WEBBERVILLE COMMUNITY SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required and additional supplementary information)

YEAR ENDED JUNE 30, 2022

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Webberville Community Schools

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Webberville Community Schools, as of June 30, 2022, and the respective changes in financial position, thereof 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 Webberville 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Webberville 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Webberville 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Webberville 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 other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2022 on our consideration of Webberville 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 Webberville 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 Webberville Community Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

September 16, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

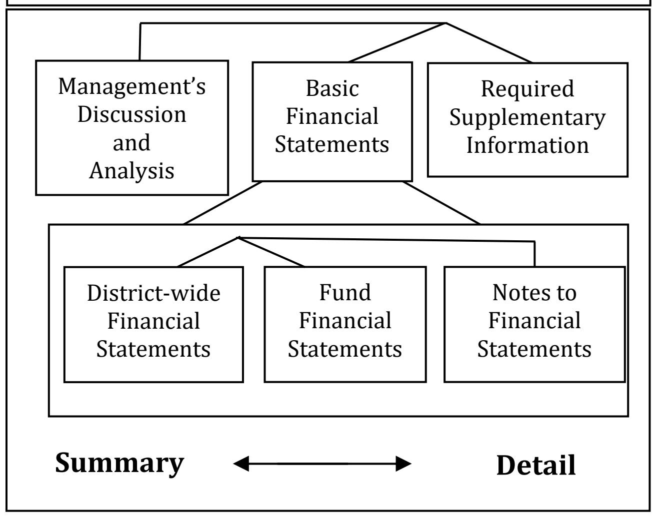
- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide notes to financial statements.

- The governmental funds statements tell how basic services like instruction and support services were financed in the short-term as well as what remains for future spending.

- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

Figure A-1
Organization of Webberville Community Schools' Annual Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2
Major Features of District-wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements: Governmental Funds	Fund Financial Statements: Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances.	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received, and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

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

The two District-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets, deferred outflows of resources, deferred inflows of resources and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider 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 District-wide financial statements, the District's activities:

- Governmental activities - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. 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 establishes other funds to control and manage money for particular purposes (like repaying debt, and its capital projects fund) or to show that it is properly using certain revenues (like school lunch, spartan center, and student/school activities).

The District has two kinds of funds:

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

- *Fiduciary funds* - Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations, but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - The District's combined net position as of June 30, 2022 and 2021:

	2022	2021
Current assets	$ 2,784,061	$ 3,411,283
Capital assets	10,836,324	11,397,155
Total assets	13,620,385	14,808,438
Deferred outflows of resources	2,115,222	2,918,765
Current liabilities	1,319,794	1,529,511
Long-term debt outstanding	15,132,931	16,179,264
Net pension liability	5,970,901	8,880,392
Net other postemployment benefit liability	376,743	1,404,790
Total liabilities	22,800,369	27,993,957
Deferred inflows of resources	4,333,653	1,969,694
Net position		
Net investment in capital assets	(3,608,827)	(3,858,266)
Restricted for capital projects (sinking fund)	72,079	53,545
Restricted for food service	109,037	-
Unrestricted	(7,970,704)	(8,431,727)
Total net position	$ (11,398,415)	$ (12,236,448)

Table A-4
Changes in Webberville Community Schools' Net Position

	2022	2021
Revenues		
Program revenues		
Charges for services	$ 51,709	$ 23,617
Operating grants and contributions	2,046,405	1,815,492
General revenues		
Property taxes	2,029,170	1,896,489
State aid - unrestricted	2,851,688	3,263,414
Intermediate sources	513,523	529,469
Other	10,465	99,434
Total revenues	7,502,990	7,627,915
Expenses		
Instruction	2,833,285	3,072,252
Support services	2,370,093	2,333,069
Community services	91,829	28,740
Food services	257,611	262,401
Student/school activities	112,341	64,215
Interest on long-term debt	394,941	496,246
Unallocated depreciation	604,857	593,043
Total expenses	6,664,957	6,849,966
Change in net position	$ 838,033	$ 777,949

District Governmental Activities

The District's financial condition has come about through a number of areas.

- Proposal A established the student foundation grant concept. The foundation grant for Webberville Community Schools has increased from $5,059 per student in 1995 to $8,700 per student in 2022.
- The District continues to work earnestly toward aligning expenditures with stagnant revenue growth. The District looks to manage staffing levels in accordance with student count and seeks to save money in non-instructional areas whenever possible.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

- For the District as a whole, its combined fund balance is $1,600,472 compared to $2,025,492 in 2020 - 2021. The fund balance decreased by $425,020.
- The District's general fund decreased for the 2021 - 2022 school year by $173,039.
- During the 2021 - 2022 school year, general fund revenues decreased by $259,464 or approx. 5% due to a decrease in pupil count.
- General fund expenditures increased by $431,414 or 8% as compared to 2020 - 2021 primarily due to increased instruction expenditures.

General Fund and Budget Highlights

- During the 2021 - 2022 fiscal year the original District budget was amended to reflect changes which affected the District such as student enrollment, actual staffing and benefit costs. The final budget was amended to show a year-end balance of $888,641 while the actual fund balance at year end was $1,077,514.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets are as follows:

	2022			2021
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 80,000	$ -	$ 80,000	$ 80,000
Buildings and additions	21,315,362	10,797,174	10,518,188	11,044,323
Equipment	834,640	616,061	218,579	266,270
Vehicles	75,450	55,893	19,557	6,562
Total	$ 22,305,452	$ 11,469,128	$ 10,836,324	$ 11,397,155

LONG-TERM OBLIGATIONS

At year end the District had long-term debt outstanding as shown in Table A-6. More detailed information is available in the notes to the financial statements.

	2022	2021
General obligation bonds	$ 14,450,025	$ 13,934,321
Notes from direct borrowings and direct placements	605,124	2,122,664
Compensated absences	76,377	81,759
	$ 15,131,526	$ 16,138,744

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District continues to receive strong support from the community, Board of Education, staff and the intermediate schools district for improving resources in the areas of academic achievement and the District's facilities and infrastructure.

