Mount Clemens Community School District

Financial Statements

June 30, 2022

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Mount Clemens Community School District
Members of the Board of Education and Administration
June 30, 2022

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Independent Auditors' Report

Management and the Board of Education
Mount Clemens Community School District
Mount Clemens, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit, 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 Mount Clemens Community School District, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mount Clemens Community School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the School District adopted new accounting guidance, GASBS No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors’ 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 auditors’ 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 Mount Clemens Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mount Clemens Community School District 's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, and schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mount Clemens Community School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. 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 other supplementary information, as identified in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022 on our consideration of Mount Clemens Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mount Clemens Community School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mount Clemens Community School District's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

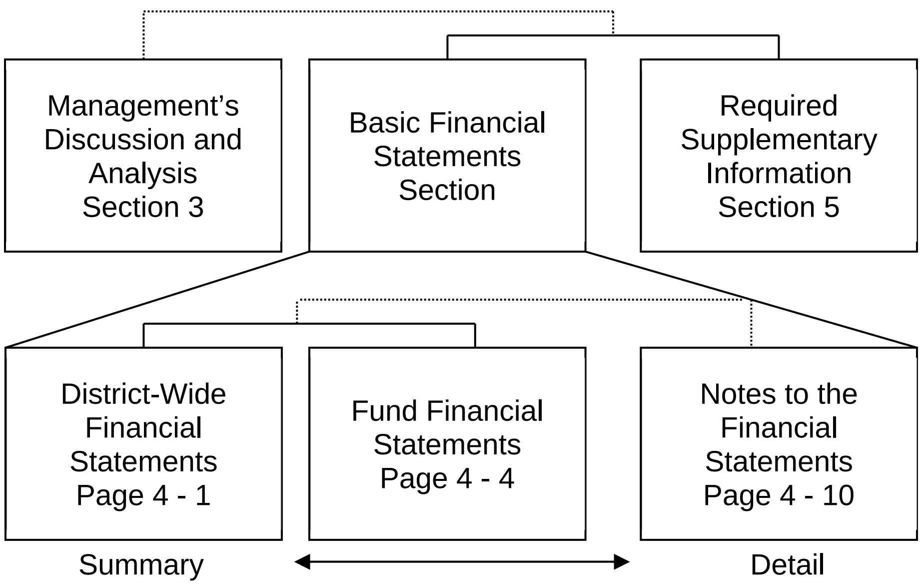
Auburn Hills, MI
October 13, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mount Clemens Community School District is a K-12 public school district located in Macomb County, Michigan.

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB). The overall organization of this report is shown in Figure A-1.

Figure A-1
Mount Clemens Community School District
Organization of Annual Financial Report



District - Wide Financial Statements
The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to the private business sector.

The *statement of net position* presents information on all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual balance reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the district-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, community services, and food service. The School District had no business-type activities as of and for the year ended June 30, 2022.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: *governmental funds* and *fiduciary funds*.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmentwide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Readers may better understand the long-term impact of the government's near-term financing decisions by doing it this way. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains two major governmental funds - the general fund and the debt service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of fund revenues, expenditures, and changes in fund balances for each fund.

The School District adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided herein to demonstrate compliance with their budgets.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the MPSERS pension and other postemployment benefit plans immediately following the notes to the financial statements.

District - Wide Financial Statements
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $27,991,296 at the close of the most recent fiscal year.

A portion of the School District's net position reflects its investment in capital assets (e.g., land, land improvements, buildings and improvements, equipment and furniture, and buses and other vehicles); less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	
	2022	2021
Assets		
Current and other assets	$ 8,190,449	$ 5,049,603
Capital assets, net	34,600,917	36,489,185
Total assets	42,791,366	41,538,788
Deferred Outflows of Resources	5,555,234	7,361,628
Liabilities		
Current liablities	3,025,250	2,806,352
Long-term liablities	63,937,234	77,317,178
Total liablities	66,962,484	80,123,530
Deferred Inflows of Resources	9,375,412	3,469,651
Net position		
Net investment in capital assets	2,961,767	3,375,232
Restricted	163,175	131,651
Unrestricted	(31,116,238)	(38,199,648)
Total net position	$(27,991,296)	$(34,692,765)

The School District had negative net position of $27,991,296 at June 30, 2022. The School District had net investment in capital assets of $2,961,767, which compares the original cost, less accumulated depreciation of the School District's capital assets, plus any unspent bond proceeds to the long-term debt used to finance the acquisition of those assets and reduced for long-term indebtedness used to finance the related capital assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. In addition, net position of $163,175 is restricted.

