WILLIAMSTON COMMUNITY SCHOOLS

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

YEAR ENDED JUNE 30, 2022

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Williamston Community Schools

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 15 to the financial statements, in 2022 the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Williamston Community Schools' internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 10, 2022 on our consideration of Williamston Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Williamston Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williamston Community Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

October 10, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS

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

FINANCIAL HIGHLIGHTS

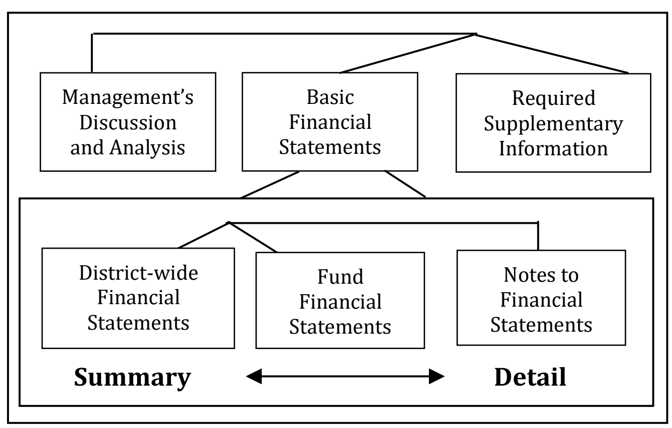
- Governmental funds revenues increased to $29.6 million compared to $27.3 million at June 30, 2022. Governmental fund expenditures were $33.3 million compared to $25.5 million at June 30, 2022.
- General Fund revenues were $23.5 million, approximately $1,700,000 more than General Fund expenditures.
- State Aid Foundation Allowance increased to $8,700 per student.
- The District's blended student count decreased to 1,857 pupils, a decrease of 32 students over last year.
- The District participates in the School Loan Revolving Fund (SLRF) which allows districts to maintain level debt millages throughout the life of a bond. This feature can, however, create a net deficit in the District-wide financials statements in the short term, with future debt millages restoring the net position of the District once the bonded debt is reduced. The District decreased its outstanding long-term obligations $1.1 million or 2.5%.
- The total taxable value of property in the District increased 6.6%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.

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



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

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

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

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

MANAGEMENT'S DISCUSSION & ANALYSIS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

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

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

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch, community services and student/school activities).

The District has one kind of fund:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position (Deficit) - The District's *combined* net deficit was lower on June 30, 2022, than the year before, increasing to ($31.7) million. The District's net deficit results from participating for many years in the School Loan Revolving Fund (SLRF) program as well as recording net unfunded pension liability and net unfunded other postemployment benefits liability. The SLRF allows districts to levy the same debt service property tax millage rate over the life of a bond issue. During the early years of participation in the SLRF, the property tax levy is less than is required for debt service and districts in the program borrow from the SLRF to make up the difference. During the later years of participation, the property tax levy remains level and is greater than is required for debt service. Districts use the excess to pay back the SLRF. The District has been in the SLRF since 2000. It is important to note that the Board of Education has full authority to levy the necessary taxes to meet bond issue debt service requirements.

Table A-3
Williamston Community Schools Net Position

	2022	2021*
ASSETS		
Current assets	$ 12,054,987	$ 9,176,394
Capital assets, net of depreciation/amortization	36,522,749	36,874,523
TOTAL ASSETS	48,577,736	46,050,917
DEFERRED OUTFLOWS OF RESOURCES	7,384,297	10,288,445
LIABILITIES		
Current liabilities	8,179,969	6,393,089
Long-term liabilities	36,848,360	39,952,764
Net pension liability	24,660,407	36,225,616
Net other postemployment benefit liability	1,592,298	5,654,923
TOTAL LIABILITIES	71,281,034	88,226,392
DEFERRED INFLOWS OF RESOURCES	16,385,382	6,269,652
NET POSITION		
Net investment in capital assets	(2,790,040)	(3,415,161)
Restricted	2,151,509	559,064
Unrestricted	(31,065,852)	(35,300,585)
TOTAL NET POSITION	$ (31,704,383)	$ (38,156,682)

*The 2021 figured have not been updated for the adoption of GASB 87.

Table A-4
Changes in Williamston Community Schools Net Position

	2022	2021*
REVENUES		
Program revenues		
Charges for service	$ 811,121	$ 347,561
Operating grants and contributions	5,923,258	5,299,796
General revenues		
Property taxes	6,118,752	5,885,281
State aid-unrestricted	14,452,668	13,838,186
Other	2,028,322	1,819,528
TOTAL REVENUES	29,334,121	27,190,352
EXPENSES		
Instruction	10,339,116	12,321,753
Supporting services	7,743,525	7,359,385
Community services	862,310	524,047
Food service	779,311	363,869
Student/school activities	354,467	233,473
Interest on long-term debt	1,283,972	1,462,114
Unallocated depreciation/amortization	1,516,840	1,330,025
TOTAL EXPENSES	22,879,541	23,594,666
Change in net position	$ 6,454,580	$ 3,595,686

*The 2021 figured have not been updated for the adoption of GASB 87.

District Governmental Activities

The District seeks a balance between maximizing resources for the education of our students and maintaining the long-term financial health of the District. The governmental activities mirror that goal. Our support services seek to be efficient at providing the necessary safe, orderly, and positive learning environment so that more dollars are available for the direct instruction of students. Our before-and-after-care program, Kids Corner/Little Hornets, and our school breakfast and lunch program seek to be self-supporting and cost effective.

- Food Service fund balance increased $177,745 on revenues of $1,073,589.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of $8.50 million. The General Fund's fund balance increased approximately $1,722,000 to $4.05 million.

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time of budget adoption, such as the amount of state aid, the actual number of students and the cost of employee contracts and must be estimated or projected. Over the course of the budget year, the District revises the annual operating budget several times. For fiscal year 2021-2022, these budget amendments included:

- Changes adopted in the third and fourth quarters of the fiscal year to account for final enrollment counts, changes in assumptions since the original budget was adopted.