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

- For 2022 - 2023 the District assumed traditional funding based primarily on Fall 2022 count and budgeted a reduction of 27 students from Spring 2022 count.
- When developing the budget for 2022 - 2023 the District estimated an increase of $300 in the per pupil foundation. Since adopting the budget the State School Aid Budget passed with an increase of $450 per pupil.
- The District's 2022 - 2023 initial general fund budget has expenses exceeding revenues by $183,962 before taking into account a portion of the addition of federal fund related to ARPA.
- Contracts with the District's teachers expires on June 30, 2023.
- In addition, the District will be receiving ESSER II in the amount of $245,968 and ESSER III in the amount of $522,800 as part of the COVID-19 relief funding efforts passed in the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) and the American Rescue Plan Act (ARPA).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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 information, contact the Business Office for Webberville Community Schools at Ingham Intermediate School District, 2630 W Howell Rd., Mason, MI 48854.

BASIC FINANCIAL STATEMENTS

WEBBERVILLE COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,707,477
Receivables	
Accounts receivable	65
Intergovernmental	932,974
Inventories	4,520
Prepaids	139,025
Capital assets not being depreciated	80,000
Capital assets, net of accumulated depreciation	10,756,324
TOTAL ASSETS	13,620,385
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of accumulated amortization	379,373
Related to pension	1,230,399
Related to other postemployment benefit	505,450
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,115,222
LIABILITIES	
Accounts payable	300,457
Accrued salaries and related items	313,493
Accrued retirement	139,467
Accrued interest	136,725
Due to custodial fund	34,050
Unearned revenue	85,104
Notes payable	310,498
Noncurrent liabilities	
Due within one year	1,385,275
Due in more than one year	13,746,251
Due in more than one year - interest	1,405
Net pension liability	5,970,901
Net other postemployment benefit liability	376,743
TOTAL LIABILITIES	22,800,369
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	2,333,481
Related to other postemployment benefits	1,608,690
Related to state aid funding for pension	391,482
TOTAL DEFERRED INFLOWS OF RESOURCES	4,333,653
NET POSITION	
Net investment in capital assets	(3,608,827)
Restricted for capital projects (sinking fund)	72,079
Restricted for food service	109,037
Unrestricted	(7,970,704)
NET POSITION	$ (11,398,415)

See notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 2,833,285	$ 5,475	$ 1,272,088	$ (1,555,722)
Support services	2,370,093	13,317	324,933	(2,031,843)
Community services	91,829	18,938	-	(72,891)
Food services	257,611	13,979	346,909	103,277
Student/school activities	112,341	-	102,475	(9,866)
Interest on long-term debt	394,941	-	-	(394,941)
Unallocated depreciation	604,857	-	-	(604,857)
Total governmental activities	$ 6,664,957	$ 51,709	$ 2,046,405	(4,566,843)
General revenues				
Property taxes, levied for general purposes				778,869
Property taxes, levied for debt service				1,105,320
Property taxes, levied for capital projects sinking fund				144,981
Investment earnings				81
State sources				2,851,688
Intermediate sources				513,523
Other				10,384
Total general revenues				5,404,876
CHANGE IN NET POSITION				838,033
NET POSITION, beginning of year				(12,236,448)
NET POSITION, end of year				$ (11,398,415)

See notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Debt Service Fund 2016B Refunding	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,137,738	$ -	$ 569,739	$ 1,707,477
Receivables				
Accounts receivable	-	-	65	65
Intergovernmental	928,565	-	4,409	932,974
Inventories	-	-	4,520	4,520
Prepaids	139,025	-	-	139,025
TOTAL ASSETS	$ 2,205,328	$ -	$ 578,733	$ 2,784,061
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 285,107	$ -	$ 15,350	$ 300,457
Accrued salaries and related items	311,796	-	1,697	313,493
Accrued retirement	136,995	-	2,472	139,467
Accrued interest	520	-	-	520
Due to custodial fund	-	-	34,050	34,050
Unearned revenue	82,898	-	2,206	85,104
Notes payable	310,498	-	-	310,498
TOTAL LIABILITIES	1,127,814	-	55,775	1,183,589
FUND BALANCES				
Nonspendable				
Inventories	-	-	4,520	4,520
Prepaids	139,025	-	-	139,025
Restricted for:				
Debt service	-	-	49,158	49,158
Food service	-	-	198,491	198,491
Capital projects (sinking fund)	-		72,079	72,079
Committed for student/school activities	-	-	198,710	198,710
Assigned for subsequent year expenditures	183,962	-	-	183,962
Unassigned	754,527	-	-	754,527
TOTAL FUND BALANCES	1,077,514	-	522,958	1,600,472
TOTAL LIABILITIES AND FUND BALANCES	$ 2,205,328	$ -	$ 578,733	$ 2,784,061

See notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total governmental fund balances		$ 1,600,472
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred charge on refunding, net of accumulated amortization		379,373
Deferred outflows of resources - related to pension		1,230,399
Deferred inflows of resources - related to pension		(2,333,481)
Deferred outflows of resources - related to other postemployment benefit		505,450
Deferred inflows of resources - related to other postemployment benefit		(1,608,690)
Deferred inflows of resources - related to state pension funding for pension		(391,482)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	$ 22,305,452	
Accumulated depreciation is	(11,469,128)	
		10,836,324
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Bonded debt and other long-term debt		(15,056,554)
Compensated absences		(76,377)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(136,205)
Net pension liability		(5,970,901)
Net other postemployment benefit liability		(376,743)
Net position of governmental activities		$ (11,398,415)

See notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Debt Service Fund 2016B Refunding	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources				
Property taxes	$ 778,869	$ 654,974	$ 595,327	$ 2,029,170
Day care fees	15,145	-	-	15,145
Investment earnings	-	15	66	81
Food sales, admissions and athletics	13,317	-	13,979	27,296
Student/school activities	-	-	102,475	102,475
Other	5,084	-	9,268	14,352
Total local sources	812,415	654,989	721,115	2,188,519
State sources	3,991,837	-	4,051	3,995,888
Federal sources	506,094	-	342,858	848,952
Incoming transfers and other	518,823	-	-	518,823
TOTAL REVENUES	5,829,169	654,989	1,068,024	7,552,182
EXPENDITURES				
Current				
Instruction	3,423,230	-	-	3,423,230
Supporting services	2,496,308	-	-	2,496,308
Food service activities	-	-	266,084	266,084
Student/school activities	-	-	112,341	112,341
Community service activities	70,049	-	38,724	108,773
Capital outlay	-	-	12,730	12,730
Debt service				
Principal repayment	-	860,000	875,000	1,735,000
Interest	-	21,802	450,433	472,235
Bond issuance costs	-	-	139,906	139,906
Other	-	501	3,756	4,257
TOTAL EXPENDITURES	5,989,587	882,303	1,898,974	8,770,864
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(160,418)	(227,314)	(830,950)	(1,218,682)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	-	-	6,100,000	6,100,000
Payment to escrow agent	-	-	(6,267,598)	(6,267,598)
Bond premium	-	-	357,136	357,136
Proceeds from school loan revolving fund	-	177,870	426,254	604,124
Transfers in	16,838	-	29,459	46,297
Transfers out	(29,459)	-	(16,838)	(46,297)
TOTAL OTHER FINANCING SOURCES (USES)	(12,621)	177,870	628,413	793,662
NET CHANGE IN FUND BALANCES	(173,039)	(49,444)	(202,537)	(425,020)
FUND BALANCES				
Beginning of year	1,250,553	49,444	725,495	2,025,492
End of year	$ 1,077,514	$ -	$ 522,958	$ 1,600,472

See notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net change in fund balances total governmental funds	$ (425,020)
Amounts reported for governmental activities in the statement of 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	(604,857)
Capital outlay	44,026
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 the year	143,720
Accrued interest payable, end of the year	(136,205)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Proceeds from school loan revolving fund	(604,124)
Payments on debt	1,735,000
Proceeds from the sale of bonds	(6,100,000)
Payment to escrow agent- principal portion	6,267,598
Premium on issuance of bonds	(357,136)
Amortization of bond premium	70,780
Amortization of deferred loss on refunding	(38,248)
Long-term interest on school bond loan and revolving funds	39,115
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:	
Accrued compensated absences, beginning of the year	81,759
Accrued compensated absences, end of the year	(76,377)
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:	
Pension related items	389,021
Other postemployment benefit related items	458,173
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
Change in state aid funding for pension	(49,192)
Change in net position of governmental activities	$ 838,033

See notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	Custodial Fund
ASSETS	
Cash and cash equivalents	$ 78,369
Due from Webberville Community Schools	34,050
TOTAL ASSETS	112,419
NET POSITION	
Restricted for student organizations	$ 112,419

See notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2022

	Custodial Fund
ADDITIONS	
Student activty income	$ -
DEDUCTIONS	
Payments made on behalf of student organizations	-
CHANGE IN NET POSITION	-
NET POSITION	
Beginning of year	112,419
End of year	$ 112,419

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, and intergovernmental revenues.

Reporting Entity

The Webberville Community Schools (the "District") is governed by the Webberville Community Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. 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. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

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.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District'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. 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 *General 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 *2016B Refunding Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Additionally, the District reports the following *Nonmajor Fund Types*:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific *purposes* (not including expendable trusts or major capital projects). The District accounts for its food service, Spartan Center and student/school activities as special revenue funds.

The *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 2021 Refunding, 2019 Refunding, 2016A Refunding, and 2012 Refunding debt service funds are considered nonmajor.

The *Capital Projects Sinking Fund* accounts for the receipt of sinking fund millage proceeds and the acquisition of fixed assets or construction of capital projects. The District has complied with the applicable *provisions* of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95 relating to sinking funds.

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

During the course of operations, the District 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, they are eliminated in the preparation of the government-wide financial statements.

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, they are eliminated in the preparation of the government-wide financial statements.

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 process of preparing 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 expenses. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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 the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

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 District considers revenues to be available if they are generally 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 debt and acquisitions under leases 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. 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).

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 current year ended, the foundation allowance was based on pupil membership counts.

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 which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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 and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund(s). The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

a. The Superintendent 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. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). 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, in the general fund are noted in the required supplementary information section.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2022. The District does not consider these amendments to be significant.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance</u>

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, and demand deposits.

Investments

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

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers' acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land is not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Building and additions	7 - 50
Equipment	5 - 20
Vehicles	5

Defined Benefit Plan

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

Deferred Outflows

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Inflows

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

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.

In the computation of net invested in capital assets, school bond loan fund and school loan revolving fund principal proceeds of $605,124 are considered capital-related debt. Accrued interest on the school bond loan fund and school loan revolving fund of $1,405 has been included in the calculation of unrestricted net position.

In 2019, the District once again issued bonded debt in the amount of $3,415,000 used to make principal and interest payments related to the school loan revolving fund and the school bond loan fund. As of June 30, 2022 the outstanding balance was $3,415,000. Of this amount, 5.5% of the proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt is not considered capital related debt at June 30, 2022 is $187,825.

In 2021, the District issued bonded debt in the amount of $2,140,000 used to make principal and interest payments related to the school loan revolving fund and the school bond loan fund. As of June 30, 2022 the outstanding balance was $2,140,000. Of this amount, 2.0% of the proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt is not considered capital related debt at June 30, 2022 is $42,800.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Flow Assumptions

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.

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 Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) 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 Board of Education has by resolution authorized the superintendent and finance director to assign fund balance. The Board of Education 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. The District has adopted a minimum fund balance policy for the general fund.

The District strives to maintain an unassigned fund balance of 5.0% of the preceding year's expenditures.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

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

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service funds	
PRE, Non-PRE, Commercial Personal Property	7.4500
Capital projects sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9775

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2022, the District had no deposits which meet the GASB No. 42 definition of investments.

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.

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 (NRSROs). As of June 30, 2022, the District did not have investments in commercial paper and corporate bonds.

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. As of June 30, 2022, the District did not have any investments that would be subject to rating.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022, the carrying amount of the District's deposits was $1,707,477 and the bank balance was $1,715,302, of which $250,000 was covered by federal depository insurance.

