Anchor Bay School District

Year Ended
June 30, 2022

Financial Statements and Single Audit Act Compliance

Rehmann

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ANCHOR BAY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

October 10, 2022

Board of Education
Anchor Bay School District
Casco Township, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards,* we:

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plan, as listed 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 the District's basic financial statements. The combining fund financial statements 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 were derived from and relate 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 combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Anchor Bay School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

Financial Highlights

· Total net position (deficit)	$ (122,608,041)
· Change in total net position	16,403,125
· Fund balances, governmental funds	11,134,702
· Change in fund balances, governmental funds	3,744,270
· Unassigned fund balance, general fund	6,955,092
· Change in fund balance, general fund	4,117,403
· General obligation bonds outstanding	144,100,000
· Change in general obligation bonds	(9,005,000)
· Capital assets, net	155,537,080

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, supporting services, community service, food service, international programs and student operations.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Management's Discussion and Analysis

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $122,608,041 at the close of the most recent fiscal year.

Net position invested in capital assets, net of related outstanding debt used to acquire those assets, amounted to $12,992,857 at June 30, 2022. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis

	Net Position	
	Governmental Activities	
	2022	2021
Current and other assets	$ 21,423,247	$ 22,250,763
Capital assets, net	155,537,080	159,432,580
Total assets	176,960,327	181,683,343
Deferred outflows of resources	29,501,101	42,409,242
Current and other liabilities	105,361,423	167,139,633
Long-term debt	171,141,281	180,186,646
Total liabilities	276,502,704	347,326,279
Deferred inflows of resources	52,566,765	15,777,472
Net position:		
Net investment in capital assets	13,040,052	9,530,735
Restricted	1,336,036	379,867
Unrestricted (deficit)	(136,984,129)	(148,921,768)
Total net position	$ (122,608,041)	$ (139,011,166)

The District is required to report its proportionate share of the MPSERS net pension liability of $88,787,688 and net other postemployment benefits liability of $5,623,427 as presented on the statement of net position. This requirement directly effects the District's net position as of year end, which was a deficit of $122,608,041.

Restricted net position represents amounts subject to external restrictions such as amounts restricted for food service. The District also reported a deficit of $136,936,934 as unrestricted net position. The negative balance is mainly related to the District's proportionate share of the MPSERS net pension liability, net other postemployment benefit liability and the school loan revolving fund.

Management's Discussion and Analysis

	Changes in Net Position	
	Governmental Activities	
	2022	2021
Program revenues:		
Charges for services	$ 3,581,656	$ 1,597,387
Operating grants and contributions	23,910,067	18,207,147
General revenues:		
Property taxes	19,132,781	18,497,585
Unrestricted state aid	42,587,184	41,107,695
Other general revenues	179,531	2,808,315
Total revenues	89,391,219	82,218,129
Expenses:		
Instruction	36,060,639	43,526,104
Supporting services	21,458,116	25,549,944
Community service	594,798	561,929
Food service	2,943,685	2,360,843
International programs	1,251	-
Student operations	1,651,727	662,035
Interest on long-term debt	4,675,209	5,078,050
Unallocated depreciation	5,602,669	5,397,434
Total expenses	72,988,094	83,136,339
Change in net position	16,403,125	(918,210)
Net position, beginning of year	(139,011,166)	(138,092,956)
Net position, end of year	$ (122,608,041)	$ (139,011,166)

The District's net position increased by $16,403,125 during the current year as compared to a decrease of $918,210 in the previous year. The changes in the net position are primarily related to the District's proportionate share of the MPSERS net pension liability and net other postemployment benefit liability.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $11,134,702, an increase of $3,744,270 in comparison with the prior year. Approximately 62% of this total amount ($6,955,092) is unassigned fund balance. The remainder of fund balance is nonspendable because the underlying assets are included in inventory and prepaid items, is committed for student activities, student operations or international programs, or is restricted for food service, capital projects or debt service, and not available for current expenditure.

General Fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $6,955,092, while the total fund balance for the general fund was $7,084,966. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 11% of total general fund expenditures. This percentage is higher than in 2020-2021.

The fund balance of the District's general fund increased by $4,117,403, during the current fiscal year. The unassigned fund balance increased by $4,133,666. As discussed in last years management discussion and analysis, the District took considerable steps to address its fiscal health by reducing expenditures outside of grant funded expenditures. As a result, the District initially budgeted a surplus of $2,185,419. The addition of state and federal grant funding resulted in an additional surplus of roughly $2 million dollars.

Capital Projects funds. Fund balance of $1,619,998 is restricted for projects approved by the voters of the District. Two series of bonds were issued to finance the projects and capital expenditures related to those bond proceeds are recorded in the 2017 and 2019 capital projects funds. $10,930,000 was issued on June 6, 2017 and $11,605,000 was issued on January 23, 2019 which represent series I and II, respectively. The District is using these funds for the following major projects: building upgrades such as new windows, flooring, HVAC controls systems and ventilation improvements, secure entrance controls, STEM equipment in classrooms, new computers, playground and kitchen upgrades, paving, and the installation of new LED lighting. In addition, athletic upgrades included resurfacing the tracks and tennis courts, installing new bleachers, a new synthetic turf field was installed at the high school, and upgrades to the locker rooms, mechanical, fire systems, and lighting in the aquatic center, as well as purchased school buses. Thanks to the continued support of the community, the bond proposal approved by the voters in 2017 has allowed the District to protect the community's building assets and maintain the educational goals of the District.

