\$ 64,173,122
Pupil support services	6,555,555	6,894,790	7,176,444	7,443,937
Instructional support services	4,131,404	4,540,193	4,019,956	4,202,874
General administration	624,016	666,358	586,462	603,474
School administration	5,617,994	5,551,841	6,063,629	5,967,970
Business services	1,427,233	1,518,990	1,605,180	1,517,307
Operation and maintenance of plant	8,533,758	9,212,913	9,015,762	8,592,344
Pupil transportation services	5,317,985	5,176,389	5,162,620	5,113,062
Central support services	2,499,680	2,563,109	2,607,510	2,743,929
Other support services	2,113,728	2,080,420	2,450,889	2,215,106
Community services	1,413,878	1,425,767	1,529,757	1,514,292
Food service fund	2,488,009	2,592,814	2,598,303	2,574,089
Student/school activities fund ^a				
Child care fund	1,106,372	1,159,736	1,257,199	1,019,197
Capital outlay	2,349,485	3,487,788	10,632,548	7,689,855
Non-capitalized outlay ^b			136,533	513,624
Debt service				
Principal	14,060,000	14,935,000	15,505,000	16,780,000
Interest and other	8,568,972	8,387,949	8,876,340	8,143,839
Bond issuance costs				
Total Expenditures	\$ 129,147,163	\$ 133,375,488	\$ 144,231,135	\$ 140,808,021
Debt Service as a Percentage of				
Noncapital Expenditures	17.8%	18.0%	18.2%	18.7%

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.

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

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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			
	2013	2014	2015	2016
Deficiency of Revenues Over Expenditures	\$ (2,645,722)	\$ (4,513,056)	\$ (12,594,964)	\$ (7,340,470)
Other Financing Sources (Uses)				
Issuance of bonds	19,560,000	25,000,000	59,625,000	48,130,000
Premium on bonds issued	2,903,741	948,170	6,917,408	8,688,632
Payment to escrow agent	(22,778,542)		(66,061,917)	(37,279,524)
Proceeds from sale of capital assets	36,315		29,358	72,000
Transfers in	338,000	289,000	329,000	295,300
Transfers out	(338,000)	(289,000)	(329,000)	(295,300)
Total Other Financing Sources (Uses)	(278,486)	25,948,170	509,849	19,611,108
Net Change in Fund Balances	\$ (2,924,208)	\$ 21,435,114	\$ (12,085,115)	\$ 12,270,638

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											
2017		2018		2019		2020		2021		2022	
\$	(7,027,374)	\$	(4,317,327)	\$	(3,501,049)	\$	(9,487,184)	\$	(23,565,378)	\$	(18,837,154)
				31,950,000	9,670,000		55,350,000				
				6,159,428	1,302,057		7,808,682				
					(10,845,090)						
27,945		24,674		76,232		123,779		50,324		165,494	
284,100		285,000		300,011		300,011		265,011		300,013	
(284,100)		(285,000)		(300,011)		(300,011)		(265,011)		(300,013)	
27,945		24,674		38,185,660		250,746		63,209,006		165,494	
\$	(6,999,429)	\$	(4,292,653)	\$	34,684,611	\$	(9,236,438)	\$	39,643,628	\$	(18,671,660)

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
2012	2012 - 2013	\$ 6,031,010,400	\$ 3,015,505,200
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

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			
Non-Personal Residence Exempt Property	Personal Residence Exempt Property	Total		Operating	Debt	Other	Total
\$ 964,251,297	\$ 1,945,047,205	\$ 2,909,298,502		18.0000	7.9000	1.0000	26.9000
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

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	
2012	2012 - 2013	18.0000	7.9000	1.0000	26.9000
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

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
3.0580	2.1540	3.7626	1.5995	8.1716	9.7064
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