Fiduciary cash balances are not included in the above balance. As of June 30, 2022, the carrying amount of the fiduciary fund's balance was $78,369 and the bank balance was $78,369, of which $0 was covered by federal depository insurance.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business. The District had no investments at year end.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

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

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

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

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

Foreign Currency Risk

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

The above cash and cash equivalent amounts are reported in the financial statements as follows:

District-wide cash	$ 1,707,477
Custodial fund	78,369
	$ 1,785,846

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2021	Additions	Deletions/ Reclassification	Balance June 30, 2022
Governmental activities				
Capital assets, not being depreciated				
Land	$ 80,000	$ -	$ -	$ 80,000
Capital assets, being depreciated				
Buildings and additions	21,315,362	-	-	21,315,362
Equipment	811,043	23,597	-	834,640
Vehicles	55,021	20,429	-	75,450
Total capital assets, being depreciated	22,181,426	44,026	-	22,225,452
Accumulated depreciation				
Buildings and additions	10,271,039	526,135	-	10,797,174
Equipment	544,773	71,288	-	616,061
Vehicles	48,459	7,434	-	55,893
Total accumulated depreciation	10,864,271	604,857	-	11,469,128
Net capital assets being depreciated	11,317,155	(560,831)	-	10,756,324
Net governmental capital assets	$ 11,397,155	$ (560,831)	$ -	$ 10,836,324

Depreciation for the fiscal year ended June 30, 2022 amounted to $604,857. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2022 consist of the following:

State aid	$ 708,861
Federal grants	175,348
Payments from ISD	48,765
	$ 932,974

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

At June 30, 2022, the District issued two state aid anticipation notes payable (2021A-1 and 2021A-2) in the amount of $525,000 which have interest rates of 0.11% and 0.12%, respectively, and mature on July 20, 2022 August 22, 2022, respectively. The notes are secured by the full faith and credit of the District as well as pledged state aid. Proceeds of the notes were used to fund school operations. In an event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. One of the notes required payments to an irrevocable set-aside account of $214,502 at June 30, 2022. At year end the balance of these payments are considered defeased debt and are not included in the year-end balance. Activity for the year ended June 30, 2022 is as follows:

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
$ 555,303	$ 525,000	$ (769,805)	$ 310,498

NOTE 6 - 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 the long-term obligation transactions of the District for the year ended June 30, 2022:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences	Total
Balance, July 1, 2021	$ 13,934,321	$ 2,122,664	$ 81,759	$ 16,138,744
Additions	6,457,136	604,124	-	7,061,260
Deletions	5,941,432	2,121,664	5,382	8,068,478
Balance, June 30, 2022	14,450,025	605,124	76,377	15,131,526
Due within one year	1,370,000	-	15,275	1,385,275
Total due after one year	$ 13,080,025	$ 605,124	$ 61,102	$ 13,746,251

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2022 are comprised of the following issues:

General Obligation Bonds	
2006 Energy bonds dated June 8, 2006, due in annual installments of $100,000 to $110,000 through May 2026, with an interest rate from 4.20% to 4.25%.	$ 415,000
2016 Series A refunding term bonds due in annual installments of $330,000 to $430,000 through May 2032 with interest of 4.00%.	3,825,000
2019 Refunding bonds dated December 18, 2019, due in annual installments of $425,000 to $440,000 through May 2030, with an interest rate from 2.05% to 2.61%.	3,415,000
2021 Refunding bonds dated July 13, 2021, due in annual installments of $515,000 to $665,000 through May 2032, with an interest rate from 2.00% to 3.00%.	6,100,000
Plus issuance premium	695,025
Total general obligation bonds	14,450,025
Notes from Direct Borrowings and Direct Placements	
Borrowings from the State of Michigan under the School Loan Revolving Fund, excluding interest. The interest rate at June 30, 2022 was 1.19%.	605,124
Total general obligation bonds and notes from direct borrowings and direct placements	15,055,149
Compensated absences	76,377
Total long-term obligations	$ 15,131,526

Borrowing from the State of Michigan - The school loan revolving fund payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest rate have been assessed at June 30, 2022 was 1.19% for the School Loan Revolving Fund notes. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.45 mills. The school district is required to levy 7.45 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. The District currently levies 7.45 debt mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the following amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

On July 13, 2021, the District issued a general obligation bond of $3,960,000 with an interest rate of 2.00% to 3.00% to advance refund the 2012 outstanding bonds. The bond mature at various times through May 1, 2032. The general obligation bond was issued at par value plus a premium of $280,264. After paying issuance costs of $94,330 the net proceeds were $4,145,934. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's government-wide financial statements. As a result of the refunding, the District reduced its total debt service requirements by $206,873, which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of $206,081.

Also on July 13, 2021, the District issued general obligation refunding bonds of $2,140,000 with interest of 2.00% to 3.00% to refund the majority of the District's outstanding school loan revolving fund debt. The bonds mature at various times through May 1, 2032. The general obligation bond was issued at par value plus a premium of $76,872. After paying issuance costs of $49,977 the net proceeds were $2,166,895. The net proceeds from the issuance of the general obligation bonds were used to pay-off the majority of the District's outstanding school loan revolving fund debt.

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

	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements			
Year Ending June 30,	Principal	Interest	Principal	Interest	Compensated Absences	Total
2023	$ 1,370,000	$ 408,616	$ -	$ -	$ -	$ 1,778,616
2024	1,410,000	367,038	-	-	-	1,777,038
2025	1,450,000	323,734	-	-	-	1,773,734
2026	1,490,000	278,372	-	-	-	1,768,372
2027	1,425,000	231,220	-	-	-	1,656,220
2028 - 2032	6,610,000	520,632	-	-	-	7,130,632
Total	13,755,000	2,129,612	-	-	-	15,884,612
School loan revolving fund	-	-	605,124	1,405	-	606,529
Issuance premium	695,025	-	-	-	-	695,025
Compensated absences	-	-	-	-	76,377	76,377
	$ 14,450,025	$ 2,129,612	$ 605,124	$ 1,405	$ 76,377	$ 17,262,543

Interest expense on long-term debt for the year ended June 30, 2022 was approximately $472,000.

At June 30, 2022, $49,158 is available in the debt service funds to service the general obligation debt.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by 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% - 7.0%.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

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

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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

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

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

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

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately $846,000. Of the total pension contributions approximately $827,000 was contributed to fund the Defined Benefit Plan and approximately $19,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB contributions were approximately $209,000. Of the total OPEB contributions approximately $194,000 was contributed to fund the Defined Benefit Plan and approximately $15,000 was contributed to fund the Defined Contribution Plan.

