BUCKLEY COMMUNITY SCHOOLS

BUCKLEY, MICHIGAN

JUNE 30, 2022

Baird, Cotter & Bishop, P.C.
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS
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BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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August 5, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Buckley Community Schools
Buckley, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Buckley Community Schools, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Buckley Community Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement 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 Buckley Community Schools' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Buckley Community Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages iv-xii and 36-41 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 Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2022, on our consideration of Buckley Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Buckley Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buckley Community Schools' internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

This section of Buckley Community Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of the following three components: the government-wide financial statements, fund financial statements, and the notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Financial Highlights Section

Government-Wide

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the District at the close of the most recent fiscal year by $1,819,087.

- The government's total net position increased by $946,488.

Fund Level

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $2,464,120, an increase of $313,541 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $2,067,637.

Overview of the Financial Statements

Government-Wide Financial Statements

The government-wide statements provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The Statement of Net Position includes all of the District's assets and liabilities. All of the year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

Over time, increases and decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

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

In the government-wide financial statements, the District's activities are all shown in one category titled "Governmental Activities". These activities, including regular and special education, transportation, administration, food services, athletic activities, and community services, are primarily financed with state and federal aid and property taxes.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called "non-major" funds. Detailed financial information for non-major funds can be found in the combining and individual fund statements section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kind of fund:

Governmental Funds **–** The District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can be readily converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

Notes to 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. The notes to the financial statements can be found on pages 9-35 of this report.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Summary of Net Position

The following schedule summarizes the net position at fiscal year ended June 30.

	2022	2021
Assets		
Current Assets	$ 3,236,431	$ 2,678,388
Non Current Assets		
Capital Assets	11,216,872	11,323,228
Less Accumulated Depreciation	(2,661,638)	(2,649,933)
Total Non Current Assets	8,555,234	8,673,295
Total Assets	11,791,665	11,351,683
Deferred Outflows of Resources	2,147,584	2,602,523
Liabilities		
Current Liabilities	1,221,690	968,621
Non Current Liabilities	7,550,924	10,924,216
Total Liabilities	8,772,614	11,892,837
Deferred Inflows of Resources	3,347,548	1,188,770
Net Position		
Net Investment in Capital Assets	6,115,453	5,814,113
Restricted for Debt Service	125,228	122,071
Unrestricted (Deficit)	(4,421,594)	(5,063,585)
Total Net Position	$ 1,819,087	$ 872,599

Analysis of Financial Position

During the fiscal year ended June 30, 2022, the District's net position increased by $946,488. A few of the more significant factors affecting net position during the year are discussed below:

1. ***Depreciation Expense***

   GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

   Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2022, $175,613 was recorded for depreciation expense.

2. ***Pension and Other Postemployment Benefits Expense***

   GASB 68 and 75 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liabilities increases or decreases in any given year.

3. ***Capital Outlay Acquisitions***

   For the year ended June 30, 2022, the District had $57,552 of expenditures capitalized and recorded as assets of the District. The asset additions to the District's capital assets will be depreciated over time as explained above.

   The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of $118,061 for the fiscal year ended June 30, 2022.

4. ***State Sources***

   The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. For the 2021-2022 fiscal year, the District received $8,700 per student FTE.

Change in Net Position

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30.

	2022	2021
General Revenues		
Property Taxes	$ 1,023,982	$ 1,053,416
Investment Earnings	3,156	2,853
State Sources	3,569,790	3,050,699
Other	13,110	10,282
Total General Revenues	4,610,038	4,117,250
Program Revenues		
Charges for Services	34,092	25,778
Operating Grants	1,446,496	1,434,856
Capital Grants	4,500	6,608
Total Program Revenues	1,485,088	1,467,242
Total Revenues	6,095,126	5,584,492
Expenses		
Instruction	2,994,740	3,267,664
Supporting Services	1,898,605	1,794,964
Community Services	8	342
Payment to Other Government Agencies	4,098	2,935
Facilities Acquisition, Construction, and Improvements	4,500	4,411
Interest on Long-Term Debt	71,074	79,507
Unallocated Depreciation	175,613	182,655
Total Expenses	5,148,638	5,332,478
Change in Net Position	946,488	252,014
Net Position - Beginning of Year	872,599	620,585
Net Position - End of Year	$ 1,819,087	$ 872,599

Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	2022	2021	Increase (Decrease)
Major Funds			
General Fund	$ 2,069,637	$ 1,786,394	$ 283,243
Food Service	164,379	155,415	8,964
Student Activities	93,315	69,738	23,577
2015 Debt Retirement	81,468	79,117	2,351
2016 Debt Retirement	53,139	53,766	(627)
2016 Capital Projects	2,182	6,149	(3,967)
Total Governmental Funds	$ 2,464,120	$ 2,150,579	$ 313,541

In 2021-2022, the General Fund balance increased mainly due to the influx of state funding and one-time federal funding this year.

The Food Service fund balance increased due to the additional federal revenue received as a result of COVID-19 being larger than the increase in COVID-19 related expenditures. The District is implementing a spend down plan for the next fiscal year.

