
Vicksburg Community Schools

**Financial Report
with Supplemental Information
June 30, 2022**

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Independent Auditor's Report

To the Board of Education
Vicksburg Community Schools

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of the School District as of June 30, 2022 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the School District's ability to continue as a going concern for 12 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 GAAS 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.

To the Board of Education
Vicksburg Community Schools

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental 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, which 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 supplemental 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
Vicksburg Community Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 25, 2022

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

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Vicksburg Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, 2020 Building and Site Fund, and 2022 Building and Site Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Other Supplemental Information

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

Vicksburg Community Schools

Management's Discussion and Analysis (Continued)

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2022 and 2021:

	Governmental Activities	
	2022	2021
	(in millions)	
Assets		
Current and other assets	\$ 33.5	\$ 26.6
Capital assets	35.8	31.2
Total assets	69.3	57.8
Deferred Outflows of Resources	10.5	14.9
Liabilities		
Current liabilities	6.4	7.6
Noncurrent liabilities	36.4	25.9
Net pension liability	36.9	53.5
Net OPEB liability	2.4	8.3
Total liabilities	82.1	95.3
Deferred Inflows of Resources	24.0	9.2
Net Position (Deficit)		
Net investment in capital assets	18.4	17.7
Restricted	0.3	0.3
Unrestricted	(45.0)	(49.8)
Total net position (deficit)	\$ (26.3)	\$ (31.8)

Vicksburg Community Schools

Management's Discussion and Analysis (Continued)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(26.3) million at June 30, 2022. Net investment in capital assets totaling \$18.4 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(45.0) million) was unrestricted.

The \$(45.0) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact of the net pension and OPEB liabilities. The change in the net pension and net OPEB liabilities has a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2022 and 2021:

	Governmental Activities	
	2022	2021
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.5	\$ 0.2
Operating grants	11.5	10.6
General revenue:		
Taxes	6.4	6.2
State aid not restricted to specific purposes	20.7	19.6
Other	0.6	0.4
Total revenue	39.7	37.0
Expenses		
Instruction	16.6	18.9
Support services	12.8	11.5
Athletics	0.5	0.6
Food services	1.2	1.1
Community services	0.4	0.4
Debt service	0.7	0.7
Depreciation expense (unallocated)	1.7	1.8
Other	0.3	-
Total expenses	34.2	35.0
Change in Net Position	5.5	2.0
Net Position (Deficit) - Beginning of year	(31.8)	(33.8)
Net Position (Deficit) - End of year	<u>\$(26.3)</u>	<u>\$(31.8)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$34.2 million. Certain activities were partially funded from those who benefited from the programs (\$0.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11.5 million). We paid for the remaining public benefit portion of our governmental activities with \$6.4 million in taxes, \$20.7 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$5.5 million. The key reason for the change in net position was the increase in revenue related to the COVID-19 funding and impact of changes to the net pension and OPEB liabilities.

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$27.3 million, which is an increase of \$8.2 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased by \$1.1 million to \$6.0 million. The increase is mainly due to a combination of factors related to the COVID-19 pandemic, including significant increases in federal and state operating grants, which was partially offset by increased operating costs.

The 2020 Building and Site Fund fund balance decreased by \$7.5 million to \$4.8 million due to the scheduled capital outlay.

The 2022 Building and Site Fund fund balance increased by \$14.1 million to \$14.1 million due to the issuance of the 2022 Building and Site Bonds.

Fund balance of our special revenue funds increased by \$0.4 million as a result of increased federal funding provided for the purpose of the extended summer food service program.

Combined, the fund balance of our debt service funds increased by \$0.1 million. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can only be used to pay debt service obligations.

Combined, the fund balance of our nonmajor capital project fund had no increase or decrease.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2022. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

There were significant revisions made to the 2021-2022 General Fund original budget. Budgeted revenue was increased by \$3.2 million due to significantly higher than anticipated state aid revenue combined with significant federal funding related to the COVID-19 pandemic. Higher than anticipated budgeted expenditures were increased by \$2.6 million in response to the additional revenue described previously.

There were no significant variances between the final budget and actual amounts.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022 and 2021, the School District had \$35.8 million and \$31.2 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$4.6 million from 2021 to 2022.

Vicksburg Community Schools

Management's Discussion and Analysis (Continued)

	2022	2021
Land	\$ 147,402	\$ 147,402
Construction in progress	5,532,614	4,210,627
Buildings and improvements	52,086,003	48,289,053
Furniture and equipment	5,339,690	5,598,529
Buses and other vehicles	2,542,591	2,839,241
Total capital assets	65,648,300	61,084,852
Less - Accumulated depreciation	29,862,973	29,888,374
Total capital assets - Net of accumulated depreciation	<u>\$ 35,785,327</u>	<u>\$ 31,196,478</u>

This year's additions of \$4.8 million included building renovations, technology, vehicles, food service equipment, and construction in progress related to the 2020 Building and Site Bonds and 2022 Building and Site Bonds. Several major capital projects are planned for the 2022-2023 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$33.7 million in bonds outstanding versus \$23.7 million in the previous year.