The remaining balance is unrestricted net position, which has a negative balance mainly due to the recording of the School District's portion of the Michigan Public School Employees Retirement System (MPSERS) net pension and other postemployment benefit liabilities in accordance with GASB 68 and 75.

The negative net position of $27,991,296 of governmental activities represents the accumulated results of all past years' operations. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year, as will changes to the net pension and other postemployment benefit liabilities.

The results of this year's operations for the School District as a whole are reported in the statement of activities. Below is a summary of the School District's changes in net position for the years ended June 30, 2022 and 2021.

School District's Changes in Net Position

	Governmental Activities 2022	2021
Revenues		
Program revenues		
Charges for services	$ 125,603	$ 24,010
Operating grants and contributions	11,673,911	8,844,635
General revenues		
Property taxes	10,299,136	10,088,072
Unrestricted state aid	2,729,297	3,695,741
Other	387,375	501,286
Total revenues	25,215,322	23,153,744
Expenses		
Instruction	6,818,773	8,704,466
Supporting services	6,970,421	7,638,404
Food services	800,836	731,332
Community services	243,400	221,261
Unallocated depreciation	2,035,607	2,043,987
Interest on long-term debt	1,644,816	1,832,487
Total expenses	18,513,853	21,171,937
Change in net position	6,701,469	1,981,807
Net position - beginning, as restated	(34,692,765)	(36,674,572)
Net position - ending	$(27,991,296)	$(34,692,765)

The School District experienced an increase in net position of $6,701,469. The primary reason for the change in net position is a reduction in long-term debt interest costs as well as a decrease in spending related to remote learning since returning to full time in-person instruction this year.

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

The School District's Funds

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

As the School District completed 2022, the governmental funds reported a combined fund balance of $5,384,199, which is an increase of $3,156,791 in comparison with the prior year. The primary reasons for the change are as follows:

In the general fund, our principal operating fund, the fund balance increased $3,187,268 to a balance of $4,419,300. This change is compared to the increase of $972,168 in the prior year. The increase in fund balance was primarily related to an increase in state and federal revenues with an effort by the district to maintain and reduce expenditures.

The debt service fund shows a fund balance increase of $9,449 (from $372,726 to $382,175). The millage rate is 11.8 mills (funding a combined debt service fund for both the 2017 and 2019 refunding bonds). The millage rate is determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue related debt service. Debt service funds fund balances are restricted since they can only be used to pay debt service obligations.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A final adjustment to the 2021-2022 budget was adopted on June 15, 2022. The significant changes between the original adopted budget and the final amended budget were decreased revenue of approximately $2,761,317 based on a projected reduction in the state foundation allowance that did not occur as well as increased grant funds from Federal, State and County resources. In addition, there was a decrease in expenditures of approximately $5,428,529 related to the decrease in need to support remote learning and a successful return to in-person learning environment during the 2021-2022 school year.

The general fund actual revenue and other financing sources was $18,382,910. That amount is less than the final budget estimate of $19,956,346. The variance was $1,573,436, or 7.9%.

The actual expenditures of the general fund were $15,214,463, which is below the final budget estimate of $16,597,354. The variance was $1,467,541, or 8.8%. The variance was due to decreased expenditures in conjunction with decreased revenues.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the School District had $34,600,917 invested in a broad range of capital assets, including land, buildings and improvements, site improvements, equipment and furniture and buses and other vehicles. Additional information on the School District's capital assets can be found in the notes to the financial statements.

	2022	Restated 2021
Land	$ 680,575	$ 680,575
Construction-in-progress	147,339	-
Buildings and additions	32,126,424	33,843,978
Site improvements	1,310,618	1,574,262
Equipment and furniture	240,074	267,787
Buses and other vehicles	17,232	23,349
Right to use asset - equipment	78,655	99,234
	$ 34,600,917	$ 36,489,185

Debt

At the end of this 2022 fiscal year, the School District had $33,200,000 in bonds outstanding versus $35,910,000 in the previous year. The School District also had a school bond loan fund, capital lease, and compensated absences. A summary of the School District's debt is as follows:

	2022	2021
General obligation bonds	$ 33,200,000	$ 35,910,000
Premium on bonds	1,245,478	1,543,663
School Loan Revolving Fund (SLRF)	13,704,491	15,045,634
Accrued interest - SLRF	23,717	316,926
School Bond Loan Fund (SBLF)	-	2,087
Accrued interest - SBLF	-	308
Capital lease	78,414	103,608.00
Compensated absences	55,860	61,980
	$ 48,307,960	$ 52,984,206

Additional information regarding the School District's long-term debt can be found in the notes to the financial statements.