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

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

Pension Liabilities

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

MPSERS (Plan) Non-university Employers	September 30, 2021	September 30, 2020
Total pension liability	$ 86,392,473,395	$ 85,290,583,799
Plan fiduciary net position	$ 62,717,060,920	$ 50,939,496,006
Net pension liability	$ 23,675,412,475	$ 34,351,087,793
Proportionate share	0.02522%	0.02585%
Net pension liability for the District	$ 5,970,901	$ 8,880,392

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

For the year ended June 30, 2022, the District recognized pension expense of $437,651.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 376,384	$ -
Net difference between projected and actual pension plan investment earnings	-	1,919,626
Differences between expected and actual experience	92,492	35,162
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	378,693
Reporting Unit's contributions subsequent to the measurement date	761,523	-
	$ 1,230,399	$ 2,333,481

$761,523, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2022	$ (354,762)
2023	(450,248)
2024	(521,844)
2025	(537,751)

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Liabilities

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

MPSERS (Plan) Non-university Employers	September 30, 2021	September 30, 2020
Total other postemployment benefits liability	$ 12,046,393,511	$ 13,206,903,534
Plan fiduciary net position	$ 10,520,015,621	$ 7,849,636,555
Net other postemployment benefits liability	$ 1,526,377,890	$ 5,357,266,979
Proportionate share	0.02468%	0.02622%
Net other postemployment benefits liability for the District	$ 376,743	$ 1,404,790

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

For the year ended June 30, 2022, the District recognized OPEB benefit of $264,606.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 314,938	$ 47,127
Net difference between projected and actual other postemployment benefits plan investment earnings	-	283,958
Differences between expected and actual experience	-	1,075,385
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,944	202,220
Reporting Unit's contributions subsequent to the to the measurement date	166,568	-
	$ 505,450	$ 1,608,690

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

$166,568, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2022	$ (346,931)
2023	(312,167)
2024	(267,115)
2025	(235,419)
2026	(95,627)
2027	(12,549)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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	25.0%	5.4%
International Equity Pools	15.0%	7.5%
Private Equity Pools	16.0%	9.1%
Real Estate and Infrastructure Pools	10.0%	5.4%
Fixed Income Pools	10.5%	-0.7%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short Term Investment Pools	2.0%	-1.3%
	100.0%	

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

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

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 8,536,769	$ 5,970,901	$ 3,843,628

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

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 700,056	$ 376,743	$ 102,365

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 91,696	$ 376,743	$ 697,454

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation and property and casualty. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the 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 pool maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other needs including property and casualty, errors and omissions, fleet and health and accident insurance.

NOTE 9 - TRANSFERS

The transfer of $16,838 from the food service fund to the general fund was to offset a portion of indirect costs paid by the general fund, while $3 from the general fund was transferred over to food service cover at-risk meals. The $29,456 transfer from the general fund to the Spartan Center Fund was to prevent a deficit fund balance.

NOTE 10 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement 77, *Tax Abatements.*

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

Municipality	Taxes Abated
Leroy Township	
General operation	$ 78,966
Debt service	16,342
Sinking fund	2,144
	$ 97,452

NOTE 11 - CONTINGENT LIABILITIES

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

NOTE 12 - SUBSEQUENT EVENTS

The District approved borrowing up to $300,000 for the fiscal year 2023 to replace the notes payable as described in Note 5.

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENT

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

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

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

Summary:

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

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

REQUIRED SUPPLEMENTARY INFORMATION

WEBBERVILLE COMMUNITY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 697,652	$ 753,718	$ 812,415	$ 58,697
State sources	4,055,476	4,047,621	3,991,837	(55,784)
Federal sources	188,341	575,542	506,094	(69,448)
Incoming transfers and other	458,945	504,143	518,823	14,680
TOTAL REVENUES	5,400,414	5,881,024	5,829,169	(51,855)
EXPENDITURES				
Current				
Instruction				
Basic programs	2,335,087	2,554,240	2,411,015	143,225
Added needs	924,116	1,105,626	1,012,215	93,411
Total instruction	3,259,203	3,659,866	3,423,230	236,636
Supporting services				
Pupil	373,244	346,553	337,873	8,680
Instructional staff	89,969	62,531	63,393	(862)
General administration	277,983	291,408	282,005	9,403
School administration	407,998	458,726	441,547	17,179
Business	109,453	109,202	106,390	2,812
Operation/maintenance	657,185	696,480	672,194	24,286
Pupil transportation	212,279	211,759	208,446	3,313
Central	175,952	215,782	206,735	9,047
Athletics	157,586	156,439	177,725	(21,286)
Total supporting services	2,461,649	2,548,880	2,496,308	52,572
Community services	16,699	22,590	70,049	(47,459)
TOTAL EXPENDITURES	5,737,551	6,231,336	5,989,587	241,749
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(337,137)	(350,312)	(160,418)	189,894
OTHER FINANCING SOURCES (USES)				
Transfers in	17,000	17,000	16,838	(162)
Transfers out	(24,100)	(28,600)	(29,459)	(859)
TOTAL OTHER FINANCING SOURCES (USES)	(7,100)	(11,600)	(12,621)	(1,021)
NET CHANGE IN FUND BALANCE	$ (344,237)	$ (361,912)	(173,039)	$ 188,873
FUND BALANCE				
Beginning of year			1,250,553	
End of year			$ 1,077,514	

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.02522%	0.02585%	0.02627%	0.02779%	0.02874%	0.02915%	0.03037%	0.03040%
Reporting Unit's proportionate share of net pension liability	$ 5,970,901	$ 8,880,392	$ 8,698,684	$ 8,353,244	$ 7,448,515	$ 7,272,689	$ 7,417,680	$ 6,696,808
Reporting Unit's covered-employee payroll	$ 2,245,996	$ 2,339,058	$ 2,270,129	$ 2,319,297	$ 2,425,058	$ 2,433,269	$ 2,522,743	$ 2,596,324
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	265.85%	379.66%	383.18%	360.16%	307.15%	298.89%	294.03%	257.93%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	70.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 826,672	$ 743,785	$ 704,597	$ 685,420	$ 735,233	$ 673,076	$ 633,172	$ 551,821
Contributions in relation to statutorily required contributions	826,672	743,785	704,597	685,420	735,233	673,076	633,172	551,821
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 2,350,188	$ 2,235,788	$ 2,346,919	$ 2,239,424	$ 2,366,312	$ 2,402,614	$ 2,327,692	$ 2,575,164
Contributions as a percentage of covered-employee payroll	35.17%	33.27%	30.02%	30.61%	31.07%	28.01%	27.20%	21.43%