Those bonds consisted of the following:

	2022	2021
General obligation bonds	\$ 33,680,000	\$ 23,695,000

The School District's general obligation bond rating continues to be A. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding debt obligation of \$33.7 million is classified as qualified debt and is not subject to the statutorily imposed debt limit.

Other obligations include compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2022-2023 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2022-2023 budget was adopted in June 2022 based on an estimate of students who would enroll in September 2022. Approximately 68.4 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2022-2023 school year, we anticipate that the School District's pupil membership will be approximately 70 students, or 2.7 percent above the estimates used in developing the 2022-2023 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation, including a foundation allowance increase of \$450 per pupil.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

Vicksburg Community Schools

Statement of Net Position

June 30, 2022

Governmental
Activities

Assets

Cash and cash equivalents (Note 4)	\$ 5,313,918
Receivables	6,660,518
Inventories	36,148
Prepaid expenses	371,173
Restricted assets (Notes 4 and 5)	21,071,767
Capital assets: (Note 7)	
Assets not subject to depreciation	5,680,016
Assets subject to depreciation - Net	30,105,311
Total assets	69,238,851

Deferred Outflows of Resources

Deferred pension costs (Note 11)	7,518,695
Deferred OPEB costs (Note 11)	3,030,123
Total deferred outflows of resources	10,548,818

Liabilities

Accounts payable	2,027,537
Accrued liabilities and other	4,134,884
Unearned revenue (Note 6)	270,275
Noncurrent liabilities:	
Due within one year (Note 9)	3,421,031
Due in more than one year (Note 9)	33,038,464
Net pension liability (Note 11)	36,862,930
Net OPEB liability (Note 11)	2,387,480
Total liabilities	82,142,601

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	2,371,845
Deferred pension cost reductions (Note 11)	12,507,392
Deferred OPEB cost reductions (Note 11)	9,116,190
Total deferred inflows of resources	23,995,427

Net Position (Deficit)

Net investment in capital assets	18,366,028
Restricted:	
Debt service	279,300
Capital projects	28,063
Unrestricted	(45,023,750)
Total net position (deficit)	\$ (26,350,359)

Vicksburg Community Schools

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 16,591,674	\$ -	\$ 7,180,638	\$ (9,411,036)
Support services	12,759,938	14,584	2,314,086	(10,431,268)
Athletics	556,925	73,277	-	(483,648)
Food services	1,181,733	81,503	1,796,970	696,740
Community services	404,591	295,495	241,282	132,186
Interest	738,166	-	-	(738,166)
Other	322,547	-	-	(322,547)
Depreciation expense (unallocated) (Note 7)	1,729,740	-	-	(1,729,740)
Total primary government	\$ 34,285,314	\$ 464,859	\$ 11,532,976	(22,287,479)
General revenue:				
Taxes:				
Property taxes levied for general purposes				2,071,085
Property taxes levied for debt service				4,357,833
State aid not restricted to specific purposes				20,730,718
Interest and investment loss				(47,047)
Penalties, interest, and other taxes				9,821
Loss on sale of capital assets				(292,471)
Other				922,052
Total general revenue				27,751,991
Change in Net Position				5,464,512
Net Position (Deficit) - Beginning of year				(31,814,871)
Net Position (Deficit) - End of year				\$ (26,350,359)