The Student Activities fund balance increased due to increased receipts within activities during the fiscal year.

The 2015 Debt Retirement fund balance increased due to the principal and interest payments being less than what was collected in tax revenues.

The 2016 Debt Retirement fund balance decreased due to the principal and interest payments being more than what was collected in tax revenues.

The 2016 Capital Projects fund balance decreased due to spending down bond proceeds, which is expected to be fully spent next year.

General Fund Budgetary Highlights

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

For the 2021-2022 fiscal year, the District amended the General Fund budget throughout the fiscal year. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES	$ 4,807,960	$ 5,409,106	$ 5,274,656
EXPENDITURES			
Instruction	$ 3,087,232	$ 3,299,816	$ 3,202,920
Supporting Services	1,788,096	1,880,163	1,779,887
Community Activities	2,500	2,500	0
Welfare Activities	250	250	8
Payments to Other Schools	3,000	5,075	4,098
Facilities Acquisition, Construction, and Improvements	1,694	7,194	4,500
Debt Service	250	0	0
Total Expenditures	$ 4,883,022	$ 5,194,998	$ 4,991,413

The revenue budget was amended as it became clearer on the amounts the District would receive from the ISD, as well as what would be received and used for various grant related programs. The expenditures were amended because many of the expenditures are revenue driven, and once the revenue picture became clearer, the District was able to adjust funds for expenditures it had allocated for in its original budget.

The revenue variance between budget and actual was spread amongst the revenue sources, with a significant difference in state sources. The expenditure variance was primarily due to the District spending less in basic programs than what was budgeted for.

Capital Asset and Debt Administration

1. ***Capital Assets***

   The District's investment in capital assets for its governmental activities as of June 30, 2022, amounted to $8,555,234 (net of accumulated depreciation). This investment in capital assets includes land improvements, buildings and additions, machinery and equipment, and transportation and equipment.

Buckley Community Schools
Capital Assets (Net of Depreciation, When Applicable)

	2022	2021
Land and Improvements	$ 120,430	$ 127,392
Buildings and Additions	8,089,957	8,166,277
Machinery and Equipment	160,629	154,910
Transportation and Equipment	184,218	224,716
Total Capital Assets	$ 8,555,234	$ 8,673,295

Additions to capital assets included:

- Scoreboard replacement purchased in the amount of $11,200.
- Heated holding cabinet purchased in the amount of $6,296.
- Combi Oven purchased in the amount of $16,175.
- Elementary flooring purchased in the amount of $23,881.

In addition to above, the District has also committed to purchasing various pieces of equipment and improvements at a total cost of $227,150.

Additional information on the District's capital assets can be found in the notes to this report.

2. ***Long-Term Obligations***

At year-end, the District had total bonded debt, accrued compensated absences, net pension liability, and net other postemployment benefits liability outstanding of $7,990,924, net of bond discounts and premiums.

Additional information on the District's long-term obligations can be found in the notes to this report.

Factors Bearing on the District's Future

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

- The current retirement rate for the next fiscal year is expected to be 44.88%. We are concerned about how the future retirement rates will be calculated with changes in legislation.

- The District continues to monitor one-time funding sources, especially federal funding due to the pandemic recovery efforts. As these funding sources go away, it is unlikely that the revenue received from these sources will be ongoing.

- The District has finalized teacher and support staff contracts for the 2022-2023 school year.

- The District has been affected by supply chain shortages for many supplies and products that are used in day-to-day activities. We are hopeful that in future years, shortages will become less significant.

- The District has faced significant staffing challenges for almost all positions, including, but not limited to full time teaching staff, substitute teaching staff, and other support staff.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Superintendent, Buckley Community Schools, 305 S. First Street, Buckley, Michigan 49620.

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2022

		GOVERNMENTAL ACTIVITIES
ASSETS		
CURRENT ASSETS		
Cash	$	684,721
Accounts Receivable		2,738
Due from Other Governments		1,097,190
Inventory		4,069
Investments		1,445,557
Restricted Investments		2,156
Total Current Assets		3,236,431
NONCURRENT ASSETS		
Capital Assets		11,216,872
Less Accumulated Depreciation		(2,661,638)
Total Noncurrent Assets		8,555,234
TOTAL ASSETS		11,791,665
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Items		1,489,040
Other Postemployment Benefit Related Items		610,644
Deferred Charges on Refunding		47,900
TOTAL DEFERRED OUTFLOWS OF RESOURCES		2,147,584
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable		23,530
Accrued Expenses		268,929
Accrued Interest Payable		9,379
Salaries Payable		303,456
Unearned Revenue		176,396
Current Portion of Noncurrent Liabilities		440,000
Total Current Liabilities		1,221,690

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES
NONCURRENT LIABILITIES	
Bonds Payable - Net	2,489,863
Compensated Absences	20,748
Net Pension Liability	5,137,889
Net Other Postemployment Benefits Liability	342,424
Less Current Portion of Non Current Liabilities	(440,000)
Total Non Current Liabilities	7,550,924
TOTAL LIABILITIES	8,772,614
DEFERRED INFLOWS OF RESOURCES	
Pension Related Items	2,049,622
Other Postemployment Benefit Related Items	1,297,926
TOTAL DEFERRED INFLOWS OF RESOURCES	3,347,548
NET POSITION	
Net Investment in Capital Assets	6,115,453
Restricted for Debt Service	125,228
Unrestricted (Deficit)	(4,421,594)
TOTAL NET POSITION	$ 1,819,087