Factors Bearing on the School District's Future

The following factors were considered in preparing the School District's budget for the 2022-2023 fiscal year:

- The foundation allowance was projected to increase by $400
- Anticipated student enrollment of 750 students.
- An increase of 3% in health insurance costs.
- Increase in instructional and support expenditures related to additional grant funding.

The budget for the year ended June 30, 2023 was adopted in June 2022.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Business Services, 155 Cass Avenue, Mount Clemens, Michigan 48043.

BASIC FINANCIAL STATEMENTS

Mount Clemens Community School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash	$ 3,717,309
Accounts receivable	6,362
Due from other governmental units	3,950,620
Inventory	4,097
Investments	221,534
Prepaid items	290,527
Right to use assets - net of amortization	78,655
Capital assets not being depreciated	827,914
Capital assets - net of accumulated depreciation	33,694,348
Total assets	42,791,366
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	3,414,105
Deferred amount relating to the net OPEB liability	1,269,876
Deferred amount on debt refunding	871,253
Total deferred outflows of resources	5,555,234

Mount Clemens Community School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Liabilities	
Accounts payable	764,731
State aid anticipation note payable	143,001
Due to other governmental units	180,900
Payroll deductions and withholdings	359,723
Accrued expenditures	219,000
Accrued salaries payable	587,657
Unearned revenue	770,238
Long-term liabilities	
Net pension liability	14,686,715
Net OPEB liability	942,559
Due within one year	2,756,909
Due in more than one year	45,551,051
Total liabilities	66,962,484
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	5,822,868
Deferred amount relating to the net OPEB liability	3,552,544
Total deferred inflows of resources	9,375,412
Net Position	
Net investment in capital assets	2,961,767
Restricted for:	
Debt service	163,175
Unrestricted	(31,116,238)
Total net position	$ (27,991,296)

Mount Clemens Community School District
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	$ 6,818,773	$ -	$ 4,405,967	$ (2,412,806)
Supporting services	6,970,421	45,131	6,504,870	(420,420)
Food services	800,836	80,472	763,074	42,710
Community services	243,400	-	-	(243,400)
Unallocated depreciation	2,035,607	-	-	(2,035,607)
Interest on long-term debt	1,644,816	-	-	(1,644,816)
Total governmental activities	$ 18,513,853	$ 125,603	$ 11,673,911	(6,714,339)
General revenues				
Property taxes, levied for general purposes				4,349,626
Property taxes, levied for debt service				5,949,510
State aid - unrestricted				2,729,297
Interest and unrealized investment losses				(25,212)
Other				412,587
Total general revenues				13,415,808
Change in net position				6,701,469
Net position - beginning				(34,692,765)
Net position - ending				$ (27,991,296)

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Governmental Funds
Balance Sheet
June 30, 2022

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 3,063,763	$ 92,740	$ 560,806	$ 3,717,309
Accounts receivable	-	-	6,362	6,362
Due from other funds	-	289,435	38,439	327,874
Due from other governmental units	3,942,515	-	8,105	3,950,620
Inventory	-	-	4,097	4,097
Investments	-	-	221,534	221,534
Prepaid items	290,527	-	-	290,527
Total assets	$ 7,296,805	$ 382,175	$ 839,343	$ 8,518,323
Liabilities				
Accounts payable	$ 627,431	$ -	$ 137,300	$ 764,731
State aid anticipation note payable	143,001	-	-	143,001
Due to other funds	317,324	-	10,550	327,874
Due to other governmental units	176,039	-	4,861	180,900
Accrued expenditures	359,723	-	-	359,723
Accrued salaries payable	587,657	-	-	587,657
Unearned revenue	666,330	-	103,908	770,238
Total liabilities	2,877,505	-	256,619	3,134,124

Mount Clemens Community School District
Governmental Funds
Balance Sheet
June 30, 2022

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Non-spendable				
Inventory	-	-	4,097	4,097
Prepaid items	290,527	-	-	290,527
Restricted for				
Food service	-	-	82,651	82,651
Debt service	-	382,175	-	382,175
Committed for				
Student and school activities	-	-	495,976	495,976
Unassigned	4,128,773	-	-	4,128,773
Total fund balances	4,419,300	382,175	582,724	5,384,199
Total liabilities and fund balances	$ 7,296,805	$ 382,175	$ 839,343	$ 8,518,323

Mount Clemens Community School District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2022