The District's original budget called for a balanced budget. The budget amendment approved in June of 2022 called for a balanced budget. Actual revenues exceeded expenditures by $1,722,326 at year end. Actual budget variance at year-end June 30, 2022 was approximately 7.8% of expenditures. As of June 30, 2022, the general fund balance reached 17.24% of total revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2022, the District had invested over $70.4 million in a broad range of capital assets, including school buildings, athletic and support facilities, computer and transportation equipment. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation/amortization expense for the year was approximately $1.5 million.

Table A-5
Williamston Community Schools Capital Assets

	2022	2021*
Construction in progress	$ -	$ 80,892
Land	1,506,971	1,506,971
Buildings and building improvements	62,466,211	61,670,649
Vehicles and equipment	6,384,289	5,933,893
	70,357,471	69,192,405
Accumulated depreciation/amortization	33,834,722	32,317,882
Total	$ 36,522,749	$ 36,874,523

*The 2021 figured have not been updated for the adoption of GASB 87.

Long-term Debt

At year-end the District had $41.3 million in general obligation bonds and other long-term debt outstanding - a net decrease of 2.3% from last year. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

Table A-6
Williamston Community Schools Outstanding Long-term Debt

	Balance June 30, 2021*	Additions	Deletions	Balance June 30, 2022
1996 Building and Site Bonds	$ 4,600,000	$ -	$ 1,150,000	$ 3,450,000
2015 Refunding Series A	9,075,000	-	1,025,000	8,050,000
2019 Refunding	20,950,000	-	-	20,950,000
2021 Refunding	-	5,820,000	-	5,820,000
Installment loans	188,532	-	36,038	152,494
Bus Lease	-	122,600	23,806	98,794
Michigan School Loan Revolving Fund				
Principal and interest	6,007,403	1,144,414	5,715,000	1,436,817
Compensated absences	653,252	-	2,600	650,652
Premium on bond issuances	754,940	-	87,720	667,220
	$ 42,229,127	$ 7,087,014	$ 8,040,164	$ 41,275,977

*The 2021 figured have not been updated for the adoption of GASB 87.

- The District continued to pay down its debt, retiring $2.33 million of outstanding bonds and refunded $5,715,000 of principal and interest from the School Loan Revolving Fund.

- The District borrowed approximately $1.1 million and accrued approximately $29,000 in interest from the School Loan Revolving Fund during 2021-2022. This leaves an outstanding SLRF balance of approximately $1.4 million at year-end.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- All employee contracts were settled as of June 30, 2022. All increases in contract settlements were included in the budget adopted by the board in June 2022.

- The state had not passed its budget for 2022-23 at the time of our budget adoption. Our 2022-23 original budget was adopted using a $350 per pupil increase and no change in enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Williamston Community Schools, 418 Highland Street, Williamston, Michigan 48895.

BASIC FINANCIAL STATEMENTS

WILLIAMSTON COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 7,484,018
Investments	1,023
Receivables	
Accounts receivable	35,031
Intergovernmental	3,962,393
Inventories	34,689
Prepaids	537,833
Capital assets not being depreciated/amortized	1,506,971
Capital assets, net of accumulated depreciation/amortization	35,015,778
TOTAL ASSETS	48,577,736
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding, net of amortization	191,186
Related to pensions	5,146,972
Related to other postemployment benefits	2,046,139
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,384,297
LIABILITIES	
Accounts payable	851,970
Accrued salaries and related items	1,197,197
Due to other governmental units	13,935
Accrued retirement	609,639
Accrued interest	188,616
Unearned revenue	390,995
Notes payable	500,000
Noncurrent liabilities	
Due within a year	4,427,617
Due in more than one year	36,848,360
Net pension liability	24,660,407
Net other postemployment benefits liability	1,592,298
TOTAL LIABILITIES	71,281,034
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	8,602,948
Related to state aid funding for pension	1,655,790
Related to other postemployment benefits	6,126,644
TOTAL DEFERRED INFLOWS OF RESOURCES	16,385,382
NET POSITION	
Net investment in capital assets	(2,790,040)
Restricted for debt service	2,151,509
Unrestricted	(31,065,852)
TOTAL NET POSITION	$ (31,704,383)

See notes to financial statements.

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 10,339,116	$ 9,095	$ 4,448,235	$ (5,881,786)
Supporting services	7,743,525	200,899	232,630	(7,309,996)
Community services	862,310	562,590	1,050	(298,670)
Food service	779,311	38,537	988,349	247,575
Student/school activities	354,467	-	252,994	(101,473)
Interest on long-term debt	1,283,972	-	-	(1,283,972)
Unallocated depreciation/amortization	1,516,840	-	-	(1,516,840)
Total governmental activities	$ 22,879,541	$ 811,121	$ 5,923,258	(16,145,162)
General revenues				
Property taxes, levied for general purposes				1,500,131
Property taxes, levied for community services				352,844
Property taxes, levied for debt service				3,789,377
Property taxes, levied for sinking fund				476,400
State sources - unrestricted				14,452,668
Investment earnings				419
Intermediate sources				1,793,586
Other				234,317
Total general revenues				22,599,742
CHANGE IN NET POSITION				6,454,580
NET POSITION, beginning of year				(38,156,682)
NET POSITION, end of year				$ (31,702,102)

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Projects Sinking Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 4,339,937	$ 516,274	$ 941,947	$ 1,685,860	$ 7,484,018
Investments	401	-	-	622	1,023
Receivables					
Accounts receivable	35,031	-	-	-	35,031
Intergovernmental	3,962,393	-	-	-	3,962,393
Due from other funds	-	-	282,648	2,056,468	2,339,116
Inventories	22,088	-	-	12,601	34,689
Prepaids	532,348	-	-	5,485	537,833
TOTAL ASSETS	$ 8,892,198	$ 516,274	$ 1,224,595	$ 3,761,036	$ 14,394,103
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Payables					
Accounts payable	$ 466,701	$ -	$ 313,048	$ 72,221	$ 851,970
Due to other funds	1,703,844	559,545	-	75,727	2,339,116
Due to other governmental units	-	-	-	13,935	13,935
Accrued salaries	1,102,335	-	-	-	1,102,335
Accrued retirement	609,639	-	-	-	609,639
Accrued interest	504	-	-	-	504
Other accrued liabilities	94,587	-	-	275	94,862
Unearned revenue	366,000	-	-	24,995	390,995
Notes payable	500,000	-	-	-	500,000
TOTAL LIABILITIES	4,843,610	559,545	313,048	187,153	5,903,356
FUND BALANCES (DEFICITS)					
Nonspendable					
Inventories	22,088	-	-	12,601	34,689
Prepaids	532,348	-	-	5,485	537,833
Restricted for:					
Debt service	-	-	-	2,339,621	2,339,621
Community services	-	-	-	391,950	391,950
Food service	-	-	-	484,071	484,071
Committed for student/school activities	-	-	-	340,155	340,155
Assigned for:					
Capital projects	-	-	911,547	-	911,547
Unassigned					
General fund	3,494,152	-	-	-	3,494,152
Capital projects	-	(43,271)	-	-	(43,271)
TOTAL FUND BALANCES (DEFICITS)	4,048,588	(43,271)	911,547	3,573,883	8,490,747
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	$ 8,892,198	$ 516,274	$ 1,224,595	$ 3,761,036	$ 14,394,103