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS	PROGRAM REVENUES CAPITAL GRANTS	GOVERNMENTAL ACTIVITIES NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 2,994,740	$ 2,930	$ 1,015,741	$ 0	$ (1,976,069)
Supporting Services	1,898,605	31,162	430,755	0	(1,436,688)
Community Services	8	0	0	0	(8)
Payment to Other Government Agencies	4,098	0	0	0	(4,098)
Facilities Acquisition, Construction, and Improvements	4,500	0	0	4,500	0
Interest on Long-Term Debt	71,074	0	0	0	(71,074)
Unallocated Depreciation	175,613	0	0	0	(175,613)
TOTAL GOVERNMENTAL ACTIVITIES	$ 5,148,638	$ 34,092	$ 1,446,496	$ 4,500	(3,663,550)
GENERAL REVENUES					
Property Taxes - General Purposes					536,249
Property Taxes - Debt Service					487,733
Investment Earnings					3,156
State Sources					3,569,790
Other					13,110
Total General Revenues					4,610,038
Change in Net Position					946,488
NET POSITION - Beginning of Year					872,599
NET POSITION - End of Year					$ 1,819,087

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUNDS: FOOD SERVICE FUND	SPECIAL REVENUE FUNDS: STUDENT ACTIVITIES FUND	DEBT SERVICE FUNDS: 2015 DEBT RETIREMENT FUND	DEBT SERVICE FUNDS: 2016 DEBT RETIREMENT FUND	2016 CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash	$ 383,442	$ 122,372	$ 178,907	$ 0	$ 0	$ 0	$ 684,721
Accounts Receivable	2,406	332	0	0	0	0	2,738
Due from Other Governments	1,083,371	13,819	0	0	0	0	1,097,190
Due from Other Funds	94,847	32,017	0	44,452	15,837	9,281	196,434
Inventory	2,000	2,069	0	0	0	0	4,069
Investments	1,359,017	0	0	37,016	49,524	0	1,445,557
Restricted Investments	0	0	0	0	0	2,156	2,156
TOTAL ASSETS	$ 2,925,083	$ 170,609	$ 178,907	$ 81,468	$ 65,361	$ 11,437	$ 3,432,865
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	$ 23,530	$ 0	$ 0	$ 0	$ 0	$ 0	$ 23,530
Accrued Expenses	268,929	0	0	0	0	0	268,929
Salaries Payable	303,456	0	0	0	0	0	303,456
Unearned Revenue	170,166	6,230	0	0	0	0	176,396
Due to Other Funds	89,365	0	85,592	0	12,222	9,255	196,434
Total Liabilities	855,446	6,230	85,592	0	12,222	9,255	968,745
FUND BALANCE							
Nonspendable for Inventory	2,000	2,069	0	0	0	0	4,069
Restricted for:							
Food Service	0	162,310	0	0	0	0	162,310
Debt Service	0	0	0	81,468	53,139	0	134,607
Capital Projects	0	0	0	0	0	2,182	2,182
Committed for Student Activities	0	0	93,315	0	0	0	93,315
Unassigned	2,067,637	0	0	0	0	0	2,067,637
Total Fund Balances	2,069,637	164,379	93,315	81,468	53,139	2,182	2,464,120
TOTAL LIABILITIES AND FUND BALANCES	$ 2,925,083	$ 170,609	$ 178,907	$ 81,468	$ 65,361	$ 11,437	$ 3,432,865

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

Total Governmental Fund Balances		$ 2,464,120
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 11,216,872	
Accumulated depreciation is	(2,661,638)	8,555,234
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(2,465,000)
Compensated Absences		(20,748)
Net Pension Liability		(5,137,889)
Net Other Postemployment Benefits Liability		(342,424)
Governmental funds expense the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Bond Premium Net of Amortization		(24,863)
Deferred Charges Net of Amortization		47,900
Deferred outflows and (inflows) of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Inflows of Resources Related to Pensions		(2,049,622)
Deferred Outflows of Resources Related to Pensions		1,489,040
Deferred Inflows of Resources Related to Other Postemployment Benefits		(1,297,926)
Deferred Outflows of Resources Related to Other Postemployment Benefits		610,644
Accrued interest on long-term debt is not included as a liability in governmental funds, it is recorded when paid.		(9,379)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,819,087