Total fund balances for governmental funds	$ 5,384,199
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Right to use assets - net of amortization	78,655
Capital assets not being depreciated	827,914
Capital assets - net of accumulated depreciation	33,694,348
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	871,253
Deferred outflows of resources resulting from the net pension liability	3,414,105
Deferred outflows of resources resulting from the net OPEB liability	1,269,876
Deferred inflows of resources resulting from the net pension liability	(5,822,868)
Deferred inflows of resources resulting from the net OPEB liability	(3,552,544)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(219,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(14,686,715)
Net OPEB liability	(942,559)
Compensated absences	(55,860)
Bonds payable	(34,445,478)
School bond loan and school loan revolving payable	(13,728,208)
Other loans payable and liabilities	(78,414)
Net position of governmental activities	$ (27,991,296)

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 4,769,158	$ 5,949,514	$ 95,612	$ 10,814,284
State sources	5,970,051	270,337	24,009	6,264,397
Federal sources	6,099,839	-	749,858	6,849,697
Interdistrict sources	1,543,862	-	-	1,543,862
Total revenues	18,382,910	6,219,851	869,479	25,472,240
Expenditures				
Current				
Education				
Instruction	7,321,889	-	-	7,321,889
Supporting services	7,454,066	-	30,660	7,484,726
Food services	-	-	859,924	859,924
Community services	261,360	-	-	261,360
Capital outlay	147,339	-	-	147,339
Debt service				
Principal	25,194	4,346,747	-	4,371,941
Interest and other expenditures	4,615	1,863,655	-	1,868,270
Total expenditures	15,214,463	6,210,402	890,584	22,315,449
Excess (deficiency) of revenues over expenditures	3,168,447	9,449	(21,105)	3,156,791

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Transfers in	$ 18,821	$ -	$ -	$ 18,821
Transfers out	-	-	(18,821)	(18,821)
Total other financing sources (uses)	18,821	-	(18,821)	-
Net change in fund balances	3,187,268	9,449	(39,926)	3,156,791
Fund balances - beginning, as restated	1,232,032	372,726	622,650	2,227,408
Fund balances - ending	$ 4,419,300	$ 382,175	$ 582,724	$ 5,384,199

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - Total governmental funds	$ 3,156,791
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	(256,918)
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 and reported as depreciation and amortization expense.	
Depreciation and amortization expense	(2,035,607)
Capital outlay	147,339
Expenses are recorded when incurred in the statement of activities.	
Interest	22,075
Compensated absences	6,120
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	6,328,569
Net change in deferrals of resources related to the net pension liability	(6,164,607)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	2,375,129
Net change in deferrals of resources related to the net OPEB liability	(1,450,742)
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	4,371,941
Amortization of premiums	298,185
Amortization of deferred amount on debt refunding	(96,806)
Change in net position of governmental activities	$ 6,701,469

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2022

	Custodial Funds
Assets	
Cash	$ 2,229
Net Position	
Assets held for cable television	$ 2,229

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

		Custodial Funds
Additions		
Local sources	$	1,516
Deductions		
Cable television activities		10,865
Change in net position		(9,349)
Net position - beginning		11,578
Net position - ending	$	2,229

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Mount Clemens Community School District (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

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

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Debt Service Fund - The Debt Service Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and Student and School Activity Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. Custodial Funds are related to funds held for the Macomb Cable Network (MCN), a shared service of the City of Mount Clemens and the Mount Clemens Community Schools.

Assets, Liabilities and Net Position or Equity

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2020, the rates are as follows per $1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.926
Commercial personal property	6.000
Debt Service Funds	11.800

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. 100% of the School District's tax roll lies within Macomb County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Macomb and remitted to the School District by May 15.

Investments - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of $5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Site improvements	10 - 20 years
Equipment and furniture	5 - 10 years
Buses and other vehicles	5 - 10 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences - The liability for compensated absences reported in the government-wide statements consists of earned by unused accrued vacation. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, with amounts for both employees who are currently eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination. Benefits are accrued based on various contract stipulations and lengths of service for the various bargaining units.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

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

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

> Non-spendable - amounts that are not available in a spendable form.
>
> Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.
>
> Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

<u>Assigned</u> - amounts intended to be used for specific purposes, as determined the Board of Education. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

<u>Unassigned</u> - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates

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

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

Statement No. 87, *Leases* increases the usefulness of the District's 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 an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 99, 2022 *Omnibus* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Upcoming Accounting and Reporting Changes

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 Leases. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2024.