Vicksburg Community Schools

Governmental Funds Balance Sheet

June 30, 2022

	General Fund	2020 Building and Site Fund	2022 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 4)	\$ 3,355,553	\$ -	\$ -	\$ 1,958,365	\$ 5,313,918
Receivables	6,537,703	117,361	-	5,454	6,660,518
Due from other funds (Note 8)	161,121	2,690	-	-	163,811
Inventories	13,743	-	-	22,405	36,148
Prepaid expenses	366,675	-	-	4,498	371,173
Restricted assets (Notes 4 and 5)	-	6,215,091	14,317,076	539,600	21,071,767
Total assets	<u>\$10,434,795</u>	<u>\$ 6,335,142</u>	<u>\$ 14,317,076</u>	<u>\$ 2,530,322</u>	<u>\$ 33,617,335</u>
Liabilities					
Accounts payable	\$ 388,932	\$ 1,489,260	\$ 134,771	\$ 14,574	\$ 2,027,537
Due to other funds (Note 8)	2,690	-	35,174	125,947	163,811
Accrued liabilities and other	3,850,715	-	-	43,627	3,894,342
Unearned revenue (Note 6)	195,524	-	-	74,751	270,275
Total liabilities	4,437,861	1,489,260	169,945	258,899	6,355,965
Fund Balances					
Nonspendable:					
Inventories	13,743	-	-	22,405	36,148
Prepaid expenses	366,675	-	-	4,498	371,173
Restricted:					
Debt service	-	-	-	519,842	519,842
Capital projects	-	4,845,882	14,147,131	-	18,993,013
Food service	-	-	-	1,166,248	1,166,248
Committed - Student activities	-	-	-	542,634	542,634
Assigned - Capital projects	-	-	-	15,796	15,796
Unassigned	5,616,516	-	-	-	5,616,516
Total fund balances	<u>5,996,934</u>	<u>4,845,882</u>	<u>14,147,131</u>	<u>2,271,423</u>	<u>27,261,370</u>
Total liabilities and fund balances	<u>\$10,434,795</u>	<u>\$ 6,335,142</u>	<u>\$ 14,317,076</u>	<u>\$ 2,530,322</u>	<u>\$ 33,617,335</u>

Vicksburg Community Schools

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 27,261,370
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	35,785,327
Bonds payable, accrued interest on capital appreciation bonds, and premiums on issuance of bonds are not due and payable in the current period and are not reported in the funds	(36,384,250)
Accrued interest is not due and payable in the current period and is not reported in the funds	(240,542)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(75,245)
Net pension liability and related deferred inflows and outflows	(41,851,627)
Net OPEB liability and related deferred inflows and outflows	(8,473,547)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(2,371,845)
Net Position (Deficit) of Governmental Activities	<u>\$ (26,350,359)</u>

Vicksburg Community Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	2020 Building and Site Fund	2022 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 2,620,076	\$ 124,635	\$ (57,110)	\$ 5,091,002	\$ 7,778,603
State sources	25,726,129	-	-	16,775	25,742,904
Federal sources	2,319,268	-	-	1,780,195	4,099,463
Interdistrict sources	2,780,092	-	-	-	2,780,092
Total revenue	33,445,565	124,635	(57,110)	6,887,972	40,401,062
Expenditures					
Current:					
Instruction	19,075,907	-	-	-	19,075,907
Support services	11,127,811	-	1,698	642,153	11,771,662
Athletics	612,946	-	-	-	612,946
Food services	-	-	-	1,259,291	1,259,291
Community services	457,524	-	-	-	457,524
Debt service:					
Principal	-	-	-	3,990,000	3,990,000
Interest	-	-	-	763,004	763,004
Other	-	510	307,115	14,922	322,547
Capital outlay	740,045	7,618,721	193,722	164,859	8,717,347
Total expenditures	32,014,233	7,619,231	502,535	6,834,229	46,970,228
Excess of Revenue Over (Under) Expenditures	1,431,332	(7,494,596)	(559,645)	53,743	(6,569,166)
Other Financing Sources (Uses)					
Face value of debt issued	-	-	13,975,000	-	13,975,000
Proceeds from sale of capital assets	15,866	-	-	-	15,866
Premium on debt issued	-	-	731,776	-	731,776
Transfers in (Note 8)	78,289	-	-	470,912	549,201
Transfers out (Note 8)	(470,912)	-	-	(78,289)	(549,201)
Total other financing (uses) sources	(376,757)	-	14,706,776	392,623	14,722,642
Net Change in Fund Balances	1,054,575	(7,494,596)	14,147,131	446,366	8,153,476
Fund Balances - Beginning of year	4,942,359	12,340,478	-	1,825,057	19,107,894
Fund Balances - End of year	<u>\$ 5,996,934</u>	<u>\$ 4,845,882</u>	<u>\$ 14,147,131</u>	<u>\$ 2,271,423</u>	<u>\$ 27,261,370</u>

Vicksburg Community Schools

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

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds	\$ 8,153,476
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	6,626,926
Depreciation expense	(1,729,740)
Net book value of assets disposed of	<u>(308,337)</u>
Total	4,588,849
Revenue in support of pension contributions made subsequent to the measurement date	(358,765)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(14,706,776)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	4,112,516
Interest expense is recognized in the government-wide statements as it accrues	(97,678)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>3,772,890</u>
Change in Net Position of Governmental Activities	<u><u>\$ 5,464,512</u></u>

June 30, 2022

Note 1 - Nature of Business

Vicksburg Community Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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 primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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 statements also present schedules reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund type:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Note 2 - Significant Accounting Policies (Continued)

- The 2020 Building and Site Fund and the 2022 Building and Site Fund are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for remodeling school district buildings and acquiring new equipment. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following nonmajor fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds are the Food Service Fund and the Student Activities Fund. Revenue sources for the Food Service Fund include sales to customer and dedicated grants from federal sources. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest and principal and other expenditures on the School District's bond issues.
- Capital project fund - The Building and Site Fund is a nonbonded capital project fund used to account for resources specifically designed for remodeling and improvements to facilities.