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

		SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS		2016	
	GENERAL FUND	FOOD SERVICE FUND	STUDENT ACTIVITIES FUND	2015 DEBT RETIREMENT FUND	2016 DEBT RETIREMENT FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Local Sources	$ 582,503	$ 3,885	$ 79,691	$ 333,526	$ 164,073	$ 3	$ 1,163,681
State Sources	4,260,595	6,485	0	0	0	0	4,267,080
Federal Sources	279,293	310,943	0	0	0	0	590,236
Other Transactions	152,265	0	0	0	0	0	152,265
Total Revenues	5,274,656	321,313	79,691	333,526	164,073	3	6,173,262
EXPENDITURES							
Instruction							
Basic Programs	2,666,500	0	0	0	0	0	2,666,500
Added Needs	536,420	0	0	0	0	0	536,420
Supporting Services							
Pupil	125,980	0	0	0	0	0	125,980
Instructional Staff	32,586	0	0	0	0	0	32,586
General Administration	227,307	0	0	0	0	0	227,307
School Administration	241,373	0	0	0	0	0	241,373
Business	80,049	0	0	0	0	0	80,049
Operation and Maintenance	557,127	0	0	0	0	0	557,127
Pupil Transportation Services	226,132	0	0	0	0	0	226,132
Central Services	151,271	0	0	0	0	3,970	155,241
Athletic Activities	138,062	0	0	0	0	0	138,062
Student Activities	0	0	56,114	0	0	0	56,114
Food Service Activities	0	312,349	0	0	0	0	312,349
Community Services							
Welfare Activities	8	0	0	0	0	0	8
Payments to Other Public Schools	4,098	0	0	0	0	0	4,098
Facilities Acquisition, Construction and Improvements	4,500	0	0	0	0	0	4,500
Debt Service							
Principal	0	0	0	300,000	130,000	0	430,000
Interest and Fiscal Charges	0	0	0	31,175	34,700	0	65,875
Total Expenditures	4,991,413	312,349	56,114	331,175	164,700	3,970	5,859,721
Excess (Deficiency) of Revenues Over Expenditures	283,243	8,964	23,577	2,351	(627)	(3,967)	313,541
FUND BALANCE - Beginning of Year	1,786,394	155,415	69,738	79,117	53,766	6,149	2,150,579
FUND BALANCE - End of Year	$ 2,069,637	$ 164,379	$ 93,315	$ 81,468	$ 53,139	$ 2,182	$ 2,464,120

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances Total Governmental Funds	$	313,541
Amounts reported for governmental activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.		
Depreciation Expense		(175,613)
Capital Asset Additions		57,552
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:		
Accrued Interest Payable - Beginning of Year		10,812
Accrued Interest Payable - End of Year		(9,379)
The issuance of Long-Term Debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Repayment of Bond Principal		430,000
Amortization of Deferred Charges		(11,974)
Amortization of Bond Premiums		5,342
Employees' compensated absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:		
Compensated Absences - Beginning of Year		22,634
Compensated Absences - End of Year		(20,748)

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in Pension Related Items	74,940
Change in Other Postemployment Benefit Items	327,517
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension contributions subsequent to the measurement date.	
Change in State Aid Funding of Pension	(78,136)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 946,488

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Buckley Community Schools ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is located in Wexford and Grand Traverse Counties with its administrative offices located in Buckley, Michigan. The District operates under an elected 7-member board of education and provides services to its 464 students in elementary, middle school, high school, special education, transportation, food service, and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. The District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The G*eneral Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Food Service Fund*, a *special revenue fund,* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

The *Student Activities Fund, a special revenue fund*, accounts for revenue sources that are assigned to expenditures for specific purposes.

The *2015 and 2016 debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2016 Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

(a) The superintendent or business manager submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

(b) Public hearings are conducted to obtain taxpayer comments.

(c) The budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any are noted in the required supplementary information section.

(d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

(e) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.

(f) Budgeted amounts are as originally adopted on June 15, 2021, or as amended by the School Board of Education at various times throughout the year.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. *Cash and Cash Equivalents*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The District considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. *Investments*

Investments – Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term and duration the rate of return is fixed, and the District intends to hold the investment until maturity.

The Board policy on investment of funds authorizes the District to invest as follows:

(a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.

(b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.

(c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

(d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

3. *Restricted Assets*

Certain resources of the Capital Projects Funds which are set aside for capital outlay are classified as restricted cash or investments on the balance sheet because their use is limited by applicable bond covenants.

4. *Inventory and Prepaid Items*

Inventory is valued at cost using the first in/first out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

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

5. *Capital Assets*

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress, if any, are not depreciated. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	10 – 20
Buildings and Additions	50
Machinery and Equipment	5 – 15
Transportation and Equipment	5 – 15

The District’s capitalization policy is to capitalize individual items exceeding $5,000.

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first is the deferred charges on refunding bonds reported in the government-wide *Statement of Net Position*. A deferred charge on refunding results from the difference in the carrying value of refunded obligation and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding obligation. The other items are related to the pension and other postemployment benefit plans for its employees. Details can be found in footnote 2.E. and 2.F.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category, which is related to the pension and other postemployment benefit plans for its employees. Details can be found in footnote 2.E. and 2.F.

7. Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District has unearned grant revenue in the General Fund and unearned revenue in the Food Service Fund related to student balances at the end of the fiscal year.

8. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related obligation.

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

9. Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public 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.