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

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (%)	0.02468%	0.02622%	0.02585%	0.02713%	0.02889%
Reporting Unit's proportionate share of net other postemployment benefits liability	$ 376,743	$ 1,404,790	$ 1,855,443	$ 2,156,884	$ 2,558,075
Reporting Unit's covered-employee payroll	$ 2,245,996	$ 2,339,058	$ 2,270,129	$ 2,319,297	$ 2,425,058
Reporting Unit's proportionate share of net other postemployment benefits liability as a percentage of its covered-employee payroll	16.77%	60.06%	81.73%	93.00%	105.49%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers)	87.33%	59.44%	48.46%	42.95%	36.39%

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

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2021	2021	2020	2019	2018
Statutorily required other postemployment benefit contributions	$ 193,567	$ 190,662	$ 197,467	$ 183,302	$ 202,534
Other postemployment benefit contributions in relation to statutorily required contributions	193,567	190,662	197,467	183,302	202,534
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 2,350,188	$ 2,235,788	$ 2,346,919	$ 2,239,424	$ 2,366,312
Other postemployment benefit contributions as a percentage of covered-employee payroll	8.24%	8.53%	8.41%	8.19%	8.56%

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

WEBBERVILLE COMMUNITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - PENSION INFORMATION

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

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

NOTE 2 - OPEB INFORMATION

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

Changes of Assumptions - the assumption changes for 2021 were:

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

ADDITIONAL SUPPLEMENTARY INFORMATION

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2022

	Special Revenue	Debt Service	Capital Projects Sinking Fund	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	$ 448,502	$ 49,158	$ 72,079	$ 569,739
Accounts receivable	65	-	-	65
Intergovernmental receivables	4,409	-	-	4,409
Inventories	4,520	-	-	4,520
TOTAL ASSETS	$ 457,496	$ 49,158	$ 72,079	$ 578,733
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 15,350	$ -	$ -	$ 15,350
Accrued salaries and related items	1,697	-	-	1,697
Accrued retirement	2,472	-	-	2,472
Due to custodial fund	34,050	-	-	34,050
Unearned revenue	2,206	-	-	2,206
TOTAL LIABILITIES	55,775	-	-	55,775
FUND BALANCES				
Nonspendable				
Inventories	4,520	-	-	4,520
Restricted for:				
Debt service	-	49,158	-	49,158
Food service	198,491	-	-	198,491
Capital projects (sinking fund)	-	-	72,079	72,079
Committed for - student/school activities	198,710	-	-	198,710
TOTAL FUND BALANCES	401,721	49,158	72,079	522,958
TOTAL LIABILITIES AND FUND BALANCES	$ 457,496	$ 49,158	$ 72,079	$ 578,733

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2022

			Capital Projects	
	Special Revenue	Debt Service	Sinking Fund	Total Nonmajor Funds
REVENUES				
Local sources				
Property taxes	$ -	$ 450,346	$ 144,981	$ 595,327
Investment earnings	-	66	-	66
Food sales	13,979	-	-	13,979
Student/school activities	102,475	-	-	102,475
Other	9,268	-	-	9,268
Total local sources	125,722	450,412	144,981	721,115
State sources	4,051	-	-	4,051
Federal sources	342,858	-	-	342,858
TOTAL REVENUES	472,631	450,412	144,981	1,068,024
EXPENDITURES				
Current				
Food service activities	266,084	-	-	266,084
Student/school activites	112,341	-	-	112,341
Community service activities	38,724	-	-	38,724
Capital outlay	2,763	-	9,967	12,730
Debt service				
Principal repayment	-	780,000	95,000	875,000
Interest expense	-	428,953	21,480	450,433
Bond issuance costs	-	139,906	-	139,906
Other expense	-	3,756	-	3,756
TOTAL EXPENDITURES	419,912	1,352,615	126,447	1,898,974
EXCESS (DEFICIENCY) OF REVENUES UNDER (OVER) EXPENDITURES	52,719	(902,203)	18,534	(830,950)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	-	6,100,000	-	6,100,000
Payment to escrow agent	-	(6,267,598)	-	(6,267,598)
Bond premium	-	357,136	-	357,136
Proceeds from school loan revolving fund	-	426,254	-	426,254
Transfers in	29,459	-	-	29,459
Transfers out	(16,838)	-	-	(16,838)
TOTAL OTHER FINANCING SOURCES (USES)	12,621	615,792	-	628,413
NET CHANGE IN FUND BALANCES	65,340	(286,411)	18,534	(202,537)
FUND BALANCES				
Beginning of year	336,381	335,569	53,545	725,495
End of year	$ 401,721	$ 49,158	$ 72,079	$ 522,958

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Food Service	Spartan Center	Student/ School Activities	Totals
ASSETS				
Cash and cash equivalents	$ 208,117	$ 2,254	$ 238,131	$ 448,502
Accounts receivable	65	-	-	65
Intergovernmental receivables	4,409	-	-	4,409
Inventories	4,520	-	-	4,520
TOTAL ASSETS	$ 217,111	$ 2,254	$ 238,131	$ 457,496
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 8,821	$ 1,158	$ 5,371	$ 15,350
Accrued salaries and related items	601	1,096	-	1,697
Accrued retirement	2,472	-	-	2,472
Due to custodial fund	-	-	34,050	34,050
Unearned revenue	2,206	-	-	2,206
TOTAL LIABILITIES	14,100	2,254	39,421	55,775
FUND BALANCES				
Nonspendable				
Inventories	4,520	-	-	4,520
Restricted for:				
Food service	198,491	-	-	198,491
Committed for student/school activities	-	-	198,710	198,710
TOTAL FUND BALANCES	203,011	-	198,710	401,721
TOTAL LIABILITIES AND FUND BALANCES	$ 217,111	$ 2,254	$ 238,131	$ 457,496

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Food Service	Spartan Center	Student/ School Activities	Totals
REVENUES				
Sales	$ 13,979	$ -	$ -	$ 13,979
State aid	4,051	-	-	4,051
Federal aid	342,858	-	-	342,858
Student/school activities	-	-	102,475	102,475
Other	-	9,268	-	9,268
TOTAL REVENUES	360,888	9,268	102,475	472,631
EXPENDITURES				
Salaries	58,878	13,103	-	71,981
Benefits	16,179	6,584	-	22,763
Purchased services	42,903	18,856	-	61,759
Supplies and materials	148,124	181	-	148,305
Capital outlay	2,763	-	-	2,763
Student/school activites	-	-	112,341	112,341
TOTAL EXPENDITURES	268,847	38,724	112,341	419,912
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	92,041	(29,456)	(9,866)	52,719
OTHER FINANCING SOURCES (USES)				
Transfers in	3	29,456	-	29,459
Transfers out	(16,838)	-	-	(16,838)
TOTAL OTHER FINANCING SOURCES (USES)	(16,835)	29,456	-	12,621
NET CHANGE IN FUND BALANCES	75,206	-	(9,866)	65,340
FUND BALANCES				
Beginning of year	127,805	-	208,576	336,381
End of year	$ 203,011	$ -	$ 198,710	$ 401,721