Forest Hills Public Schools

Principal Property Taxpayers, Current Year and Nine Years Ago

Year ended December 31,			2021		
Taxpayer	Ad Valorem Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value
Amway Corporation	\$ 72,128,602	1	2.12%	\$	72,128,602
Consumers Energy	21,169,900	2	0.62%		21,169,900
Access Logistics Limited partner	16,195,742	3	0.48%		16,195,742
Country Club Manor	14,394,989	4	0.42%		14,394,989
Continental 362 Fund LLC	13,267,098	5	0.39%		13,267,098
HCG SF LLC	12,405,606	6	0.36%		12,405,606
IBM Credit LLC	11,810,900	7	0.35%		11,810,900
Knapps Corner Flats LLC	9,976,825	8	0.29%		9,976,825
Grand Rapids Realty LLC	9,066,305	9	0.27%		9,066,305
ARC GEGRDMI 001	8,852,875	10	0.26%		8,852,875
Meijer Inc./Thrifty Kraft Inc.					
Access Business Group LLC					
Alticor					
Porter Hills Presbyterian Village					
Paragon Die & Engineering					
Celebration Cinemas					
GE Aviation Systems LLC					
Total principal taxpayers	189,268,842		5.56%		189,268,842
Balance of valuations	3,210,681,096		94.44%		
Total Ad Valorem Valuation	\$ 3,399,949,938		100.00%		

Source: School District Local Tax Units.

Forest Hills Public Schools

Principal Property Taxpayers, Current Year and Nine Years Ago

2012					
	Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value
\$	68,845,666	1	2.36%		\$ 68,845,666
	19,087,674	4	0.65%		19,087,674
	20,885,900	3	0.72%		20,885,900
	17,588,208	5	0.60%		17,588,208
	38,155,800	2	1.31%	\$ 7,229,400	45,385,200
	14,743,700	6	0.50%		14,743,700
	13,434,143	7	0.46%		13,434,143
	8,904,400	8	0.30%	2,377,200	11,281,600
	9,335,500	9	0.32%		9,335,500
	8,078,100	10	0.28%		8,078,100
	219,059,091		7.50%	9,606,600	228,665,691
	2,701,451,876		92.50%		
\$	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
2012	2012 - 2013	\$ 40,614,308	\$ 40,553,716	99.85%	\$ (205,694)	\$ 40,348,022	99.34%
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%

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>
2012	2012 - 2013	\$ 173,420,000	\$ 2,909,298,502	5.96%	49,439	\$ 3,508	\$ 58,846
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

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, 2022

<i>Governmental Unit</i>	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Ada Township	\$ 16,440,000	89.05%	\$ 14,639,820
Cannon Township	5,195,000	0.88%	45,716
Cascade Township	2,122,000	84.48%	1,792,666
Grand Rapids Township		88.82%	
City of Grand Rapids	114,170,000	1.72%	1,963,724
City of Kentwood	6,213,672	10.46%	649,950
Kent County	116,825,000	14.72%	17,196,640
Grand Rapids Community College	27,170,000	14.23%	3,866,291
Subtotal, overlapping debt			<u>40,154,807</u>
District Direct Debt			<u>148,762,856</u>
Total Direct and Overlapping Debt			<u>\$ 188,917,663</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 2021-2022:

State Equalized Valuation (SEV), July 1, 2021	\$ 4,691,618,300
Statutory Debt Limit (15% of SEV)	703,742,745
Debt applicable to limit	188,917,663

Legal Debt Margin	\$ 514,825,082
--------------------------	-----------------------

<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
2012	2012 - 2013	\$ 3,015,505,200	\$ 452,325,780	\$ 173,420,000	\$ 278,905,780	38.34%
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%

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
2012	49,439	6.8%	6.5%	9.1%	1.7%	\$ 37,474,145	37,264
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%	N/A	N/A

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 2012

<i>Year ended December 31,</i>	2021			2012		
<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%			
Perrigo Company	3,500	8	0.4%	3,800	7	0.5%
Steelcase Inc.	3,500	9	0.4%	3,227	10	0.5%
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%	62,498		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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administrators	35	35	35	37	37	38	39	43	43	46
Teachers	605	583	570	551	538	529	528	536	559	552
Clerical/secretarial	79	82	78	78	78	76	68	71	61	80
Instructional aides	167	128	140	140	96	82	81	72	100	95
Maintenance/custodial/food service	132	128	120	113	106	106	106	114	130	98
Transportation	56	57	53	53	44	41	39	40	42	34
Daycare	18	18	19	16	19	12	11	12	11	13
Non-classified/other	77	72	83	83	78	82	82	82	105	57
Total	1,169	1,103	1,098	1,071	996	966	954	970	1,051	975