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is archived by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
General administration	$ 336,633	$ 380,922	$ 44,289
School administration	589,351	608,159	18,808
Business	381,117	415,144	34,027
Pupil transportation services	728,500	761,473	32,973
Debt - principal	-	25,194	25,194
Debt - interest	4,000	4,615	615
Food Service Fund	635,925	878,745	242,820

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	$ 3,717,309	$ 2,229	$ 3,719,538
Investments	221,534	-	221,534
	$ 3,938,843	$ 2,229	$ 3,941,072

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 1,917,695
Investments in securities, mutual funds, and similar vehicles	2,022,277
Petty cash and cash on hand	1,100
Total	$ 3,941,072

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	$ 69,802	6 months average	AAAm	Standard & Poor's
MAX Class	1,730,941	6 months average	AAAm	Standard & Poor's
Mutual fund	184,630	N/A	N/A	N/A
Common stock	36,904	N/A	N/A	N/A
	$2,022,277			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2022, the net asset value of the School District's investment in MILAF + Portfolio was $1,800,743. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of $1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

As of June 30, 2022, the net asset value of the School District's investment in a mutual fund was $184,630. The Investment Company of America (A). Capital Research and Management Company

("CRMC"), the fund's investment adviser, values the fund's investments at fair value as defined by U.S. GAAP. The net asset value per share is calculated once daily as of the close of regular trading on the New York Stock Exchange, normally 4 p.m. New York time, each day the New York Stock Exchange is open. The fund's investment adviser uses the following methods and inputs to establish the fair value of the fund's assets and liabilities. Use of particular methods and inputs may vary over time based on availability and relevance as market and economic conditions evolve. Equity securities are generally valued at the official closing price of, or the last reported sale price on, the exchange or market on which such securities are traded, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price. Prices for each security are taken from the principal exchange or market on which the security trades. Fixed-income securities, including short-term securities, are generally valued at prices obtained from one or more pricing vendors.

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

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$2,016,817 of the School District's bank balance of \$2,266,817 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2022:

- Common stock of $36,904 is valued using quoted market prices (Level 1 inputs)

Note 5 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 680,575	$ -	$ -	$ 680,575
Construction-in-progress	-	147,339	-	147,339
Total capital assets not being depreciated	680,575	147,339	-	827,914
Capital assets being depreciated				
Buildings and additions	70,719,955	-	-	70,719,955
Site improvements	5,357,407	-	-	5,357,407
Equipment and furniture	2,312,891	-	-	2,312,891
Buses and other vehicles	111,158	-	-	111,158
Right to use asset - equipment	124,042	-	-	124,042
Total capital assets being depreciated	78,625,453	-	-	78,625,453
Less accumulated depreciation for				
Buildings and additions	36,875,977	1,717,554	-	38,593,531
Site improvements	3,783,145	263,644	-	4,046,789
Equipment and furniture	2,045,104	27,713	-	2,072,817
Buses and other vehicles	87,809	6,117	-	93,926
Right to use asset - equipment	24,808	20,579	-	45,387
Total accumulated depreciation	42,816,843	2,035,607	-	44,852,450
Net capital assets being depreciated	35,808,610	(2,035,607)	-	33,773,003
Net capital assets	$ 36,489,185	$ (1,888,268)	$ -	$ 34,600,917
Total right to use leased assets				
Right to use assets, net of amortization	$ 24,808	$ 20,579	$ -	$ 45,387
Capital assets				
Assets not being depreciated	680,575	147,339	-	827,914
Other capital assets, net of depreciation	35,783,802	(2,056,186)	-	33,727,616
Net capital assets	$ 36,489,185	$ (1,888,268)	$ -	$ 34,600,917

Depreciation expense of $2,035,607 was charged to activities of the School District as "unallocated depreciation".

Note 6 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General Fund	Debt Service Fund	$ 289,435
General Fund	Nonmajor Governmental Funds	38,439
		$ 327,874

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year, between the General Fund and the Food Service Fund totaling $18,821. These transfers were made to cover the costs of the School District's indirect costs to operate programs.

Note 7 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 770,238

Note 8 - Leases

Lease Liability

During 2021 fiscal year, the School District entered into a 5 year lease agreement as a lessee for the use of copiers. An initial lease liability was recorded in the amount of $103,608. As of June 30, 2022, the value of the lease liability was $78,414. The School District is required to make annual principal and interest payments of $25,238. The lease has an implied interest rate of 0.70%. The value of the right-to-use asset as of June 30, 2022 was $124,042 and had an accumulated amortization of $45,387.