See notes to financial statements.

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

Total Governmental Fund Balances		$ 8,490,747
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 70,357,471	
Accumulated depreciation/amortization is	(33,834,722)	
		36,522,749
Governmental funds report the difference between the carrying amount of the defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of net position. These amounts consist of:		
Deferred outflows of resources - deferred charge on refunding, net of amortization		191,186
Governmental funds report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Pension/OPEB contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and the differences between projected and actual plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:		
Deferred outflows of resources - related to pensions		5,146,972
Deferred outflows of resources - related to other postemployment benefits		2,046,139
Deferred inflows of resources - related to pensions		(8,602,948)
Deferred inflows of resources - related to other postemployment benefits		(6,126,644)
Deferred inflows of resources - related to state pension funding		(1,655,790)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds payable and notes from direct borrowing and direct placements		(40,625,325)
Compensated absences and severance benefits		(650,652)
Accrued interest on long-term obligations is not included as a liability in governmental funds, it is recorded when paid		(188,112)
Net pension liability		(24,660,407)
Net other postemployment benefits liability		(1,592,298)
Net Position of Governmental Activities		$ (31,704,383)

See notes to financial statements.

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

	General Fund	Capital Projects Sinking Fund	Capital Projects Fund	2021 Refunding	Nonmajor Governmental Funds	Total
REVENUES						
Local sources						
Property taxes	$ 1,500,131	$ 476,400	$ -	$ -	$ 4,142,221	$ 6,118,752
Tuition	405,913	-	-	-	-	405,913
Investment earnings	-	75	67	3	274	419
Food sales, athletics, and community service	144,457	-	-	-	205,359	349,816
Student/school activities	-	-	-	-	252,994	252,994
Other	313,628	-	-	-	-	313,628
Total local sources	2,364,129	476,475	67	3	4,600,848	7,441,522
State sources	18,428,530	3,446	-	-	36,582	18,468,558
Federal sources	891,685	-	-	-	1,028,416	1,920,101
Intermediate sources	1,793,586	-	-	-	-	1,793,586
TOTAL REVENUES	23,477,930	479,921	67	3	5,665,846	29,623,767
EXPENDITURES						
Current						
Instruction	12,246,686	-	-	-	-	12,246,686
Supporting services	8,650,100	-	-	-	-	8,650,100
Community services	461,927	-	-	-	498,214	960,141
Food service	-	-	-	-	895,844	895,844
Student/school activities	-	-	-	-	354,467	354,467
Capital outlay	296,012	286,164	365,904	-	-	948,080
Debt service						
Principal retirement	96,731	-	-	5,678,114	2,175,000	7,949,845
Interest, fiscal, and other charges	4,148	-	-	156,153	1,155,151	1,315,452
TOTAL EXPENDITURES	21,755,604	286,164	365,904	5,834,267	5,078,676	33,320,615
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,722,326	193,757	(365,837)	(5,834,264)	587,170	(3,696,848)
OTHER FINANCING SOURCES (USES)						
School loan revolving fund issuance	-	-	-	14,264	1,101,221	1,115,485
Issuance of refunding bonds	-	-	-	5,820,000	-	5,820,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	5,834,264	1,101,221	6,935,485
NET CHANGE IN FUND BALANCES	1,722,326	193,757	(365,837)	-	1,688,391	3,238,637
FUND BALANCES (DEFICITS)						
Beginning of year	2,326,262	(237,028)	1,277,384	-	1,885,492	5,252,110
End of year	$ 4,048,588	$ (43,271)	$ 911,547	$ -	$ 3,573,883	$ 8,490,747

See notes to financial statements.

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

Net Change in Fund Balances - Total Governmental Funds	$	3,238,637
Amounts reported for governmental activities in the statement of activities are different		
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization.		
Depreciation/amortization expense		(1,516,840)
Capital outlay		1,042,466
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.		
Accrued interest payable, beginning of the year		192,442
Accrued interest payable, end of the year		(188,112)
The issuance of long-term debt (e.g., bonds) provides current financial resources to any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt		
School loan revolving fund issuance		(1,115,485)
Proceeds from direct debt issuance		(5,820,000)
Payments on debt		7,753,190
Amortization of deferred charge on refunding		(23,898)
Amortization of bond premium		87,720
Long-term interest on school loan revolving fund (accrued)		(28,930)
Payment on school loan revolving fund interest		196,655
Compensated absences and severance benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds.		
Accrued compensated absences, beginning of the year		653,252
Accrued compensated absences, end of the year		(650,652)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Pension related items		1,132,715
Other postemployment benefit items		1,788,785
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefits contributions subsequent to the measurement period.		
Change in state aid funding for pension benefits		(289,646)
Change in Net Position of Governmental Activities	$	6,452,299

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

The Williamston Community Schools (the "District") is governed by the Williamston Community Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category - governmental - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The District has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

The *Capital Projects Fund* accounts for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects.

The 2021 refunding debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Nonmajor Funds:

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

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

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

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as intergovernmental receivables.

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

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

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Budgetary Information (continued)</u>

Budgetary Basis of Accounting (continued)

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, are noted in the required supplementary information section.

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

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments (continued)

e. Bankers acceptances of United States banks.