10. Net Position Flow Assumption

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

11. Fund Balance Flow Assumption

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

12. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

13. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2022, the foundation allowance was based pupil membership counts taken in October 2021 and February 2021. For the fiscal year ended June 30, 2022, the per pupil foundation allowance was $8,700 for Buckley Community Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes (formerly known as Non-Homestead) which may be levied at a rate of up to 6 mills for commercial personal property and up to 18 mills for real property. The state revenue is recognized during the foundation period and is funded through payments from October 2021 to August 2022. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

2. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district, and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The various counties in which the District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

For the year ended June 30, 2022, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund - Non-Principal Residence Exemption (PRE)	18.0000
General Fund - Commercial Personal Property	6.0000
Debt Service Funds - PRE, Non-PRE, Commercial Personal Property	4.5500

*4. **Compensated Absences***

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 2 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of June 30, 2022, the District had deposits and investments subject to the following risks:

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2022, the District's bank balance was $719,260 of which $469,260 of that amount was exposed to custodial risk due to being uninsured and uncollateralized. As of June 30, 2022, deposits of $684,521 and petty cash of $200, are reported on the financial statements as cash.

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
MILAF+ External Investment Pool - Cash Management Class	$ 30,397	N/A
MILAF+ External Investment Pool - MIMAX	1,417,316	N/A
	$ 1,447,713	
Portfolio Weighted Average Maturity		N/A

1 Day Maturity Equals 0.0027, One Year Equals 1.000

Credit Risk – State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

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

Investment Type	Fair Value	Standard & Poor's Rating
MILAF+ External Investment Pool - Cash Management Class	$ 30,397	AAAm
MILAF+ External Investment Pool - MIMAX	1,417,316	AAAm
	$ 1,447,713	

Foreign Currency Risk - The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

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. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices from similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

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

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - CMC	$ 30,397
MILAF External Investment Pool - Max	1,417,316
	$ 1,447,713

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2022:

	Primary Government
Cash	$ 684,721
Investments	1,445,557
Investments - Restricted	2,156
	$ 2,132,434

B. Receivables

Receivables as of year-end for the government's individual major funds are as follows:

	GENERAL FUND	FOOD SERVICE	TOTAL
Accounts Receivable	$ 2,406	$ 332	$ 2,738
Due from Other Governments	1,083,371	13,819	1,097,190
Total	$ 1,085,777	$ 14,151	$ 1,099,928

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs. The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, unearned revenue reported in the general fund was $170,166 related to unearned grant proceeds and $6,230 in the food service fund related to student balances and unearned grant proceeds.

C. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated				
Land	$ 90,090	$ 0	$ 0	$ 90,090
Capital assets being depreciated				
Land improvements	273,006	0	(3,924)	269,082
Buildings and additions	9,600,567	23,881	0	9,624,448
Machinery and equipment	716,438	33,671	(51,479)	698,630
Transportation equipment	643,127	0	(108,505)	534,622
Subtotal	11,233,138	57,552	(163,908)	11,126,782
Less accumulated depreciation for:				
Land improvements	235,704	6,962	(3,924)	238,742
Buildings and additions	1,434,290	100,201	0	1,534,491
Machinery and equipment	561,528	27,952	(51,479)	538,001
Transportation and equipment	418,411	40,498	(108,505)	350,404
Accumulated depreciation	2,649,933	175,613	(163,908)	2,661,638
Net capital assets being depreciated	8,583,205	(118,061)	0	8,465,144
Net capital assets	$ 8,673,295	$ (118,061)	$ 0	$ 8,555,234

Depreciation for the fiscal year ended June 30, 2022, amounted to $175,613. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Retirement and Post-Employment Benefits

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. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www://michigan.gov/orsschools.

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

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

Benefits Provided- Overall

Introduction

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

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

Benefits Provided – Pension

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

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

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010, is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1%

of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

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

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

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

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

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

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

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

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

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

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

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

Pension Reform of 2017

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

Benefits Provided – Other postemployment benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

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

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

	Pension	Other Postemployment Benefit
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.45%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2022, were equal to the required contribution total. Pension contributions were approximately $820,000 with $782,000 specifically for the Defined Benefit Plan and approximately $38,000 was contributed to the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2022, were equal to the required contribution total. OPEB benefits were approximately $187,000 with $169,000 specifically for the Defined Benefit Plan and approximately $18,000 was contributed to the Defined Contribution Fund.

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

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

Pension Liabilities

At June 30, 2022, the District reported a liability of $5,137,889 for its proportionate share of the 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 date of September 30, 2020, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the District's proportion was 0.02170137% and 0.02115232%, respectively.

MPSERS (Plan) Non-University Net Pension Liability

	September 30, 2021	September 30, 2020
Total Pension Liability	$ 86,392,473,395	$ 85,290,583,799
Fiduciary Net Position	(62,717,060,920)	(50,939,496,006)
Net Pension Liability	$ 23,675,412,475	$ 34,351,087,793
Fiduciary Net Position as a percentage of Total Pension Liability	72.60%	59.72%
Net Pension Liability as a percentage of Covered Payroll	261.68%	387.25%

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

For the year ended June 30, 2022, the District recognized total pension expense of $707,506.