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	2019 Refunding	2016A Refunding	2012	2021 Refunding	Totals
ASSETS					
Cash and cash equivalents	$ 1,071	$ 33,140	$ 6,198	$ 8,749	$ 49,158
FUND BALANCES					
Restricted for - debt service	$ 1,071	$ 33,140	$ 6,198	$ 8,749	$ 49,158

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	2019 Refunding	2016A Refunding	2012	2021 Refunding	Totals
REVENUES					
Local sources					
Property taxes	$ 37,564	$ 160,763	$ 148,121	$ 103,898	$ 450,346
Interest	2	41	20	3	66
TOTAL REVENUES	37,566	160,804	148,141	103,901	450,412
EXPENDITURES					
Principal repayment	-	320,000	460,000	-	780,000
Interest expense	81,328	165,800	13,801	168,024	428,953
Bond issuance cost	-	-	-	139,906	139,906
Other	500	500	150	2,606	3,756
TOTAL EXPENDITURES	81,828	486,300	473,951	310,536	1,352,615
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(44,262)	(325,496)	(325,810)	(206,635)	(902,203)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of bonds	-	-	-	6,100,000	6,100,000
Payment to escrow agent	-	-	-	(6,267,598)	(6,267,598)
Bond premium	-	-	-	357,136	357,136
Proceeds from school loan revolving fund	2,826	195,010	202,572	25,846	426,254
TOTAL OTHER FINANCING SOURCES (USES)	2,826	195,010	202,572	215,384	615,792
NET CHANGE IN FUND BALANCES	(41,436)	(130,486)	(123,238)	8,749	(286,411)
FUND BALANCES					
Beginning of year	42,507	163,626	129,436	-	335,569
End of year	$ 1,071	$ 33,140	$ 6,198	$ 8,749	$ 49,158

WEBBERVILLE COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2022

$1,525,000 Energy conservation and improvement bonds issued June 8, 2006:

	Interest Due		Debt Service Requirement	
Principal Due May 1	May 1	November 1	June 30,	Amount
$ 100,000	$ 8,769	$ 8,769	2023	$ 117,538
100,000	6,669	6,669	2024	113,338
105,000	4,569	4,569	2025	114,138
110,000	2,338	2,338	2026	114,676
$ 415,000	$ 22,345	$ 22,345		$ 459,690

The above bonds have interest rates from 4.20% to 4.25%. The bond proceeds were used to finance energy efficiency improvements throughout the District. These bonds are currently paid with proceeds from the District's sinking fund millage which expires in December 2023.

WEBBERVILLE COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2022

$4,765,000 Refunding bonds issued February 24, 2016:

	Interest Due		Debt Service Requirement	
Principal Due May 1	May 1	November 1	June 30,	Amount
$ 330,000	$ 76,500	$ 76,500	2023	$ 483,000
340,000	69,900	69,900	2024	479,800
355,000	63,100	63,100	2025	481,200
365,000	56,000	56,000	2026	477,000
380,000	48,700	48,700	2027	477,400
390,000	41,100	41,100	2028	472,200
405,000	33,300	33,300	2029	471,600
410,000	25,200	25,200	2030	460,400
420,000	17,000	17,000	2031	454,000
430,000	8,600	8,600	2032	447,200
$ 3,825,000	$ 439,400	$ 439,400		$ 4,703,800

The above bonds carry interest at 4.00%. These bonds were issued to refund the remaining 2006 bonds.

WEBBERVILLE COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2022

$3,415,000 General obligation bonds issued December 18, 2019:

	Interest Due		Debt Service Requirement	
Principal Due May 1	May 1	November 1	June 30,	Amount
$ 425,000	$ 40,664	$ 40,664	2023	$ 506,328
425,000	36,300	36,300	2024	497,600
425,000	31,723	31,723	2025	488,446
425,000	26,848	26,848	2026	478,696
425,000	21,760	21,760	2027	468,520
425,000	16,529	16,529	2028	458,058
425,000	11,191	11,191	2029	447,382
440,000	5,746	5,746	2030	451,492
$ 3,415,000	$ 190,761	$ 190,761		$ 3,796,522

The above bonds carry interest at 2.05% to 2.61%. These bonds were issued primarily to pay down borrowing from the School Bond Revolving Fund and the School Bond Loan Program.

WEBBERVILLE COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2022

$6,100,000 General obligation bonds issued July 13, 2021:

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement June 30,	Debt Service Requirement Amount
$ 515,000	$ 78,375	$ 78,375	2023	$ 671,750
545,000	70,650	70,650	2024	686,300
565,000	62,475	62,475	2025	689,950
590,000	54,000	54,000	2026	698,000
620,000	45,150	45,150	2027	710,300
640,000	35,850	35,850	2028	711,700
650,000	26,250	26,250	2029	702,500
660,000	19,750	19,750	2030	699,500
650,000	13,130	13,130	2031	676,260
665,000	6,650	6,650	2032	678,300
$ 6,100,000	$ 412,280	$ 412,280		$ 6,924,560

The above bonds carry interest at 2.00% to 3.00%. These bonds were issued primarily to pay down borrowing from the School Bond Revolving Fund and the School Bond Loan Program, as well as pay down the borrowing on the 2012 bonded debt.