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

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	50 years
Equipment	5-20 years
Vehicles	8 years

Defined Benefit Plans

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows

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

Deferred Inflows

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

Net Position Flow Assumption

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

In the computation of invested in capital assets, net of related debt, the school loan revolving fund principal balance of $1,421,167 are considered capital-related debt. Accrued interest on the school bond revolving fund of $15,650 is not considered capital related debt.

In addition, during the years ended June 30, 2020 and June 30, 2022 the District issued bonded debt in the amount of $20,950,000 and $5,820,000 used to make principal and interest payments related to the School Loan Revolving fund and the School Bond Loan Fund. 5% and 1% of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt not considered capital related debt at June 30, 2022 is $1,105,700.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

In the general fund, the goal of the District shall be to maintain a minimum unassigned fund balance of no less than 5% of the preceding year's expenditures.

Leases

Lessee: The District is a lessee for a noncancelable lease of buses. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $122,600 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases (continued)

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

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

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	17.8380
Commercial Personal Property	5.8380
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	7.8400
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9869
Community services fund	
PRE, Non-PRE, Commercial Personal Property	0.7321

Compensated Absences and Severance Benefits

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

Long-Term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022, $7,555,226 of the District's bank balance of $7,805,226 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $7,484,018.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

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

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

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
MILAF External Investment pool - CMC	$ 104	N/A
MILAF External Investment pool - MAX	919	N/A
Total fair value	$ 1,023	
Portfolio weighted average maturity		N/A

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment pool - CMC	$ 104	AAAm	Standard & Poor's
MILAF External Investment pool - MAX	919	AAAm	Standard & Poor's
	$ 1,023		

Foreign Currency Risk

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

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

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

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

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

The District's investments are not subject to fair value reporting.

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

	Amortized Cost
MILAF External Investment pool - CMC	$ 104
MILAF External Investment pool - MAX	919
Total amortized cost	$ 1,023

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

	Primary Government
Cash and cash equivalents	$ 7,484,018
Investments	1,023
	$ 7,485,041

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

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

State aid - Michigan Department of Education	$ 3,249,762
Federal	658,356
Intermediate school district and other	54,275
	$ 3,962,393

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs. No allowance for doubtful accounts is considered necessary.

NOTE 4 - CAPITAL ASSETS

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

	As Restated Balance July 1, 2021	Reclassifications/ Additions	Reclassifications/ Deletions	Balance June 30, 2022
Governmental activities				
Capital assets not being depreciated				
Construction in progress	$ 80,892	$ -	$ 80,892	$ -
Land	1,506,971	-	-	1,506,971
Total capital assets not being depreciated	1,587,863	-	80,892	1,506,971
Capital assets, being depreciated/amortized				
Buildings and building improvements	61,670,649	795,562	-	62,466,211
Vehicles and equipment	6,056,493	327,796	-	6,384,289
Total capital assets, being depreciated/amortized	67,727,142	1,123,358	-	68,850,500
Accumulated depreciation/amortization				
Buildings and building improvements	27,532,704	1,166,377	-	28,699,081
Vehicles and equipment	4,785,178	350,463	-	5,135,641
Total accumulated depreciation/amortization	32,317,882	1,516,840	-	33,834,722
Net capital assets being depreciated/amortized	35,409,260	(393,482)	-	35,015,778
Net governmental capital assets	$ 36,997,123	$ (393,482)	$ -	$ 36,522,749

Depreciation/amortization for the fiscal year ended June 30, 2022 amounted to $1,516,840. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

During the current year, the District issued state aid anticipation notes payable in the amount of $2,500,000 and with an interest rates of 0.1% and maturity dates through August 20, 2022. Proceeds of the notes were used to fund school operations. The notes are secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the notes, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. One note requires payments to an irrevocable set-aside account for principal and accrued interest at June 30, 2022. At year end, the balance of these payments in the amount of $2,00,000 is considered defeased debt and is not included in the year-end balance. Activity for the year ended June 30, 2022 is as follows:

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
$ 1,200,000	$ 2,500,000	$ 3,200,000	$ 500,000

NOTE 6 - LONG-TERM OBLIGATIONS

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

		Notes from Direct Borrowings and Direct Placements			
	General Obligation Bonds	Installment Loans	School Loan Revolving Fund	Compensated Absences and Severance Benefits	Total
Balance July 1, 2021, as restated	$ 35,379,940	$ 311,132	$ 6,007,403	$ 653,252	$ 42,351,727
Additions	5,820,000	-	1,144,415	-	6,964,415
Deletions	(2,262,720)	(59,845)	(5,715,000)	(2,600)	(8,040,165)
Balance June 30, 2022	38,937,220	251,287	1,436,818	650,652	41,275,977
Due within one year	(3,935,000)	(114,528)	(313,024)	(65,065)	(4,427,617)
Due in more than one year	$ 35,002,220	$ 136,759	$ 1,123,794	$ 585,587	$ 36,848,360

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

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

General Obligation Bonds	
$27,535,000 School Building and Site Bonds dated January 1, 1996, due in annual installments of $1,150,000 through May 1, 2025 with interest of 5.50%, payable semi-annually.	$ 3,450,000
$14,690,000 Refunding Bond, Series A dated September 29, 2015, due in annual installments ranging from $1,000,000 to $1,025,000 through May 1, 2030 with interest ranging from 3.00% to 5.00%, payable semi-annually.	8,050,000
$20,950,000 Refunding Bond, dated November 19, 2019, due in an annual installments ranging from $1,125,000 to $3,555,000 through May 1, 2030 with an interest ranging from 2.176% to 2.744%, payable semi-annually.	20,950,000
$5,820,000 Refunding Bond, dated July 28, 2021, due in an annual installments ranging from $635,000 to $820,000 through May 1, 2030 with an interest ranging from 0.50% to 1.98%, payable semi-annually.	5,820,000
Plus premium on bond issuances	667,220
Total general obligation bonds	38,937,220
Notes from Direct Borrowings and Direct Placements	
Borrowings from the State of Michigan under the School Loan Revolving Fund, including interest at 1.19% at June 30, 2022.	1,436,818
$177,500 installment note dated October 8, 2020, due in monthly installments of $1,796, including interest of 0.33%, through October 2030.	152,494
Bus Lease - During the 2020 fiscal year, the District entered into a four-year lease agreement as lessee for the use of two buses. An initial liability was recorded in the amount of $122,600 during the current fiscal year. Due in annual payments between $25,804 and $97,000, with an interest rate of 2%.	98,793
Total notes from direct borrowings and direct placements	1,688,105
Total general obligation bonds and notes from direct borrowings and direct placements	40,625,325
Obligation under contract for compensated absences	650,652
Total general long-term obligations	$ 41,275,977

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $251,287 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The District previously defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, $8,000,000 of bonds outstanding are considered defeased.