At June 30, 2022, the 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
Differences between expected and actual experience	$ 79,588	$ 30,256
Changes of assumptions	323,874	0
Net difference between projected and actual earnings on pension plan investments	0	1,651,815
Changes in proportion and differences between District contributions and proportionate share of contributions	331,502	11,498
District section 147c revenue related to pension contributions subsequent to the measurement date	0	356,053
District contributions subsequent to the measurement date	754,076	0
Total	$ 1,489,040	$ 2,049,622

$754,076 reported as deferred outflows of resources and $356,053 as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2022	$ (1,594)
2023	(179,635)
2024	(346,785)
2025	(430,591)
	$ (958,605)

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

OPEB Liabilities

At June 30, 2022, the District reported a liability of $342,424 for its proportionate share of the 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 date of September 30, 2020, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the District's proportion was 0.02243378% and 0.02128558%, respectively.

MPSERS (Plan) Non-University Employers Net OPEB Liability

	September 30, 2021	September 30, 2020
Total OPEB Liability	$ 12,046,393,511	$ 13,206,903,534
Fiduciary Net Position	(10,520,015,621)	(7,849,636,555)
Net OPEB Liability	$ 1,526,377,890	$ 5,357,266,979
Fiduciary Net Position as a percentage of Total OPEB Liability	87.33%	59.44%
District OPEB Liability as a percentage of Covered Payroll	16.87%	60.39%

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

For the year ended June 30, 2022, the District recognized total OPEB benefit of ($158,485).

At June 30, 2022, the 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
Differences between expected and actual experience	$ 0	$ 977,426
Changes of assumptions	286,250	42,834
Net difference between projected and actual earnings on OPEB plan investments	0	258,091
Changes in proportion and differences between District contributions and proportionate share of contributions	168,663	19,575
District contributions subsequent to the measurement date	155,731	0
Total	$ 610,644	$ 1,297,926

$155,731 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended September 30,		Amount
2022	$	(215,147)
2023		(192,503)
2024		(181,447)
2025		(190,978)
2026		(55,641)
Thereafter		(7,297)
	$	(843,013)

G. Actuarial Assumptions

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

Investment rate of return for OPEB – 6.95% a year, compounded annually net of investment and administrative expenses.

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

Inflation – 3.0%

Mortality assumptions –

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

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

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

Experience study – The annual actuarial valuation report of the System used for these statements is dated September 30, 2020. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

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

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

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

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

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

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

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

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.00%	5.40%
Private Equity Pools	16.00%	9.10%
International Equity Pools	15.00%	7.50%
Fixed Income Pools	10.50%	-0.70%
Real Estate & Infrastructure Pools	10.00%	5.40%
Absolute Return Pools	9.00%	2.60%
Real Return/Opportunistic Pools	12.50%	6.10%
Short-Term Investment Pools	2.00%	-1.30%
	100%	

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

Rate of return

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

Pension Discount Rate

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

OPEB Discount Rate

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

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

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

	Pension	
1% Decrease	**Discount Rate**	**1% Increase**
$ 7,345,788	$ 5,137,889	$ 3,307,396

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

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

	OPEB	
1% Decrease	Discount Rate	1% Increase
$ 636,286	$ 342,424	$ 93,041

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	OPEB	
1% Decrease	Healthcare Cost Trend Rates	1% Increase
$ 83,343	$ 342,424	$ 633,921

H. Pension and OPEB Plan Fiduciary Net Position

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

I. Payables to the Pension and OPEB Plan

As of June 30, 2022, the District is current on all required pension plan and OPEB plan payments. As of June 30, 2022, the District reported payables in the amount of $151,269 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

J. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The District participates in a distinct pool of education institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

K. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligation transactions for the District for the year ended June 30, 2022:

	GENERAL OBLIGATION BONDS	COMPENSATED ABSENCES	NET PENSION LIABILITY	NET OPEB LIABILITY	TOTAL
Debt Payable at Beginning of Year	$ 2,895,000	$ 22,634	$ 7,266,052	$ 1,140,325	$ 11,324,011
Increase in Debt	0	4,538	0	0	4,538
Debt Retired	(430,000)	(6,424)	(2,128,163)	(797,901)	(3,362,488)
Debt Payable at End of Year	2,465,000	20,748	5,137,889	342,424	7,966,061
Less Current Portion	(440,000)	Unknown	Unknown	Unknown	(440,000)
Net Long-Term Debt	$ 2,905,000	$ 20,748	$ 5,137,889	$ 342,424	$ 8,406,061

At June 30, 2022, the District's debt obligations consisted of the following issues:

General Obligation Funds	
2015 Refunding Bonds Due in Annual Installments of $180,000 to $290,000 through May 1, 2026, Interest at 2.00% to 2.50%	$ 1,045,000
2016 Refunding Bonds Due in Annual Installments of $150,000 to $320,000 through May 1, 2028, Interest at 2.00% to 3.00%	1,420,000
Compensated Absences	20,748
Net Pension Liability	5,137,889
Net OPEB Liability	342,424
Total Long-Term Debt	$ 7,966,061

The annual requirements to amortize all long-term obligations outstanding as of June 30, 2022, including interest of $192,675 are as follows:

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2023	$ 440,000	$ 56,275	$ 496,275
2024	450,000	47,475	497,475
2025	465,000	37,025	502,025
2026	470,000	26,300	496,300
2027	320,000	16,000	336,000
2028	320,000	9,600	329,600
	2,465,000	192,675	2,657,675
Compensated Absences	20,748	0	20,748
Net Pension Liability	5,137,889	0	5,137,889
Net OPEB Liability	342,424	0	342,424
TOTAL	$ 7,966,061	$ 192,675	$ 8,158,736

Interest expense for the year ended June 30, 2022, was $71,074.