Interfund Activity

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

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

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as deferred inflows of resources.

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits. Investments are stated at fair value.

Inventories and Prepaid Expenses

Inventories are valued at cost on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid expenses in both government-wide and fund financial statements.

Restricted Assets

The unspent bond proceeds and related interest of the bonded capital projects funds are required to be set aside for construction. In addition, the unspent property taxes levied in the debt service funds are required to be set aside for future bond principal and interest payments. These cash balances have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and buses and other vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with initial individual costs of more than \$5,000 and estimated useful lives in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repairs and maintenance that do not add value to the value or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	10 to 40
Furniture and equipment	5 to 20
Buses and other vehicles	10 to 15

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District has deferred outflows of resources related to deferred pension plan and OPEB costs.

Note 2 - Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District has deferred inflows related to revenue in support of pension payments made subsequent to the measurement date and deferred pension and OPEB plan costs.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted 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 School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The School District will sometimes 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 School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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 balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District can establish limitations on the use of resources through either commitments (committed fund balance) or assignments (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 School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can commit fund balance by passing a resolution. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

June 30, 2022**Note 2 - Significant Accounting Policies (Continued)**

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the assistant superintendent 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 exist only 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.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls.

The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital acquisition purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plan

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for known employee terminations as of year end. Generally, the funds that report employees' compensation are used to liquidate these obligations. Unused vacation days are paid to employees for unused days up to twice their yearly allowance at the time of severance from employment.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 87, *Leases*. The financial statements for the year ended June 30, 2022 have not been impacted by this adoption.

Upcoming Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2023.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds except that the budget statement presentation is different from the basic financial statements due to capital outlay being budgeted functionally. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Note 3 - Stewardship, Compliance, and Accountability (Continued)

Capital Projects Fund Compliance

The 2020 Building and Site Fund and the 2022 Building and Site Fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated four banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a 1-day minimum investment period on the MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits totaling \$5,160,029 (checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2022, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund (MILAF) - Cash Management Class	\$ 1,500,860	AAA _m	S&P
MILAF Plus Max Class Funds	502,232	AAA _m	S&P
MILAF Term Funds	4,550,000	AAA _f	Fitch
MILAF Managed Account Funds	13,979,074	AA+	S&P
Huntington Federated Govt Obligations Fund	179,238	AAA _m	S&P
Total	<u>\$ 20,711,404</u>		

June 30, 2022

Note 5 - Restricted Assets

At June 30, 2022, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds - 2020 Building and Site Fund	\$ 6,215,091
Unspent bond proceeds - 2022 Building and Site Fund	14,317,076
Bond debt service reserve - 2020 Bond Fund	279,620
Bond debt service reserve - 2014, 2016, 2018 Bond Fund	259,980
Total	<u>\$ 21,071,767</u>

Note 6 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2022, the School District had no unavailable revenue and \$270,275 of unearned revenue, primarily related to grant and categorical aid payments received prior to meeting all eligibility requirements.

Note 7 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 147,402	\$ -	\$ -	\$ -	\$ 147,402
Construction in progress	4,210,627	(4,500,413)	5,822,400	-	5,532,614
Subtotal	4,358,029	(4,500,413)	5,822,400	-	5,680,016
Capital assets being depreciated:					
Buildings and improvements	48,289,053	3,702,199	94,751	-	52,086,003
Furniture and equipment	5,598,529	798,214	176,297	(1,233,350)	5,339,690
Buses and other vehicles	2,839,241	-	533,478	(830,128)	2,542,591
Subtotal	56,726,823	4,500,413	804,526	(2,063,478)	59,968,284
Accumulated depreciation:					
Buildings and improvements	23,734,014	-	1,355,084	-	25,089,098
Furniture and equipment	4,253,518	-	181,985	(925,013)	3,510,490
Buses and other vehicles	1,900,842	-	192,671	(830,128)	1,263,385
Subtotal	29,888,374	-	1,729,740	(1,755,141)	29,862,973
Net capital assets being depreciated	26,838,449	4,500,413	(925,214)	(308,337)	30,105,311
Net governmental activities capital assets	<u>\$ 31,196,478</u>	<u>\$ -</u>	<u>\$ 4,897,186</u>	<u>\$ (308,337)</u>	<u>\$ 35,785,327</u>

Depreciation was not charged to activities, as the School District's assets benefit multiple activities, and allocation is impractical.