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
2012 - 2013	10,088	-0.77%	\$ 100,574,325	1.22%	\$ 9,970	2.01%	11.20%
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%

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, 2022

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Award Amount	Accrued (Unearned) Revenue 7/1/2021	Prior Year Expenditures (Memorandum Only)	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue 6/30/2022
<u>U.S. Department of Agriculture</u>								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash assistance (donated foods)								
National School Lunch Program - Entitlement	10.555		\$ 247,172			\$ 247,172	\$ 247,172	
Cash assistance								
COVID-19 National School Lunch Program	10.555	220910	166,321			166,321	166,321	
COVID-19 National School Lunch Program	10.555	211961	512,505			512,505	512,505	
COVID-19 National School Lunch Program	10.555	221961	3,230,426			3,230,426	3,230,426	
			3,909,252			3,909,252	3,909,252	
Total ALN 10.555			4,156,424			4,156,424	4,156,424	
COVID-19 Summer Food Service Program for Children	10.559	210904	257,031	\$ 138,254	\$ 138,254	257,031	118,777	
COVID-19 School Breakfast Program	10.553	211971	26,144			26,144	26,144	
COVID-19 School Breakfast Program	10.553	221971	217,157			217,157	217,157	
Total ALN 10.553			243,301			243,301	243,301	
Total cash assistance			4,409,584	138,254	138,254	4,409,584	4,271,330	
Total Child Nutrition Cluster			4,656,756	138,254	138,254	4,656,756	4,518,502	
COVID-19 Pandemic EBT Local Level Costs	10.649	210980	3,063			3,063	3,063	
Total U.S. Department of Agriculture			4,659,819	138,254	138,254	4,659,819	4,521,565	
<u>U.S. Department of Education</u>								
Passed through Kent Intermediate School District								
Special Education Cluster								
Special Education Grants to States	84.027	210450-2021	1,678,043	370,873	1,678,043	370,873		
Special Education Grants to States	84.027	220450-2122	1,718,263			1,285,403	1,718,263	432,860
COVID-19 Special Education Grants to States	84.027X	221280-2122	202,599			159,853	202,599	42,746
Total ALN 84.027			3,598,905	370,873	1,678,043	1,816,129	1,920,862	475,606
Special Education Preschool Grants	84.173	210460-2021	27,923	10,808	57,923	10,808		
Special Education Preschool Grants	84.173	220460-2122	64,350			47,426	64,350	16,924
COVID-19 Special Education Preschool Grants	84.173X	221285-2122	15,977			11,960	15,977	4,017
Total ALN 84.173			108,250	10,808	57,923	70,194	80,327	20,941
Total Special Education Cluster			3,707,155	381,681	1,735,966	1,886,323	2,001,189	496,547

The accompanying notes are an integral part of this schedule.