General Fund Budgetary Highlights

The District revises its budget throughout the school year to reflect changes in the assumptions made during budget development when actual data becomes available for both revenue and expenditures. Typically, budget adjustments are required to reflect changes in student counts, staffing levels, unanticipated changes in costs, and grant award assumptions. These preliminary assumptions are incorporated into the budget that is required by state law to be approved by the Anchor Bay School District, Board of Education by July 1 of each year. The State Legislatures' fiscal year does not begin until October 1 of that same year. This discrepancy makes it difficult to approve a budget without all of the necessary information for the budget development process.

Our elected District officials and school administration must account for many factors during the development of the District budget. Over the course of the year, the School District revises its budget to reflect changes as actual data becomes available. State Law requires that budget amendments be formally adopted to ensure that expenditures do not exceed appropriations. The School District amended the budget during the 2021/2022 fiscal year. The final amendment to the Budget was adopted in June 2022. A statement showing the District's original and final budget amounts compared to actual is provided in the financial statements with the accompanying notes as required.

Management's Discussion and Analysis

The general fund actual revenue and other financing sources was $69,102,137. That amount is less than the final budget estimate of $69,641,413. The variance was $539,276, or 0.77%.

The actual expenditures and other financing uses of the general fund were $64,984,734, which is below the final budget estimate of $66,196,961. The variance was $1,212,227, or 1.83%. The primary contributing factors underlying the variance include: underspending of federal grant expenditures relative to the amount included in the budget, retirement expenditures were less than budgeted and finally, expenditures related to the operations of the District were less than the amounts included in the final budget.

Revenues increased by $7,276,401 between the original and final budgets during the year. The amount budgeted for state revenue increased by over $4.6 million from the original budget to the final budget. Reasons for the increase include increased pupil enrollment over the amount originally budgeted and increased state and federal grant funding unknown to the District at the time of budget development.

Expenditures were increased by $6,148,523 between the original and final budgets during the year. As described in the paragraph above, the increase in enrollment over expected required the District to increase spending to accommodate the additional students. Further, additional grant funding allowed for the District to spend additional funds to address learning loss, mental health, and the safety and security of students. All of these additional expenditures are reflected in the final budget.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2022, amounted to $155,537,080 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, site improvements, furniture and equipment, buses and vehicles. This reflects a decrease of $3,895,500 from the previous year.

Depreciation expense was recognized in the amount of $5,602,669 and shown as unallocated on the statement of activities.

	Capital Assets (Net of Depreciation)	
	2022	**2021**
Capital assets not being depreciated -		
Land	$ 3,839,025	$ 3,839,025
Capital assets being depreciated:		
Buildings and improvements	146,612,082	150,721,946
Site improvements	1,406,308	1,486,981
Furniture and equipment	2,269,866	2,128,450
Buses	1,217,928	1,125,058
Vehicles	116,206	49,598
Leased equipment	75,665	81,522
Total capital assets, net	$ 155,537,080	$ 159,432,580

Additional information on the District's capital assets can be found in note 6 to the financial statements.

Long-term Debt. At the end of the current fiscal year, the District had total general obligation bonds outstanding of $144,100,000 in addition to borrowings from the School Loan Revolving Fund of $24,291,579.

As of June 2022, Standard & Poor's Ratings Services rating was AA. This rating reflects the stable financial position of the District and represents the capacity of the District to meet it's financial obligations. The District is committed to the strong financial management practices and shared fiscal responsibilities by its elected officials and district administration.

The District’s total bonded long-term debt decreased by $9,005,000 (approximately 6%) during the current fiscal year due to the repayment of the bonded debt.

Additional information on the District’s long-term debt can be found in note 9 to the financial statements.

Factors Bearing on the District's Future

The following factors were also considered in preparing the District’s budget for the 2022-23 fiscal year:

- The District's revenue is heavily dependent on state funding and the financial growth of the State's School Aid Fund to support school district operations. At the time of the budget adoption the State School Aid Act for 2022-2023, still had not been approved, so the Board of Education along with District administration had to make many reasonable assumptions while developing the 2022-2023 original budget. These assumptions were considered while taking into account proposals from the Governor, the House, and the Senate, as well as information provided from the May Consensus Revenue Estimating Conference (CREC), along with financial updates given by the Michigan Department of Education (MDE) and the Michigan School Business Officials (MSBO).

- Pupil Foundation Allowance assumptions were taken into consideration by the Board of Education and Administration. Both agreed to an increase of per pupil foundation by $375 per pupil, to a foundation allowance of $9,075 per pupil for the 2022-2023 fiscal year. The final foundation allowance from the State resulted in an increase to the pupil foundation allowance of $450 per pupil.