June 30, 2022

Note 7 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. The projects include the 2020 and 2022 bond issue and the related projects. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2020 and 2022 Building and Site Capital Projects	\$ 8,758,157	\$ 1,691,349

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			
	General Fund	2022 Building and Site Fund	Nonmajor Funds	Total
General Fund	\$ -	\$ 35,174	\$ 125,947	\$ 161,121
2020 Building and Site Fund	2,690	-	-	2,690
Total	<u>\$ 2,690</u>	<u>\$ 35,174</u>	<u>\$ 125,947</u>	<u>\$ 163,811</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor funds	\$ 470,912
Nonmajor funds	General Fund	78,289
	Total	<u>\$ 549,201</u>

The Food Service Fund transferred \$78,289 to the General Fund for reimbursement of indirect costs. The General Fund transferred \$470,912 to the 2016 Refunding Bond Debt Fund for the purpose of making debt principal and interest payments.

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	\$ 23,695,000	\$ 13,975,000	\$ (3,990,000)	\$ 33,680,000	\$ 3,260,000
Unamortized bond premiums	2,094,990	731,776	(122,516)	2,704,250	161,031
Total bonds payable	25,789,990	14,706,776	(4,112,516)	36,384,250	3,421,031
Compensated absences	87,921	-	(12,676)	75,245	-
Total governmental activities long-term debt	<u>\$ 25,877,911</u>	<u>\$ 14,706,776</u>	<u>\$ (4,125,192)</u>	<u>\$ 36,459,495</u>	<u>\$ 3,421,031</u>

Note 9 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2022 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
2014 Building & Site Bonds, Series I	\$920,000	2.15% - 2.60%	November 1, 2024	\$ 2,760,000
2016 Building & Site Bonds, Series II	\$115,000 - \$750,000	1.65% - 2.30%	May 1, 2026	1,075,000
2018 Building & Site Bonds, Series III	\$430,000 - \$1,085,000	3.00% - 4.00%	May 1, 2027	3,115,000
2020 Building & Site Bonds, Series I	\$620,000 - \$725,000	2.50% - 4.50%	May 1, 2040	12,755,000
2022 Building & Site Bonds, Series I	\$540,000 - \$1,775,000	3.00% - 5.00%	May 1, 2041	13,975,000
Total governmental activities				<u>\$ 33,680,000</u>

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The net pension liability and the net OPEB liability will be liquidated from the funds from which the employees' salaries are paid, generally the General Fund.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds are as follows:

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 3,260,000	\$ 1,194,153	\$ 4,454,153
2024	3,520,000	1,066,410	4,586,410
2025	2,225,000	965,730	3,190,730
2026	1,935,000	885,690	2,820,690
2027	1,250,000	817,800	2,067,800
2028-2032	6,755,000	3,171,425	9,926,425
2033-2036	7,765,000	1,726,228	9,491,228
2037-2041	6,970,000	463,491	7,433,491
Total	<u>\$ 33,680,000</u>	<u>\$ 10,290,927</u>	<u>\$ 43,970,927</u>

June 30, 2022

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries (workers' compensation); and natural disasters. The School District does not consider the cost of general liability insurance to be economically justifiable and participates in the MASB SET/SEG risk-sharing pool for liability, auto, property damage, errors and omissions, and workers' compensation risks. The School District pays an annual premium to the pool for its general insurance coverage. The pooling agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event.

The pooling agreement allows the pool to make additional assessments to make the pool self-sustaining. There have been no such assessments in any of the past three fiscal years. It is not possible to estimate the amount of possible future assessments. The MASB SET/SEG has published its own financial report for the year ended June 30, 2022, which can be obtained from the controller, MASB SET/SEG, 415 West Kalamazoo Street, Lansing, MI 48933.

The School District participates with the Western Michigan Health Insurance Pool to provide health benefits to all eligible staff members. The Western Michigan Health Insurance Pool is a self-insurance program with approximately 90 public entities pooling together to insure various groups of employees for health insurance, including medical coverage, of which hospitalization is a component, and prescription drug coverage. The pool pays the first \$600,000 of claims for each participant. These claims are paid out of a loss fund collected from member districts. Excess insurance has been purchased to cover individual and aggregate claims.

Note 11 - Michigan Public School Employees' Retirement System***Plan Description***

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

June 30, 2022

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

The ranges of rates are as follows:

	Pension	OPEB
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%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2022 were \$5,467,168, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$2,371,845 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2022.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2022 were \$1,321,317, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2022, the School District reported a liability of \$36,862,930 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the School District's proportion was 0.155701 and 0.155760 percent, respectively, representing a change of (0.04) percent.