Borrowing from the State of Michigan - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30, 2022 was 1.19%. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.84 mills. The school district is required to levy 7.84 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Currently the District levies 7.84 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default. The District's May 2022 School Loan Revolving Fund payment was paid on September 2, 2022, and is included in long-term obligations due within one year.

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

	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements			
Year Ending June 30,	Principal	Interest	Principal	Interest	Compensated Absences	Total
2023	$ 3,935,000	$ 1,116,434	$ 114,528	$ 5,977	$ -	$ 5,171,939
2024	4,260,000	980,553	16,376	5,172	-	5,262,101
2025	4,560,000	834,714	17,043	4,505	-	5,416,262
2026	4,835,000	664,364	17,738	3,811	-	5,520,913
2027	4,955,000	544,504	18,460	3,088	-	5,521,052
2028-2030	15,725,000	742,527	67,142	4,687	-	16,539,356
Total	38,270,000	4,883,096	251,287	27,240	-	43,431,623
Issuance premium	667,220	-	-	-	-	667,220
School loan revolving fund	-	-	1,421,168	15,650	-	1,436,818
Compensated absences	-	-	-	-	650,652	650,652
	$ 38,937,220	$ 4,883,096	$ 1,672,455	$ 42,890	$ 650,652	$ 46,186,313

Interest expense for all funds for the year ended June 30, 2022 was approximately $1,315,000.

At June 30, 2022, $2,339,621 is available in the debt service funds to service the general obligation debt.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund payable and receivable balances at June 30, 2022 are as follows:

Receivable Fund		Payable Fund	
Food service	$ 593,672	General fund	$ 1,703,844
Community services	393,369	Debt service - 1996	7,127
Student/school activities	338,429	Debt service - 2021 refunding	68,600
Capital projects fund	282,648	Sinking fund	559,545
Debt service - 2015A	730,998		
			$ 2,339,116
	$ 2,339,116		

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. There were no interfund transfers for the year ended June 30, 2022.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

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

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform of 2017

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age) (continued)

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

Member Contributions

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

Employer Contributions

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

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

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

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

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

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately $3,615,000. Of the total pension contributions approximately $3,477,000 was contributed to fund the Defined Benefit Plan and approximately $138,000 was contributed to fund the Defined Contribution Plan.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB contributions were approximately $886,000. Of the total OPEB contributions approximately $810,000 was contributed to fund the Defined Benefit Plan and approximately $76,000 was contributed to fund the Defined Contribution Plan.

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

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

Pension Liabilities

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

MPSERS (Plan) Non-university Employers	September 30, 2021	September 30, 2020
Total Pension Liability	$ 86,392,473,395	$ 85,290,583,799
Plan Fiduciary Net Position	$ 62,717,060,920	$ 50,939,496,006
Net Pension Liability	$ 23,675,412,475	$ 34,351,087,793
Proportionate Share	0.10416%	0.10546%
Net Pension Liability for the District	$ 24,660,407	$ 36,225,616

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

For the year ended June 30, 2022, the District recognized pension expense of $2,344,289.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ -	$ 529,487
Differences between expected and actual experience	382,000	145,220
Changes of assumptions	1,554,504	-
Net differences between projected and actual earnings on pension plan investments	-	7,928,241
Reporting Unit's contributions subsequent to the measurement date	3,210,468	-
	$ 5,146,972	$ 8,602,948

$3,210,468, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2022	$ (924,256)
2023	(1,536,231)
2024	(2,024,690)
2025	(2,181,267)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Liabilities

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

MPSERS (Plan) Non-university Employers	September 30, 2021	September 30, 2020
Total Other Postemployment Benefit Liability	$ 12,046,393,511	$ 13,206,903,534
Plan Fiduciary Net Position	$ 10,520,015,621	$ 7,849,636,555
Net Other Postemployment Benefit Liability	$ 1,526,377,890	$ 5,357,266,979
Proportionate Share	0.10432%	0.10556%
Net Other Postemployment Benefit Liability for the District	$ 1,592,298	$ 5,654,923

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

For the year ended June 30, 2022, the District recognized OPEB benefit of $978,731.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 1,331,082	$ 199,180
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,683	182,218
Differences between expected and actual experience	-	4,545,102
Net differences between projected and actual earnings on OPEB plan investments	-	1,200,144
Reporting Unit's contributions subsequent to the measurement date	699,374	-
	$ 2,046,139	$ 6,126,644

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

$699,374, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2022	$ (1,265,993)
2023	(1,145,254)
2024	(1,027,165)
2025	(958,410)
2026	(338,630)
2027	(44,427)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions:

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	-0.7%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real return / Opportunistic Pools	12.5%	6.1%
Short Term Investment Pools	2.0%	-1.3%
	100.0%	

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 35,257,694	$ 24,660,407	$ 15,874,561

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

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 2,958,778	$ 1,592,298	$ 432,645

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

	Other Postemployment Benefits		
	1% Trend Decrease	Current Healthcare Cost Trend Rates	1% Trend Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 387,553	$ 1,592,298	$ 2,947,782

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 9 - RISK MANAGEMENT

The District participates in a pool, the MASB-SEG Property and Casualty Pool with other school districts for boiler and machine, property, fleet, liability, in-land marine, data breach, terrorism and school violent acts, employee dishonesty, crime, and error and omissions. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required in any of the past three fiscal years.

The District also participates in a pool, the SEG Self-Insurer Workers' Disability Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required in any of the past three fiscal years.

NOTE 10 - SUBSEQUENT EVENTS

The District has approved borrowing of $2,500,000 for fiscal year 2023 to replace the notes payable as described in Note 5.