The future minimum lease payments are as follows:

	Principal	Interest
Year ending June 30,		
2023	$ 24,764	$ 474
2024	24,938	300
2025	25,113	125
2026	3,599	4
Total	$ 78,414	$ 903

Note 9 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ 606,023	$ 1,000,000	$ 1,463,022	$ 143,001

Note 10 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. For the School Bond Loan Fund or School Loan Revolving Fund, the State may withhold state aid if the School District is in default or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	$ 35,910,000	$ -	$ 2,710,000	$ 33,200,000	$ 2,710,000
Premium on bonds	1,543,663	-	298,185	1,245,478	-
Total bonds payable	37,453,663	-	3,008,185	34,445,478	2,710,000
Notes from direct borrowings and direct placements					
School Loan Revolving Fund (SLRF)	15,045,634	-	1,341,143	13,704,491	-
Accrued interest - SLRF	316,926	363,998	657,207	23,717	-
School Bond Loan Fund (SBLF)	2,087	-	2,087	-	-
Accrued interest - SBLF	308	214	522	-	-
Total notes from direct borrowings and direct placements	15,364,955	364,212	2,000,959	13,728,208	-
Other liabilities					
Leases	103,608	-	25,194	78,414	24,794
Compensated absences	61,980	34,800	40,920	55,860	22,115
Total	$ 52,984,206	$ 399,012	$ 5,075,258	$ 48,307,960	$ 2,756,909

For governmental activities, compensated absences are primarily liquidated by the General Fund.

General obligation bonds payable at year end, consist of the following:

$33,420,000 2017 Refunding Bonds (Series A), due in annual installments of $2,640,000 to $2,715,000 through year 2031 plus interest at 3.5% to 5.0%	$ 24,315,000
$8,885,000 2019 Refunding Bonds, due in annual installments of $1,000,000 to $1,980,000 beginning in 2025 through year 2030 plus interest at 2.450% to 2.814%.	8,885,000
Total general obligation bonded debt	$ 33,200,000

Future principal and interest requirements for bonded debt and direct borrowings and direct placements are as follows:

	Bonds	
	Principal	Interest
Year Ending June 30,		
2023	$ 2,710,000	$1,343,096
2024	2,715,000	1,207,596
2025	3,715,000	1,071,846
2026	3,900,000	911,596
2027	4,090,000	745,628
2028 - 2031	16,070,000	1,320,120
Total	$ 33,200,000	$ 6,599,882

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of $382,175 to pay this debt. Future debt and interest will be payable from future tax levies.

State School Loan Revolving Fund
The State School Loan Revolving Fund consists of a direct borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Loan Revolving Fund. The School District had an outstanding principal and accrued interest balance at year end of $13,704,491 and $23,717, respectively. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer. The principal must be repaid no later than May 1, 2037.

Compensated Absences
Accrued compensated absences at year end consists accrued leave benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Interest expenditures for the fiscal year in the Debt Service Funds was $1,863,655.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

Note 12 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan 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. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools

Benefits Provided

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning Oct. 1, 2020 and ending Sept. 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2021.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.78%
Member Investment Plan	3.0 - 7.0%	19.78%
Pension Plus	3.0 - 6.4%	16.82%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

Required contributions to the pension plan from the School District were $1,048,120 for the year ending September 30, 2021.

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

At June 30, 2022, the School District reported a liability of $14,686,715 for its proportionate share of the MPSERS net pension liability. 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 rolled forward from September 2020. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the School District's proportion was .0620 percent, which was an increase of .0009 percent from its proportion measured as of September 30, 2020.

For the plan year ending September 30, 2021, the School District recognized pension expense of $1,669,589 for the measurement period. For the reporting period ending June 30, 2022, the School District recognized total pension contribution expense of $2,015,899.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 227,504	$ (86,487)	$ 141,017
Changes of assumptions	925,798	-	925,798
Net difference between projected and actual earnings on pension plan investments	-	(4,721,732)	(4,721,732)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	363,818	(46,870)	316,948
Total to be recognized in future	1,517,120	(4,855,089)	(3,337,969)
School District contributions subsequent to the measurement date	1,896,985	(967,779)	929,206
Total	$ 3,414,105	$(5,822,868)	$(2,408,763)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The District will offset the contribution expense in the year ended June 30, 2023 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2022	$ (304,784)
2023	(712,682)
2024	(1,067,073)
2025	(1,253,430)
	$(3,337,969)

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2020
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
    - MIP and Basic Plans: 6.80% net of investment expenses
    - Pension Plus Plan: 6.80% net of investment expenses
    - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
    - Retirees: 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.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4367 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2021 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.4 %
Private Equity Pools	16.0	9.1
International Equity	15.0	7.5
Fixed Income Pools	10.5	(0.7)
Real Estate and Infrastructure Pools	10.0	5.4
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 the plan year ended September 30, 2021, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 27.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District'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 higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
$ 20,998,020	$ 14,686,715	$ 9,454,230

**Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.*

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 13 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan 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. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending 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 were deposited into their 401(k) account.