Net OPEB Liability

At June 30, 2022, the School District reported a liability of \$2,387,480 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2022 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 as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the School District's proportion was 0.156415 and 0.154836 percent, respectively, representing a change of 1.02 percent.

June 30, 2022

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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

For 2022, the School District recognized pension expense of \$4,034,940, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 571,023	\$ (217,079)
Changes in assumptions	2,323,707	-
Net difference between projected and actual earnings on pension plan investments	-	(11,851,313)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	12,255	(439,000)
The School District's contributions to the plan subsequent to the measurement date	4,611,710	-
Total	<u>\$ 7,518,695</u>	<u>\$ (12,507,392)</u>

The \$2,371,845 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2023	\$ (1,223,391)
2024	(2,233,122)
2025	(2,937,588)
2026	(3,206,306)
Total	<u>\$ (9,600,407)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2022, the School District recognized OPEB recovery of \$1,367,689.

June 30, 2022

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (6,814,891)
Changes in assumptions	1,995,815	(298,648)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,799,486)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	122,915	(203,165)
Employer contributions to the plan subsequent to the measurement date	911,393	-
Total	<u>\$ 3,030,123</u>	<u>\$ (9,116,190)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2023	\$ (1,832,512)
2024	(1,682,233)
2025	(1,539,530)
2026	(1,415,699)
2027	(466,308)
Thereafter	(61,178)
Total	<u>\$ (6,997,460)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2021 are based on the results of an actuarial valuation as of September 30, 2020 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation.

June 30, 2022

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2020, for the OPEB plan include an increase in the health care cost trend rate of 0.75 percentage points for members under and a reduction from 7.0 percent to 5.25 percent for members over 65. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2020.

Significant assumption changes since the measurement date, September 30, 2021, for the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent. The change increases the total plan's net pension liability by approximately \$8.1 billion and the total plan's net OPEB liability by approximately \$1.1 billion.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2021 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.40 %
Private equity pools	16.00	9.10
International equity pools	15.00	7.50
Fixed-income pools	10.50	(0.70)
Real estate and infrastructure pools	10.00	5.40
Absolute return pools	9.00	2.60
Real return/opportunistic pools	12.50	6.10
Short-term investment pools	2.00	(1.30)
Total	100.00 %	

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Long-term rates of return are net of administrative expense and inflation of 2.0 percent.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's 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:

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 52,703,992	\$ 36,862,930	\$ 23,729,650

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's 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:

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 4,436,368	\$ 2,387,480	\$ 648,705

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB liability of the School District	\$ 581,094	\$ 2,387,480	\$ 4,419,882

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2022, the School District reported a payable of \$1,477,864 and \$175,844 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022.

Note 12 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facilities tax exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

June 30, 2022

Note 12 - Tax Abatements (Continued)

For the fiscal year ended June 30, 2022, the School District's property tax revenue was reduced by \$96,619 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received \$72,464 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the debt service millages. There are no abatements granted by the School District.

Required Supplemental Information

Vicksburg Community Schools

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 2,544,450	\$ 2,580,624	\$ 2,620,076	\$ 39,452
State sources	23,855,406	25,692,180	25,726,129	33,949
Federal sources	320,300	1,931,414	2,319,268	387,854
Interdistrict sources	2,465,000	2,716,442	2,780,092	63,650
Proceeds from issuance of notes	533,478	-	-	-
Total revenue	29,718,634	32,920,660	33,445,565	524,905
Expenditures				
Current:				
Instruction:				
Basic programs	14,751,569	15,692,077	15,624,289	(67,788)
Added needs	3,262,246	3,499,184	3,471,191	(27,993)
Support services:				
Pupil	1,582,234	1,631,066	1,659,732	28,666
Instructional staff	1,228,223	1,336,157	1,281,769	(54,388)
General administration	542,381	568,004	595,349	27,345
School administration	1,840,533	1,981,555	1,951,485	(30,070)
Business	483,776	533,246	526,653	(6,593)
Operations and maintenance	2,126,198	2,624,270	2,660,719	36,449
Pupil transportation services	1,778,535	2,131,234	2,134,257	3,023
Central	789,419	1,001,294	1,020,060	18,766
Athletics	544,136	641,301	629,946	(11,355)
Community services	410,850	483,302	458,783	(24,519)
Debt service	185,825	-	-	-
Total expenditures	29,525,925	32,122,690	32,014,233	(108,457)
Excess of Revenue Over Expenditures	192,709	797,970	1,431,332	633,362
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	15,866	15,866
Transfers in	75,000	75,000	78,289	3,289
Transfers out	(464,840)	(470,912)	(470,912)	-
Total other financing uses	(389,840)	(395,912)	(376,757)	19,155
Net Change in Fund Balance	(197,131)	402,058	1,054,575	652,517
Fund Balance - Beginning of year	4,942,359	4,942,359	4,942,359	-
Fund Balance - End of year	<u>\$ 4,745,228</u>	<u>\$ 5,344,417</u>	<u>\$ 5,996,934</u>	<u>\$ 652,517</u>