NOTE 11 - CONTINGENT LIABILITIES

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

NOTE 12 - TAX ABATEMENTS

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

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

Municipality	Taxes Abated
Williamston City	$ 63,815

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no abatements made by the District.

NOTE 13 - DEFICIT BALANCE

As of June 30, 2022, the Sinking fund had a deficit fund balance of $43,271.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENT

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

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

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

Summary:

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

The restatement of the beginning of year had no impact on net position. The change capital assets and long-term obligations is as follows:

	Capital Asset	Long-term Obligations
Balances as of July 1, 2021 as previously stated	$ 36,874,523	$ 42,229,127
Adoption of GASB Statement 87	122,600	122,600
Balances as of July 1, 2021, as restated	$ 36,997,123	$ 42,351,727

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 2,150,765	$ 2,301,203	$ 2,364,129	$ 62,926
State sources	16,331,947	18,082,528	18,428,530	346,002
Federal sources	221,316	1,089,024	891,685	(197,339)
Intermediate sources	1,633,430	1,737,000	1,793,586	56,586
TOTAL REVENUES	20,337,458	23,209,755	23,477,930	268,175
EXPENDITURES				
Current				
Instruction				
Basic programs	10,047,162	10,369,349	10,113,784	255,565
Added needs	1,940,979	2,267,469	2,127,266	140,203
Adult and continuing education	10,437	10,437	5,636	4,801
Total instruction	11,998,578	12,647,255	12,246,686	400,569
Supporting services				
Pupil	1,306,686	1,514,819	1,470,620	44,199
Instructional staff	901,404	1,975,789	1,444,364	531,425
General administration	462,892	461,371	424,004	37,367
School administration	1,206,918	1,409,691	1,355,911	53,780
Business administration	4,061,223	4,571,783	3,955,201	616,582
Total supporting services	7,939,123	9,933,453	8,650,100	1,283,353
Community services	385,391	403,890	461,927	(58,037)
Capital outlay	-	100,000	296,012	(196,012)
Debt service				
Principal repayment	9,887	118,327	96,731	21,596
Interest	4,479	6,830	4,148	2,682
Total debt service	14,366	125,157	100,879	24,278
TOTAL EXPENDITURES	20,337,458	23,209,755	21,755,604	1,429,873
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,722,326	1,698,048
NET CHANGE IN FUND BALANCE	$ -	$ -	1,722,326	$ 1,698,048
FUND BALANCE				
Beginning of year			2,326,262	
End of year			$ 4,048,588	

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

	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's share of net pension liability (%)	0.10416%	0.10546%	0.10581%	0.10682%	0.10846%	0.10999%	0.10690%	0.10794%
Reporting Unit's proportionate share of net pension liability	$ 24,660,407	$ 36,225,616	$ 35,040,864	$ 32,110,647	$ 28,106,439	$ 27,441,253	$ 26,110,017	$ 23,775,595
Reporting Unit's covered-employee payroll	$ 9,465,285	$ 9,434,712	$ 9,272,788	$ 9,006,482	$ 8,978,139	$ 9,365,460	$ 8,794,354	$ 8,935,799
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	260.54%	383.96%	377.89%	356.53%	313.05%	293.00%	296.90%	266.07%
Plan fiduciary net position as a percentage of total pension liability (Non-university employees)	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 3,477,004	$ 3,032,589	$ 2,984,220	$ 2,948,780	$ 2,936,701	$ 2,566,667	$ 2,369,641	$ 1,809,441
Contributions in relation to statutorily required contributions	3,477,004	3,032,589	2,984,220	2,948,780	2,936,701	2,566,667	2,369,641	1,809,441
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 10,271,307	$ 9,340,337	$ 9,373,384	$ 9,196,160	$ 8,991,915	$ 9,037,853	$ 8,953,645	$ 8,775,957
Contributions as a percentage of covered-employee payroll	33.85%	32.47%	31.84%	32.07%	32.66%	28.40%	26.47%	20.62%

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

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

	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (%)	0.10432%	0.10556%	0.10600%	0.10587%	0.10863%
Reporting Unit's proportionate share of net other postemployment benefits liability	$ 1,592,298	$ 5,654,923	$ 7,608,304	$ 8,415,702	$ 9,619,784
Reporting Unit's covered-employee payroll	$ 9,465,285	$ 9,434,712	$ 9,272,788	$ 9,006,482	$ 8,978,139
Reporting Unit's proportionate share of net other postemployment benefits liability as a percentage of its covered-employee payroll	16.82%	59.94%	82.05%	93.47%	107.15%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employees)	87.33%	59.44%	48.46%	42.95%	36.39%

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

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

	2022	2021	2020	2019	2018
Statutorily required contributions	$ 810,054	$ 791,361	$ 807,493	$ 848,880	$ 708,795
Contributions in relation to statutorily required contributions	810,054	791,361	807,493	848,880	708,795
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 10,271,307	$ 9,340,337	$ 9,373,384	$ 9,196,160	$ 8,991,915
Contributions as a percentage of covered-employee payroll	7.89%	8.47%	8.61%	9.23%	7.88%

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

WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

NOTE 1 - PENSION INFORMATION

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

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

NOTE 2 - OPEB INFORMATION

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

Changes of Assumptions - the assumption changes for 2021 were:

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

ADDITIONAL SUPPLEMENTARY INFORMATION

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

	Special Revenue			Debt Service			Total
	Food Service	Student/School Activities	Community Services	1996 Debt	2015A Debt	2019 Refunding	Nonmajor Funds
ASSETS							
Cash and cash equivalents	$ 406	$ 1,726	$ -	$ 618,007	$ 600,888	$ 464,833	$ 1,685,860
Investments	-	-	-	622	-	-	622
Due from other funds	593,672	338,429	393,369	-	730,998	-	2,056,468
Inventories	12,601	-	-	-	-	-	12,601
Prepaids	5,485		-	-	-	-	5,485
TOTAL ASSETS	$ 612,164	$ 340,155	$ 393,369	$ 618,629	$ 1,331,886	$ 464,833	$ 3,761,036
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 70,802	$ -	$ 1,419	$ -	$ -	$ -	$ 72,221
Due to other funds	-	-	-	7,127	-	68,600	75,727
Due to other governmental units	13,935	-	-	-	-	-	13,935
Other accrued liabilities	275	-	-	-	-	-	275
Unearned revenue	24,995	-	-	-	-	-	24,995
TOTAL LIABILITIES	110,007	-	1,419	7,127	-	68,600	187,153
FUND BALANCES							
Nonspendable							
Inventories	12,601	-	-	-	-	-	12,601
Prepaids	5,485	-	-	-	-	-	5,485
Restricted for:							
Debt service	-	-	-	611,502	1,331,886	396,233	2,339,621
Community services	-	-	391,950	-	-	-	391,950
Food service	484,071	-	-	-	-	-	484,071
Committed for student/school activities	-	340,155	-	-	-	-	340,155
TOTAL FUND BALANCES	502,157	340,155	391,950	611,502	1,331,886	396,233	3,573,883
TOTAL LIABILITIES AND FUND BALANCES	$ 612,164	$ 340,155	$ 393,369	$ 618,629	$ 1,331,886	$ 464,833	$ 3,761,036