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 19-year period beginning Oct. 1, 2018 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2021.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.43%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the School District were $458,408 for the year ended September 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2022, the School District reported a liability of $942,559 for its proportionate share of the MPSERS net OPEB liability. 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 rolled forward from September 2020. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the School District's proportion was .0618 percent, which was an decrease of .0002 percent from its proportion measured as of September 30, 2020.

For the plan year ending September 30, 2021, the School District recognized OPEB expense of $(509,830) for the measurement period. For the reporting period ending June 30, 2022, the School District recognized total OPEB contribution expense of $423,336.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$(2,690,468)	$(2,690,468)
Changes of assumptions	787,933	(117,904)	670,029
Net difference between projected and actual earnings on OPEB plan investments	-	(710,424)	(710,424)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	109,584	(33,748)	75,836
Total to be recognized in future	897,517	(3,552,544)	(2,655,027)
School District contributions subsequent to the measurement date	372,359	-	372,359
Total	$ 1,269,876	$(3,552,544)	$(2,282,668)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future OPEB Expenses)

2022	$ (693,334)
2023	(632,742)
2024	(576,158)
2025	(531,852)
2026	(195,317)
Thereafter	(25,624)
	$(2,655,027)

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2020
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.5% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
- Mortality:
    - 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.

Other Assumptions:

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 6.1312 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2020 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

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

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.4 %
Private Equity Pools	16.0	9.1
International Equity	15.0	7.5
Fixed Income Pools	10.5	(0.7)
Real Estate and Infrastructure Pools	10.0	5.4
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 the plan year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 27.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate
A discount rate of 6.95% 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the School District'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 higher:

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
$ 1,751,445	$ 942,559	$ 256,104

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate
The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 229,411	$ 942,559	$ 1,744,936

OPEB Plan Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan
There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 14 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2022.

Note 15 - Change in Accounting Principle

As indicated in Note 1, The School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the School District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The 2021 financial statements include a prior period adjustment for the lease liability. This adjustment had no effect on the beginning net position of the governmental activities since the right of use assets equal the amount of the lease liability. The implementation had the following effect on net position as reported June 30, 2021:

	Governmental Activities
Net position at June 30, 2021	(34,692,765)
Adjustments:	
Net book value - leased asset	78,414
Lease liability	(78,414)
Restated net position at June 30, 2021	$ (34,692,765)

REQUIRED SUPPLEMENTARY INFORMATION

Mount Clemens Community School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Over
	Original	Final	Actual	(Under) Budget
Revenues				
Local sources	$ 4,347,504	$ 4,504,268	$ 4,769,158	$ 264,890
State sources	5,535,846	6,040,111	5,970,051	(70,060)
Federal sources	10,837,420	7,573,711	6,099,839	(1,473,872)
Interdistrict sources	1,996,893	1,838,256	1,543,862	(294,394)
Total revenues	22,717,663	19,956,346	18,382,910	(1,573,436)
Expenditures				
Instruction				
Basic programs	6,311,159	6,062,336	5,354,820	(707,516)
Added needs	2,924,339	2,016,108	1,967,069	(49,039)
Supporting services				
Pupil	1,633,447	1,816,115	1,604,053	(212,062)
Instructional staff	771,731	1,119,580	1,028,145	(91,435)
General administration	410,561	336,633	380,922	44,289
School administration	555,706	589,351	608,159	18,808
Business	567,489	381,117	415,144	34,027
Operations and maintenance	1,810,950	2,192,500	2,018,988	(173,512)
Pupil transportation services	1,230,079	728,500	761,473	32,973
Central	757,607	619,340	578,207	(41,133)
Athletic activities	87,050	62,050	58,975	(3,075)
Community services	284,258	289,724	261,360	(28,364)
Capital outlay	4,681,507	380,000	147,339	(232,661)
Debt service				
Principal	-	-	25,194	25,194
Interest	-	4,000	4,615	615
Total expenditures	22,025,883	16,597,354	15,214,463	(1,382,891)
Excess (deficiency) of revenues over expenditures	691,780	3,358,992	3,168,447	(190,545)

Mount Clemens Community School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Over
	Original	Final	Actual	(Under) Budget
Other Financing Sources (Uses)				
Transfers in	$ -	$ -	$ 18,821	$ 18,821
Transfers out	(112,347)	(84,650)	-	84,650
Total other financing sources (uses)	(112,347)	(84,650)	18,821	103,471
Net change in fund balance	579,433	3,274,342	3,187,268	(87,074)
Fund balance - beginning	1,232,032	1,232,032	1,232,032	-
Fund balance - ending	$ 1,811,465	$ 4,506,374	$ 4,419,300	$ (87,074)