Vicksburg Community Schools

Required Supplemental Information Schedule of the School District's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Eight Plan Years							
	Plan Years Ended September 30							
	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.15570 %	0.15576 %	0.15755 %	0.15844 %	0.15801 %	0.15422 %	0.15163 %	0.14356 %
School District's proportionate share of the net pension liability	\$ 36,862,930	\$ 53,505,344	\$ 52,176,644	\$ 47,629,263	\$ 40,945,958	\$ 38,476,546	\$ 37,034,886	\$ 31,620,785
School District's covered payroll	\$ 14,149,070	\$ 13,730,198	\$ 13,727,538	\$ 13,491,193	\$ 13,353,753	\$ 13,166,315	\$ 12,692,135	\$ 12,601,034
School District's proportionate share of the net pension liability as a percentage of its covered payroll	260.53 %	389.69 %	380.09 %	353.04 %	306.63 %	292.23 %	291.79 %	250.94 %
Plan fiduciary net position as a percentage of total pension liability	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

Vicksburg Community Schools

Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Eight Fiscal Years Years Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 5,344,772	\$ 4,715,618	\$ 4,327,975	\$ 4,226,449	\$ 4,063,482	\$ 3,678,708	\$ 2,300,371	\$ 2,131,936
Contributions in relation to the statutorily required contribution	<u>5,344,772</u>	<u>4,715,618</u>	<u>4,327,975</u>	<u>4,226,449</u>	<u>4,063,482</u>	<u>3,678,708</u>	<u>2,300,371</u>	<u>2,131,936</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 15,117,320	\$ 13,995,787	\$ 13,711,294	\$ 13,740,138	\$ 13,415,426	\$ 13,130,947	\$ 12,746,056	\$ 12,220,047
Contributions as a Percentage of Covered Payroll	35.36 %	33.69 %	31.57 %	30.76 %	30.29 %	28.02 %	18.05 %	17.45 %

Vicksburg Community Schools

Required Supplemental Information Schedule of the School District's Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

	Last Five Plan Years				
	Plan Years Ended September 30				
	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.15641 %	0.15484 %	0.15709 %	0.15829 %	0.15812 %
School District's proportionate share of the net OPEB liability	\$ 2,387,480	\$ 8,294,990	\$ 11,275,313	\$ 12,582,557	\$ 14,002,597
School District's covered payroll	\$ 14,149,070	\$ 13,730,198	\$ 13,727,538	\$ 13,491,193	\$ 13,353,753
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.87 %	60.41 %	82.14 %	93.26 %	104.86 %
Plan fiduciary net position as a percentage of total OPEB liability	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Vicksburg Community Schools

Required Supplemental Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	Last Five Fiscal Years				
	Years Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,228,040	\$ 1,161,440	\$ 1,101,785	\$ 1,079,291	\$ 968,959
Contributions in relation to the statutorily required contribution	<u>1,228,040</u>	<u>1,161,440</u>	<u>1,101,785</u>	<u>1,079,291</u>	<u>968,959</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 15,117,320	\$ 13,995,787	\$ 13,711,294	\$ 13,740,138	\$ 13,415,426
Contributions as a Percentage of Covered Payroll	8.12 %	8.30 %	8.04 %	7.86 %	7.22 %

June 30, 2022

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to the actual per person health benefit cost being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2018.

Other Supplemental Information

Vicksburg Community Schools

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Funds		Debt Service Funds		Capital Project Fund	Total	
	Food Service	Student Activities	2014, 2016, 2018 Building and Site Bonds		2020 Building and Site Bonds		Building and Site
Assets							
Cash and cash equivalents	\$ 1,384,241	\$ 558,328	\$ -	\$ -	\$ 15,796	\$ 1,958,365	
Receivables	116	5,338	-	-	-	5,454	
Inventories	22,405	-	-	-	-	22,405	
Prepaid expenses	4,498	-	-	-	-	4,498	
Restricted assets	-	-	259,980	279,620	-	539,600	
Total assets	\$ 1,411,260	\$ 563,666	\$ 259,980	\$ 279,620	\$ 15,796	\$ 2,530,322	
Liabilities							
Accounts payable	\$ 500	\$ 14,074	\$ -	\$ -	\$ -	\$ 14,574	
Due to other funds	99,231	6,958	11,460	8,298	-	125,947	
Accrued liabilities and other	43,627	-	-	-	-	43,627	
Unearned revenue	74,751	-	-	-	-	74,751	
Total liabilities	218,109	21,032	11,460	8,298	-	258,899	
Fund Balances							
Nonspendable:							
Inventories	22,405	-	-	-	-	22,405	
Prepaid expenses	4,498	-	-	-	-	4,498	
Restricted:							
Debt service	-	-	248,520	271,322	-	519,842	
Food service	1,166,248	-	-	-	-	1,166,248	
Committed - Student activities	-	542,634	-	-	-	542,634	
Assigned - Capital improvements	-	-	-	-	15,796	15,796	
Total fund balances	1,193,151	542,634	248,520	271,322	15,796	2,271,423	
Total liabilities and fund balances	\$ 1,411,260	\$ 563,666	\$ 259,980	\$ 279,620	\$ 15,796	\$ 2,530,322	