The annual requirements to amortize the compensated absences, the net pension liability and OPEB liability are uncertain because it is unknown when the repayments will be made.

Compensated absences, net pension liability, and OPEB liability will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

L. Interfund Receivables, Payables, and Transfers

Individual fund interfund receivable and payable balances at June 30, 2022, were:

Receivable Fund	Payable Fund	Amount
General Fund	Student Activities Fund	$ 85,592
General Fund	2016 Capital Project Fund	9,255
Food Service Fund	General Fund	32,017
2015 Debt Retirement Fund	General Fund	32,230
2015 Debt Retirement Fund	2016 Debt Retirement Fund	12,222
2016 Debt Retirement Fund	General Fund	15,837
2016 Capital Projects Fund	General Fund	9,281
		$ 196,434

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2022, are expected to be repaid within one year.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District did not have any transfers during the fiscal year.

M. Other Information

1. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

Commitments – The District approved the purchase of two busses for a total of $188,850 and a painting project to be done for the gymnasium for $38,300, to be purchased in fiscal year ended June 30, 2023. No adjustments have been made to the financial statements for the year ended June 30, 2022, related to these events.

2. Capital Projects Fund

The Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Revised School Code.

Beginning with the year of bond issuance, the District has reported the annual construction activity in the 2016 Capital Projects Fund. The project for which the 2016 School Building and Site Bonds were issued was considered complete on May 15, 2019; however, a small residual balance was spent in the 2021-2022 fiscal year, bringing the cumulative expenditures recognized for the construction period to $2,030,558.

3. GASB Statement No. 87 - Leases

It has been determined that the District has leases as defined by GASB Statement No. 87. However, the total of these leases has been determined to be not significant enough to warrant disclosure.

NOTE 3 – UPCOMING ACCOUNTING PRONOUNCEMENTS

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

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR FUNDS

YEAR ENDED JUNE 30, 2022

	GENERAL FUND			FOOD SERVICE FUND			STUDENT ACTIVITIES FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES									
Local Sources	$ 564,427	$ 582,618	$ 582,503	$ 520	$ 3,790	$ 3,885	$ 50,000	$ 80,000	$ 79,691
State Sources	3,783,356	4,374,150	4,260,595	8,051	7,228	6,485	0	0	0
Federal Sources	359,478	301,366	279,293	196,500	325,963	310,943	0	0	0
Other Transactions	100,699	150,972	152,265	0	0	0	0	0	0
Total Revenues	4,807,960	5,409,106	5,274,656	205,071	336,981	321,313	50,000	80,000	79,691
EXPENDITURES									
Instruction									
Basic Programs	2,699,109	2,736,442	2,666,500	0	0	0	0	0	0
Added Needs	388,123	563,374	536,420	0	0	0	0	0	0
Supporting Services									
Pupil	146,301	125,996	125,980	0	0	0	0	0	0
Instructional Staff	34,605	38,346	32,586	0	0	0	0	0	0
General Administration	251,728	235,112	227,307	0	0	0	0	0	0
School Administration	254,815	248,810	241,373	0	0	0	0	0	0
Business	94,250	81,500	80,049	0	0	0	0	0	0
Operation and Maintenance	506,976	576,694	557,127	0	0	0	0	0	0
Pupil Transportation Services	230,102	242,869	226,132	0	0	0	0	0	0
Central Services	143,331	181,153	151,271	0	0	0	0	0	0
Athletic Activities	125,988	149,683	138,062	0	0	0	0	0	0
Student Activities	0	0	0	0	0	0	50,000	64,000	56,114
Food Service Activities	0	0	0	220,776	332,623	312,349	0	0	0
Community Services									
Welfare Activities	2,750	2,750	8	0	0	0	0	0	0
Payments to Other Public Schools	3,000	5,075	4,098	0	0	0	0	0	0
Facilities Acquisition, Construction, and Improvements	1,694	7,194	4,500	0	0	0	0	0	0
Debt Service									
Interest and Fiscal Charges	250	0	0	0	0	0	0	0	0
Total Expenditures	4,883,022	5,194,998	4,991,413	220,776	332,623	312,349	50,000	64,000	56,114
Excess (Deficiency) of Revenues Over Expenditures	(75,062)	214,108	283,243	(15,705)	4,358	8,964	0	16,000	23,577
FUND BALANCE - Beginning of Year	1,516,720	1,786,397	1,786,394	118,302	155,415	155,415	61,486	69,738	69,738
FUND BALANCE - End of Year	$ 1,441,658	$ 2,000,505	$ 2,069,637	$ 102,597	$ 159,773	$ 164,379	$ 61,486	$ 85,738	$ 93,315