Mount Clemens Community School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. School District's proportion of net pension liability (%)	0.0620%	0.0612%	0.0603%	0.0599%	0.0604%	0.0627%	0.0593%	0.0663%		
B. School District's proportionate share of net pension liability	$ 14,686,715	$ 21,015,284	$ 19,977,337	$ 18,018,237	$ 15,644,021	$ 15,638,901	$ 14,489,891	$ 14,599,748		
C. School District's covered payroll	$ 5,545,562	$ 5,477,321	$ 5,238,918	$ 5,134,642	$ 4,887,198	$ 5,403,441	$ 4,930,193	$ 5,712,588		
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	264.84%	383.68%	381.33%	350.92%	320.10%	289.42%	293.90%	255.57%		
E. Plan fiduciary net position as a percentage of total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%		

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2021.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2021.

Mount Clemens Community School District
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. Statutorily required contributions	$ 2,015,899	$ 1,845,488	$ 1,684,284	$ 1,594,696	$ 1,712,336	$ 1,407,580	$ 1,081,108	$ 1,067,786		
B. Contributions in relation to statutorily required contributions	2,015,899	1,845,488	1,684,284	1,594,696	1,712,336	1,407,580	1,081,108	1,067,786		
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
D. School District's covered payroll	$ 5,470,553	$ 5,475,517	$ 5,560,710	$ 5,180,389	$ 5,158,056	$ 5,096,593	$ 5,346,717	$ 4,961,857		
E. Contributions as a percentage of covered payroll	36.85%	33.70%	30.29%	30.78%	33.20%	27.62%	20.22%	21.52%		

Mount Clemens Community School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. School District's proportion of the net OPEB liability (%)	0.0618%	0.0619%	0.0601%	0.0604%	0.0605%					
B. School District's proportionate share of the net OPEB liability	$ 942,559	$ 3,317,688	$ 4,313,373	$ 4,799,695	$ 5,356,091					
C. School District's covered payroll	$ 5,545,562	$ 5,477,321	$ 5,238,918	$ 5,134,642	$ 4,887,198					
D. School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	17.00%	60.57%	82.33%	93.48%	109.59%					
E. Plan fiduciary net position as a percentage of total OPEB liability	87.33%	59.44%	36.39%	42.95%	36.39%					

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2021.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2021.

Mount Clemens Community School District
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A. Statutorily required contributions	$ 423,336	$ 450,650	$ 452,467	$ 405,997	$ 315,856					
B. Contributions in relation to statutorily required contributions	423,336	450,650	452,467	405,997	315,856					
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -					
D. School District's covered payroll	$ 5,470,553	$ 5,475,517	$ 5,560,710	$ 5,180,389	$ 5,158,056					
E. Contributions as a percentage of covered payroll	7.74%	8.23%	8.14%	7.84%	6.12%					

OTHER SUPPLEMENTARY INFORMATION

Mount Clemens Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Funds		Total
	Food Service	Student and School Activity	Nonmajor Governmental Funds
Assets			
Cash	$ 272,562	$ 288,244	$ 560,806
Accounts receivable	6,362	-	6,362
Due from other funds	38,439	-	38,439
Due from other governmental units	8,105	-	8,105
Inventory	4,097	-	4,097
Investments	-	221,534	221,534
Total assets	$ 329,565	$ 509,778	$ 839,343
Liabilities			
Accounts payable	$ 134,048	$ 3,252	$ 137,300
Due to other funds	-	10,550	10,550
Due to other governmental units	4,861	-	4,861
Unearned revenue	103,908	-	103,908
Total liabilities	242,817	13,802	256,619
Fund Balances			
Non-spendable			
Inventory	4,097	-	4,097
Restricted for			
Food service	82,651	-	82,651
Committed for			
Student and school activities	-	495,976	495,976
Total fund balances	86,748	495,976	582,724
Total liabilities and fund balances	$ 329,565	$ 509,778	$ 839,343

Mount Clemens Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service	Student and School Activity	
Revenues			
Local sources	$ 80,472	$ 15,140	$ 95,612
State sources	24,009	-	24,009
Federal sources	749,858	-	749,858
Total revenues	854,339	15,140	869,479
Expenditures			
Current			
Education			
Supporting services	-	30,660	30,660
Food services	859,924	-	859,924
Total expenditures	859,924	30,660	890,584
Deficiency of revenues over expenditures	(5,585)	(15,520)	(21,105)
Other Financing Uses			
Transfers out	(18,821)	-	(18,821)
Net change in fund balances	(24,406)	(15,520)	(39,926)
Fund balances - beginning	111,154	511,496	622,650
Fund balances - ending	$ 86,748	$ 495,976	$ 582,724