Vicksburg Community Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2022

	Special Revenue Funds		Debt Service Funds			Capital Project Fund	Total
	Food Service	Student Activities	2016 Refunding Bonds	2014, 2016, 2018 Building and Site Bonds	2020 Building and Site Bonds	Building and Site	
Revenue							
Local sources	\$ 87,979	\$ 638,616	\$ -	\$ 2,539,891	\$ 1,824,508	\$ 8	\$ 5,091,002
State sources	16,775	-	-	-	-	-	16,775
Federal sources	1,780,195	-	-	-	-	-	1,780,195
Total revenue	1,884,949	638,616	-	2,539,891	1,824,508	8	6,887,972
Expenditures							
Current:							
Support services	-	632,526	-	-	9,286	341	642,153
Food services	1,259,291	-	-	-	-	-	1,259,291
Debt service:							
Principal	-	-	465,000	2,270,000	1,255,000	-	3,990,000
Interest	-	-	5,912	223,395	533,697	-	763,004
Other	-	-	-	14,922	-	-	14,922
Capital outlay	164,859	-	-	-	-	-	164,859
Total expenditures	1,424,150	632,526	470,912	2,508,317	1,797,983	341	6,834,229
Excess of Revenue Over (Under) Expenditures	460,799	6,090	(470,912)	31,574	26,525	(333)	53,743
Other Financing Sources (Uses)							
Transfers in	-	-	470,912	-	-	-	470,912
Transfers out	(78,289)	-	-	-	-	-	(78,289)
Total other financing (uses) sources	(78,289)	-	470,912	-	-	-	392,623
Net Change in Fund Balances	382,510	6,090	-	31,574	26,525	(333)	446,366
Fund Balances - Beginning of year	810,641	536,544	-	216,946	244,797	16,129	1,825,057
Fund Balances - End of year	\$ 1,193,151	\$ 542,634	\$ -	\$ 248,520	\$ 271,322	\$ 15,796	\$ 2,271,423

Vicksburg Community Schools

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2022

Years Ending June 30	2014 General	2016 General	2018 General	2020 General	2022 General	Total
	Obligation	Obligation	Obligation	Obligation	Obligation	
	Principal	Principal	Principal	Principal	Principal	
2023	\$ 920,000	\$ 580,000	\$ 600,000	\$ 620,000	\$ 540,000	\$ 3,260,000
2024	920,000	250,000	500,000	625,000	1,225,000	3,520,000
2025	920,000	115,000	500,000	690,000	-	2,225,000
2026	-	130,000	1,085,000	720,000	-	1,935,000
2027	-	-	430,000	720,000	100,000	1,250,000
2028	-	-	-	720,000	555,000	1,275,000
2029	-	-	-	720,000	590,000	1,310,000
2030	-	-	-	720,000	630,000	1,350,000
2031	-	-	-	720,000	670,000	1,390,000
2032	-	-	-	720,000	710,000	1,430,000
2033	-	-	-	720,000	750,000	1,470,000
2034	-	-	-	720,000	790,000	1,510,000
2035	-	-	-	720,000	830,000	1,550,000
2036	-	-	-	720,000	875,000	1,595,000
2037	-	-	-	725,000	915,000	1,640,000
2038	-	-	-	725,000	960,000	1,685,000
2039	-	-	-	725,000	1,010,000	1,735,000
2040	-	-	-	725,000	1,050,000	1,775,000
2041	-	-	-	-	1,775,000	1,775,000
Total remaining payments	\$ 2,760,000	\$ 1,075,000	\$ 3,115,000	\$ 12,755,000	\$ 13,975,000	\$ 33,680,000
Principal payments due	November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	November 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	2.15% to 2.60%	1.65% to 2.30%	3.00% to 4.00%	2.50% to 4.50%	3.00% - 5.00%	
Original issue	\$ 6,535,000	\$ 4,650,000	\$ 4,185,000	\$ 15,580,000	\$ 13,975,000	