Forest Hills Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Award Amount	Accrued (Unearned) Revenue 7/1/2021	Prior Year Expenditures (Memorandum Only)	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue 6/30/2022
<u>U.S. Department of Education (continued)</u>								
Passed through Michigan Department of Education (continued)								
Title I Grants to Local Educational Agencies	84.010	211530-2021	\$ 289,413	\$ 15,031	\$ 198,449	\$ 15,031		
Title I Grants to Local Educational Agencies	84.010	221530-2122	346,557			200,000	\$ 320,766	\$ 120,766
Total ALN 84.010			635,970	15,031	198,449	215,031	320,766	120,766
Supporting Effective Instruction State Grants	84.367	210520-2021	178,611	(14,452)	161,488	(14,452)		
Supporting Effective Instruction State Grants	84.367	220520-2122	167,583			105,000	130,378	25,378
Total ALN 84.367			346,194	(14,452)	161,488	90,548	130,378	25,378
English Language Acquisition State Grants	84.365	210570-2021	25,154	1,644	25,154	1,644		
English Language Acquisition State Grants	84.365	210580-2021	90,899	15,049	39,445	19,492	4,443	
English Language Acquisition State Grants	84.365	220570-2122	10,062			9,000	9,837	837
English Language Acquisition State Grants	84.365	220580-2122	90,274			35,000	41,358	6,358
Total ALN 84.365			216,389	16,693	64,599	65,136	55,638	7,195
Student Support and Academic Enrichment Program	84.424	210750-2021	22,919	4,334	22,914	4,334		
Student Support and Academic Enrichment Program	84.424	220750-2122	18,832			11,000	18,804	7,804
Total ALN 84.424			41,751	4,334	22,914	15,334	18,804	7,804
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	893,495			738,000	877,911	139,911
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	2,008,091				36,101	36,101
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Equalization Funds)	84.425U	213723-2122	8,511,881				787,409	787,409
Total ALN 84.425			11,413,467			738,000	1,701,421	963,421
Total U.S. Department of Education			16,360,926	403,287	2,183,416	3,010,372	4,228,196	1,621,111
<u>U.S. Department of Health and Human Services</u>								
Passed through Kent Intermediate School District								
Medicaid Cluster								
Medical Assistance Program	93.778		39,357			39,357	39,357	
<u>U.S. Federal Communications Commission</u>								
Direct Program								
COVID-19 Emergency Connectivity Fund	32.009		677,000				677,000	677,000
TOTAL FEDERAL AWARDS			\$ 21,737,102	\$ 541,541	\$ 2,321,670	\$ 7,709,548	\$ 9,466,118	\$ 2,298,111

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, 2022

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, 2022. 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, 2022:

General fund	\$ 4,944,553
Other nonmajor governmental fund	<u>5,368,848</u>
Total federal revenue in the fund financial statements	10,313,401
Less: Federal assistance funding not subject to single audit	<u>(847,283)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 9,466,118</u></u>

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

☎ 517.323.7500

📠 517.323.6346

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

To the Board of Education
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, 2022, 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 4, 2022.

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 4, 2022



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR 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, 2022. 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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 4, 2022

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Forest Hills Public Schools

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

- | | | |
|---|-----------|------------------------------------|
| ➤ Material weakness(es) identified? | _____ Yes | _____ <u>X</u> _____ No |
| ➤ Significant deficiency(ies) identified? | _____ Yes | _____ <u>X</u> _____ None reported |

Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> _____ No
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Federal Awards

Internal control over major programs:

- | | | |
|---|-----------|------------------------------------|
| ➤ Material weakness(es) identified? | _____ Yes | _____ <u>X</u> _____ No |
| ➤ Significant deficiency(ies) identified? | _____ Yes | _____ <u>X</u> _____ 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	_____ <u>X</u> _____ No
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Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555 & 10.559 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?	_____ <u>X</u> _____ Yes	_____ _____ No
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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, 2022

There were no audit findings required to be reported on this schedule for the year ended June 30, 2021.



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

☎ 517.323.7500

📠 517.323.6346

October 4, 2022

To the Board of Education
Forest Hills Public Schools

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated October 4, 2022 on the financial statements of Forest Hills Public Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

Food Service Fund Balance (Prior Year Comment)

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. During our prior year audit procedures, we noted that the fund balance of Forest Hills Public Schools' food service fund exceeded the maximum set by the USDA, which is three months' average operating expenditures. MDE requires that the SFA spend down the excess by the end of the next school year. We recommended that Forest Hills Public Schools make an effort to spend down the excess.

Status: The District continues to have a fund balance in excess of three months' average operating expenditures. The District has purchases planned to aid in lowering this balance in the subsequent year; however, as of June 30, 2022, the fund balance is still in excess of allowable limits.

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

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

Very truly yours,

Maner Costerisan PC



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

☎ 517.323.7500

📠 517.323.6346

October 4, 2022

To the Board of Education
Forest Hills Public Schools

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

Significant Audit Matters

Qualitative Aspects of Accounting Practices

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

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

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 4, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

We were not engaged to report on the statistical information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Very truly yours,

Manes Costeian PC