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

	Special Revenue			Debt Service			Total
	Food Service	Student/School Activities	Community Services	1996 Debt	2015A Debt	2019 Refunding	Nonmajor Funds
REVENUES							
Local sources							
Property taxes	$ -	$ -	$ 352,844	$ 1,595,093	$ 1,450,084	$ 744,200	$ 4,142,221
Investment earnings	17	-	-	7	66	184	274
Community service activities	-	-	166,822	-	-	-	166,822
Student/school activities	-	252,994	-	-	-	-	252,994
Food sales	38,537	-	-	-	-	-	38,537
Total local sources	38,554	252,994	519,666	1,595,100	1,450,150	744,384	4,600,848
State sources	6,619	-	2,552	11,538	10,489	5,384	36,582
Federal sources	1,028,416	-	-	-	-	-	1,028,416
TOTAL REVENUES	1,073,589	252,994	522,218	1,606,638	1,460,639	749,768	5,665,846
EXPENDITURES							
Current							
Food service activities	895,844	-	-	-	-	-	895,844
Community services	-	-	498,214	-	-	-	498,214
Student/school activities	-	354,467	-	-	-	-	354,467
Debt service							
Principal repayment	-	-	-	1,150,000	1,025,000	-	2,175,000
Interest	-	-	-	253,000	363,000	539,151	1,155,151
TOTAL EXPENDITURES	895,844	354,467	498,214	1,403,000	1,388,000	539,151	5,078,676
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	177,745	(101,473)	24,004	203,638	72,639	210,617	587,170
OTHER FINANCING SOURCES (USES)							
School loan revolving fund issuance	-	-	-	-	1,101,221	-	1,101,221
NET CHANGE IN FUND BALANCES	177,745	(101,473)	24,004	203,638	1,173,860	210,617	1,688,391
FUND BALANCES							
Beginning of year	324,412	441,628	367,946	407,864	158,026	185,616	1,885,492
End of year	$ 502,157	$ 340,155	$ 391,950	$ 611,502	$ 1,331,886	$ 396,233	$ 3,573,883

WILLIAMSTON COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2021	Prior Year Expenditures (memo only)	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2022
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-Cash Assistance (Donated Foods)								
National School Lunch Program								
Entitlement	10.555	N/A	$ 44,835	$ -	$ -	$ 44,835	$ 44,835	$ -
Total non-cash assistance			44,835	-	-	44,835	44,835	-
Cash Assistance								
COVID-19 National School Lunch Program	10.555	220910	45,065	-	-	45,065	45,065	-
COVID-19 National School Lunch Program		211961	95,503	-	-	95,503	95,503	-
COVID-19 National School Lunch Program		221961	641,892	-	-	641,892	641,892	-
			782,460	-	-	782,460	782,460	-
Total ALN 10.555			827,295	-	-	827,295	827,295	-
COVID-19 School Breakfast Program	10.553	211971	11,256	-	-	11,256	11,256	-
COVID-19 School Breakfast Program		221971	126,414	-	-	126,414	126,414	-
Total ALN 10.553			137,670	-	-	137,670	137,670	-
COVID-19 Summer Food Service Program for Children	10.559	210904	559,441	47,540	449,064	62,837	110,377	-
Total ALN 10.559			559,441	47,540	449,064	62,837	110,377	-
Total cash assistance			1,479,571	47,540	449,064	982,967	1,030,507	-
Total Child Nutrition Cluster			1,524,406	47,540	449,064	1,027,802	1,075,342	-
Pandemic EBT Local Level Costs	10.649	210980	614	-	-	614	614	-
Total U.S. Department of Agriculture			1,525,020	47,540	449,064	1,028,416	1,075,956	-

The accompanying notes are an integral part of this schedule.

WILLIAMSTON COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2021	Prior Year Expenditures (memo only)	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2022
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I Grants to Local Educational Agencies	84.010	211530-2021	$ 145,619	$ 145,619	$ 145,619	$ -	$ 145,619	$ -
Title I Grants to Local Educational Agencies		221530-2122	117,985	-	-	117,985	-	117,985
Total ALN 84.010			263,604	145,619	145,619	117,985	145,619	117,985
Supporting Effective Instruction State Grants	84.367	210520-2021	37,353	37,353	37,353	-	37,353	-
Supporting Effective Instruction State Grants		220520-2122	31,796	-	-	31,796	-	31,796
Total ALN 84.367			69,149	37,353	37,353	31,796	37,353	31,796
Student Support and Academic Enrichment Program	84.424	210750-2021	13,999	13,999	13,999	-	13,999	-
Student Support and Academic Enrichment Program		220750-2122	10,000	-	-	10,000	-	10,000
Total ALN 84.424			23,999	13,999	13,999	10,000	13,999	10,000
Education Stablization Fund								
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I Formula Funds)	84.425D	203710-1920	141,246	141,246	141,246	-	141,246	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	181,651	181,651	181,651	-	181,651	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III ARP Funds)	84.425U	213713-2122	936,354	-	-	257,698	-	257,698
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Section 11t Funds)	84.425U	213723-2122	1,128,695	-	-	5,505	-	5,505
Total ALN 84.425			2,387,946	322,897	322,897	263,203	322,897	263,203

The accompanying notes are an integral part of this schedule.