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2022

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)			0.02170137%	0.02115232%	0.02056100%	0.01921190%	0.01930040%	0.01943010%	0.01980385%	0.01963000%
District's proportionate share of net pension liability			$ 5,137,889	$ 7,266,052	$ 6,809,112	$ 5,775,438	$ 5,001,544	$ 4,847,653	$ 4,837,096	$ 4,323,303
District's covered payroll			2,046,960	1,896,592	1,888,266	1,649,829	1,610,135	1,581,177	1,656,687	1,679,316
District's proportionate share of net pension liability as a percentage of its covered payroll			251.00%	383.11%	360.60%	350.06%	310.63%	306.59%	291.97%	257.44%
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%

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2022

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions			$ 782,446	$ 654,345	$ 588,588	$ 538,078	$ 483,980	$ 442,502	$ 382,042	$ 378,106
Contributions in relation to statutorily required contributions *			782,446	654,345	588,588	538,078	483,980	442,502	382,042	378,106
Contribution deficiency (excess)			$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll			$ 2,277,823	$ 2,024,734	$ 1,917,474	$ 1,825,297	$ 1,603,369	$ 1,562,730	$ 1,580,527	$ 1,661,376
Contributions as a percentage of covered payroll			34.35%	32.32%	30.70%	29.48%	30.19%	28.32%	24.17%	22.76%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2022

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)						0.02243%	0.02129%	0.0215449%	0.01931440%	0.01946070%
District's proportionate share of net OPEB liability						$ 342,424	$ 1,140,325	$ 1,546,439	$ 1,535,292	$ 1,718,556
District's covered payroll						2,046,960	1,896,592	1,888,266	1,649,829	1,610,135
District's proportionate share of net OPEB liability as a percentage of its covered payroll						16.73%	60.12%	81.90%	93.06%	106.73%
Plan fiduciary net position as a percentage of total OPEB liability						87.33%	59.44%	48.46%	42.95%	36.39%

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2022

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions						$ 169,032	$ 155,967	$ 145,140	$ 138,300	$ 114,281
Contributions in relation to statutorily required contributions *						169,032	155,967	145,140	138,300	114,281
Contribution deficiency (excess)						$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll						$ 2,277,823	$ 2,024,734	$ 1,917,474	$ 1,825,297	$ 1,603,369
Contributions as a percentage of covered payroll						7.42%	7.70%	7.57%	7.58%	7.13%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR YEAR ENDED JUNE 30, 2022

Pension Plan

1. Changes of Benefit Terms

There were no changes of benefit terms for the plan year ended September 30, 2021.

2. Changes of Assumptions

There were no changes of assumptions for the plan year ended September 30, 2021.

Other Post-Employment Benefits Plan

1. Changes of Benefit Terms

There were no changes of benefit terms for the plan year ended September 30, 2021.

2. Changes of Assumptions

The assumption changes for the plan year ended September 30, 2021, were:

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

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

2015 REFUNDING BONDS
JUNE 30, 2022

AMOUNT OF ISSUE		$ 3,030,000
AMOUNT REDEEMED		
Current Year	$ 300,000	
Prior Years	1,685,000	1,985,000
BALANCE OUTSTANDING - June 30, 2022		$ 1,045,000

DUE DATES	INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
November 1, 2022			$ 12,337	$ 12,337
May 1, 2023	2.000%	$ 290,000	12,338	302,338
November 1, 2023			9,437	9,437
May 1, 2024	2.500%	290,000	9,438	299,438
November 1, 2024			5,812	5,812
May 1, 2025	2.500%	285,000	5,813	290,813
November 1, 2025			2,250	2,250
May 1, 2026	2.500%	180,000	2,250	182,250
		$ 1,045,000	$ 59,675	$ 1,104,675

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

2016 SCHOOL BUILDING AND SITE BONDS
JUNE 30, 2022

AMOUNT OF ISSUE		$ 2,000,000
AMOUNT REDEEMED		
Current Year	$ 130,000	
Prior Years	450,000	580,000
BALANCE OUTSTANDING - June 30, 2022		$ 1,420,000

DUE DATES	INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
November 1, 2022			$ 15,800	$ 15,800
May 1, 2023	2.000%	$ 150,000	15,800	165,800
November 1, 2023			14,300	14,300
May 1, 2024	2.000%	160,000	14,300	174,300
November 1, 2024			12,700	12,700
May 1, 2025	2.000%	180,000	12,700	192,700
November 1, 2025			10,900	10,900
May 1, 2026	2.000%	290,000	10,900	300,900
November 1, 2026			8,000	8,000
May 1, 2027	2.000%	320,000	8,000	328,000
November 1, 2027			4,800	4,800
May 1, 2028	3.000%	320,000	4,800	324,800
		$ 1,420,000	$ 133,000	$ 1,553,000