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF BORROWINGS - STATE OF MICHIGAN
SCHOOL LOAN REVOLVING FUND
JUNE 30, 2022

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Loan Revolving Fund. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from and repayments to the State under this program have been summarized as follows:

Year Ending June 30,	Loan Proceeds (Payments)	Interest Expense (Payments)	Change in Loan Balance
2006	$ 367,245	$ 9,673	$ 376,918
2007	381,125	27,470	408,595
2008	285,316	35,388	320,704
2009	342,970	73,549	416,519
2010	353,371	87,507	440,878
2011	448,569	82,891	531,460
2012	328,045	80,560	408,605
2013	146,253	94,438	240,691
2014	258,159	116,063	374,222
2015	184,221	125,657	309,878
2016	167,447	86,864	254,311
2016 loan repayment	(3,262,721)	(820,060)	(4,082,781)
2017	1,056,903	10,389	1,067,292
2018	1,023,521	42,703	1,066,224
2019	977,832	80,021	1,057,853
2020	971,402	54,785	1,026,187
2020 loan repayment	(3,146,947)	(182,682)	(3,329,629)
2021	1,239,953	35,304	1,275,257
2022	604,124	3,510	607,634
2022 loan repayment	(2,121,664)	(42,625)	(2,164,289)
Balance as of year end	$ 605,124	$ 1,405	$ 606,529

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash assistance (donated foods)								
Entitlement Donated Foods	10.555	N/A	$ 17,537	$ -	$ -	$ 17,537	$ 17,537	$ -
Cash Assistance								
COVID-19 - National School Lunch Program	10.555	211961	32,645	-	-	32,645	32,645	-
COVID-19 - National School Lunch Program	10.555	221961	170,917	-	-	170,917	169,813	1,104
COVID-19 - National School Lunch Program	10.555	220910	14,815	-	-	14,815	14,815	-
Total ALN 10.555			218,377	-	-	218,377	217,273	1,104
COVID-19 - School Breakfast Program	10.553	221971	71,050	-	-	71,050	69,786	1,264
COVID-19 - Summer Food Service Program for Children	10.559	210904	57,498	24,259	-	35,280	57,498	2,041
Total cash assistance			346,925	24,259	-	324,707	344,557	4,409
Total Child Nutrition Cluster			364,462	24,259	-	342,244	362,094	4,409
Pandemic EBT Local Level Costs	10.649	210980	614	-	-	614	614	-
Total U.S. Department of Agriculture			365,076	24,259	-	342,858	362,708	4,409

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
U.S. Department of Treasury								
Passed through Ingham Intermediate School District								
COVID-19 - Great Start Readiness Program	21.027	N/A	$ 83,600	$ -	$ -	$ 83,600	$ 53,625	$ 29,975
Total U.S. Department of Treasury			83,600	-	-	83,600	53,625	29,975
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I Grants to Local Educational Agencies	84.010	211530-2021	78,313	17,413	67,565	9,097	26,510	-
Title I Grants to Local Educational Agencies	84.010	221530-2122	76,678	-	-	69,895	32,785	37,110
Total ALN 84.010			154,991	17,413	67,565	78,992	59,295	37,110
Supporting Effective Instruction State Grants	84.367	210520-2021	17,656	3,993	14,379	2,009	6,002	-
Supporting Effective Instruction State Grants	84.367	220520-2122	17,722	-	-	15,278	7,213	8,065
Total ALN 84.367			35,378	3,993	14,379	17,287	13,215	8,065
Student Support and Academic Enrichment	84.424	210750-2021	10,000	10,000	10,000	-	10,000	-
Student Support and Academic Enrichment	84.424	220750-2022	10,000	-	-	7,151	7,151	-
Total ALN 84.367			20,000	10,000	10,000	7,151	17,151	-
Education Stabilization Fund								
COVID-19 Governor's Emergency Education Relief Funds (GEER II Teacher and Support Staff Payments)	84.425C	211202-2122	4,750	-	-	4,750	4,750	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I Formula Funds)	84.425D	203710-1920	71,054	6,892	71,054	-	6,892	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	245,968	49,331	49,331	179,076	164,529	63,878
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Summer Program K-8)	84.425D	213722-2122	41,800	-	-	26,226	18,361	7,865
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Credit Recover)	84.425D	213742-2122	13,200	-	-	8,670	8,670	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Before and After School)	84.425D	213752-2122	25,000	-	-	2,234	2,234	-
Total ALN 84.425 and Education Stabilization Fund			401,772	56,223	120,385	220,956	205,436	71,743
Total U.S. Department of Education			612,141	87,629	212,329	324,386	295,097	116,918

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
U.S. Department of Health and Human Services								
Passed through Ingham Intermediate School District								
Medicaid Cluster								
Medical Assistance Program	93.778	N/A	$ 4,014	$ -	$ -	$ 4,014	$ 4,014	$ -
COVID-19 - Health Resource Advocate Fund	93.323	N/A	24,046	-	-	24,046	-	24,046
Total U.S. Department of Health and Human Services			28,060	-	-	28,060	4,014	24,046
TOTAL FEDERAL AWARDS			$ 1,088,877	$ 111,888	$ 212,329	$ 778,904	$ 715,444	$ 175,348

WEBBERVILLE COMMUNITY SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Webberville Community Schools under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations Webberville Community Schools, it is not intended to and does not present the financial position or changes in net position of Webberville Community Schools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass through federal awards.

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements for the period June 30, 2022:

General fund	$ 506,094
Other nonmajor governmental funds	342,858
Less: Federal assistance funding not subject to single audit act	(70,048)
Expenditures per schedule of expenditures of federal awards	$ 778,904

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

To the Board of Education
Webberville Community Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webberville Community Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Webberville Community Schools' basic financial statements, and have issued our report thereon dated June 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webberville Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Maner Costerisan PC

September 16, 2022

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

To the Board of Education
Webberville Community Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Webberville Community Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Webberville Community Schools' major federal programs for the year ended June 30, 2022. Webberville Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Webberville Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Webberville Community Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Webberville Community Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Webberville Community Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Maner Costerisan PC

September 16, 2022

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ None
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ Yes __X__ None reported

Noncompliance material to financial statements noted? ____ Yes __X__ None

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ None
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ Yes __X__ None reported

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

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

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
10.553, 10.555, and 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? ____ Yes __X__ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Question Costs

None

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

The District was not required to be audited under the Uniform Guidance in the prior year.

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September 16, 2022

To the Board of Education
Webberville Community Schools

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated September 16, 2022 on the financial statements of Webberville Community Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. Webberville Community Schools has developed a plan to spend down the excess by June 30, 2023.

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

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

Very truly yours,

Maner Costerisan PC

Maner Costerisan

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September 16, 2022

To the Board of Education
Webberville Community Schools

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

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Webberville Community Schools are described in Note 1 to the financial statements. During fiscal year 2022, the District implemented Governmental Accounting Standard No. 87, *Leases.* We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

> Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 16, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

<u>Other Matters</u>

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

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

Restriction on Use

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

Very truly yours,

Maner Costerisan PC