WILLIAMSTON COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2021	Prior Year Expenditures (memo only)	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2022
U.S. Department of Education (continued)								
Passed through Ingham Intermediate School District								
Special Education Cluster								
Special Education Grants to States	84.027	200450-1920	$ 5,593	$ 5,593	$ 5,593	$ -	$ 5,593	$ -
Special Education Grants to States		210460-2021	14,195	-	-	14,195	-	14,195
Total ALN 84.027			19,788	5,593	5,593	14,195	5,593	14,195
Special Education Preschool Grants	84.173	210460-2021	8,728	8,622	8,622	-	8,622	-
Special Education Preschool Grants		220460-2022	11,302	-	-	11,302	-	11,302
Total ALN 84.173			20,030	8,622	8,622	11,302	8,622	11,302
Total Special Education Cluster and passed through Ingham Intermediate School District			39,818	14,215	14,215	25,497	14,215	25,497
Total U.S. Department of Education			2,784,516	534,083	534,083	448,481	534,083	448,481
U.S. Department of Health and Human Services								
Passed through Ingham Intermediate School District								
COVID-19 Epidemiology and Laboratory Capacity for Infectious Dieseases	93.323	222810-HRA2022	92,188	-	-	92,188	-	92,188
Medicaid Cluster								
Medical Assistance Program	93.778	N/A	13,687	-	-	13,687	13,687	-
Total U.S. Department of Health and Human Services			105,875	-	-	105,875	13,687	92,188
U.S. Department of Treasury								
Passed through Federal Communications Commission Direct Program								
COVID-19 Emergency Connectivity Funds	32.009	N/A	129,564	-	-	124,287	6,600	117,687
Total ALN 32.009			129,564	-	-	124,287	6,600	117,687
TOTAL FEDERAL AWARDS			$ 4,544,975	$ 581,623	$ 983,147	$ 1,707,059	$ 1,630,326	$ 658,356

The accompanying notes are an integral part of this schedule.

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

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	$ 891,685
Other nonmajor governmental funds	1,028,416
Total per financial statements	1,920,101
Less federal assistance funding not subject to single audit act	(213,042)
Total expenditures reported on the schedule of expenditures of federal awards	$ 1,707,059

Maner Costerisan

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

To the Board of Education of
Williamston Community Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamston Community Schools as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Williamston Community Schools' basic financial statements and have issued our report thereon dated October 10, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Maner Costerisan PC

October 10, 2022

Maner Costerisan

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

To the Board of Education of
Williamston Community Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are disclosed in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Williamston Community Schools' response to the noncompliance findings identified in our audit described In the accompanying schedule of findings and questioned costs. Williamston Community Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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

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

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

Maner Costerisan PC

October 10, 2022

WILLIAMSTON COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:	*Unmodified*
Internal control over financial reporting:	
➢ Material weakness(es) identified?	___ Yes _X_ None
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ Yes _X_ None reported
Noncompliance material to financial statements noted?	___ Yes _X_ None

Federal Awards

Internal control over major programs:	
➢ Material weakness(es) identified?	___ Yes _X_ None
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_X_ Yes ___ None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*
Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?	_X_ Yes ___ None

Identification of major programs:

Assistance Listing CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555 and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	___ Yes _X_ No

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Questioned Costs

Finding 2022-001: Considered a significant deficiency

Criteria: The District's fund balance in the food service fund is required to be less than three months of food service expenditures

Condition: Williamston Community Schools currently has more than the allowable fund balance in the non-profit good service fund. As a result, the District will be required to develop a spending plan to reduce the balance to an acceptable level during the 2022-2023 school year. The plan must be submitted to the Michigan Department of Education prior to implementation. Excess fund balance cannot be transferred to the general fund.

Cause: The District participated in the seamless summer option meal reimbursement program causing a larger than normal increase in the food service fund balance.

Effect: At June 30, 2022, the District's food service fund balance was greater than three months of expenditures.

Recommendation: The District should implement a budget, as well as the required corrective action plan, for the 2022-2023 school year that will adequately reduce the food service fund balance.

District's Response: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

WILLIAMSTON COMMUNITY SCHOOLS

DISTRICT ADMINISTRATIVE OFFICES
Adam J. Spina, EdD - Superintendent
Kelly Campbell - Deputy Superintendent
Michele Cook, EdD - Director of Curriculum and Special Education
Sarah Tynan, CPA - Director of Finance
418 Highland Street • Williamston, MI 48895 • p. 517.655.4361 • f. 517.655.7500

WILLIAMSTON COMMUNITY SCHOOLS
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022

Williamston Community Schools respectfully submits the following corrective action plan for the year ended June 30, 2022.

Auditor: Maner Costerisan
2425 E. Grand River Ave., Suite 1
Lansing, Michigan 48912

Audit Period: Year ended June 30, 2022

District contact person: Sarah Tynan, CPA, Director of Finance

The findings from the June 30, 2022 schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding – Federal Award Findings and Question Costs

Finding 2022-001 Considered a significant deficiency

Recommendation: The District should implement a budget, as well as the required corrective action plan, for the 2022-2023 school year that will adequately reduce the food service fund balance.

Action to be taken: Management agrees with the finding and we are in the process of developing a spend down plan. We are looking at expanding food choices, expanding healthy food options, as well as needed upgrades to equipment.

WILLIAMSTON COMMUNITY SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

Financial Statement Finding

Finding 2021-001: Considered to be a significant deficiency in internal control over financial reporting.

Criteria: The District's fund balance in the food service fund is required to be less than three months of food service expenditures

Condition: Williamston Community Schools currently has more than the allowable fund balance in the non-profit good service fund. As a result, the District will be required to develop a spending plan to reduce the balance to an acceptable level during the 2021-2022 school year. The plan must be submitted to the Michigan Department of Education prior to implementation. Excess fund balance cannot be transferred to the general fund.

Cause: The District participated in the unanticipated school closure meal reimbursement program causing a larger than normal increase in the food service fund balance.

Effect: At June 30, 2021, the District's food service fund balance was greater than three months of expenditures.

Recommendation: The District should implement a budget, as well as the required corrective action plan, for the 2021-2022 school year that will adequately reduce the food service fund balance.

District's Response: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

Status: See report for finding 2022-001 on page 71.