- The 2022-2023 budget was adopted in June 2022 based on an early preliminary estimate of students who will enroll by September 2022, the fall pupil count day is October 5th. State foundation revenue is determined by multiplying the blended student count by the foundation allowance amount per pupil. The pupil count funding formula for the 2022-2023 fiscal year was based on 10 percent of the February 2022 count and 90 percent of the October 2022 student count. The 2022-2023 budget was based on the assumption of 5,375 pupils, which reflects a loss of 80 students for the 2022-2023 school year.

- The continuing cost of health insurance to current and potential retirees continues to drive the rate increase the Michigan School Employees Retirement System recommends to the legislature for approval. In 2022-2023, the normal pension rate is anticipated to remain stable at 28.23 percent, and the District will be required to pay 16.65 percent for the unfunded actuarial accrued liability (UAAL) as of October 1, 2022. The overall retirement rate was budgeted at 44.88 percent to reflect the retirement expense the District has to pay out on behalf of all of the staff and the different retirement plans that they choose. This represents an increase of 1.6 percent to the retirement rate. Additional cost pressures continue to arise relative to increases in utilities, and the overall increased costs to maintain the School District's facilities and fleet.

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, 5201 County Line Road, Suite 100, Casco, Michigan 48064.

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BASIC FINANCIAL STATEMENTS

ANCHOR BAY SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	$ 2,248,996
Investments	7,751,940
Receivables	11,254,456
Prepaid items and other assets	167,855
Capital assets not being depreciated	3,839,025
Capital assets being depreciated, net	151,698,055
Total assets	176,960,327
Deferred outflows of resources	
Deferred charge on refunding	992,840
Deferred pension amounts	20,841,536
Deferred other postemployment benefit amounts	7,666,725
Total deferred outflows of resources	29,501,101
Liabilities	
Accounts payable and accrued liabilities	8,447,877
State aid note payable	1,358,710
Unearned revenue	1,073,415
Leases payable:	
Due within one year	27,839
Due in more than one year	42,467
Long-term debt:	
Due within one year	10,230,976
Due in more than one year	160,910,305
Net pension liability (due in more than one year)	88,787,688
Net other postemployment benefit liability (due in more than one year)	5,623,427
Total liabilities	276,502,704
Deferred inflows of resources	
Deferred pension amounts	30,783,052
Deferred other postemployment benefit amounts	21,783,713
Total deferred inflows of resources	52,566,765
Net position	
Net investment in capital assets	13,040,052
Restricted for food service	1,336,036
Unrestricted (deficit)	(136,984,129)
Total net position	$ (122,608,041)

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

ANCHOR BAY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
Governmental activities				
Instruction	$ 36,060,639	$ 653,869	$ 19,987,569	$ (15,419,201)
Supporting services	21,458,116	371,965	-	(21,086,151)
Community service	594,798	425,016	-	(169,782)
Food service	2,943,685	342,254	3,922,498	1,321,067
International programs	1,251	-	-	(1,251)
Student operations	1,651,727	1,788,552	-	136,825
Interest on long-term debt	4,675,209	-	-	(4,675,209)
Unallocated depreciation	5,602,669	-	-	(5,602,669)
Total governmental activities	$ 72,988,094	$ 3,581,656	$ 23,910,067	(45,496,371)
General revenues				
Property taxes				19,132,781
Unrestricted state aid				42,587,184
Unrestricted investment earnings				37,545
Other				141,986
Total general revenues				61,899,496
Change in net position				16,403,125
Net position, beginning of year				(139,011,166)
Net position, end of year				$ (122,608,041)

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

ANCHOR BAY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Nonmajor Governmental Funds	Totals
Assets			
Cash and cash equivalents	$ 1,762,804	$ 486,192	$ 2,248,996
Investments	4,158,616	3,593,324	7,751,940
Accounts receivable	38,843	1,432	40,275
Due from other funds	-	47,195	47,195
Due from other governments	11,083,826	130,355	11,214,181
Inventory	-	37,981	37,981
Prepaid items	129,874	-	129,874
Total assets	$ 17,173,963	$ 4,296,479	$ 21,470,442
Liabilities			
Accounts payable	$ 297,743	$ 109,011	$ 406,754
Accrued liabilities	2,262,716	11,696	2,274,412
Salaries and benefits payable	4,307,618	23,730	4,331,348
Due to other funds	-	47,195	47,195
Due to other governments	843,906	-	843,906
State aid note payable	1,358,710	-	1,358,710
Unearned revenue	1,018,304	55,111	1,073,415
Total liabilities	10,088,997	246,743	10,335,740
Fund balances			
Nonspendable:			
Inventory	-	37,981	37,981
Prepaid items	129,874	-	129,874
Restricted for:			
Food service	-	1,260,325	1,260,325
Capital projects	-	1,619,998	1,619,998
Debt service	-	247,342	247,342
Committed for:			
Student activities	-	685,479	685,479
Student operations	-	138,545	138,545
International programs	-	60,066	60,066
Unassigned	6,955,092	-	6,955,092
Total fund balances	7,084,966	4,049,736	11,134,702
Total liabilities and fund balances	$ 17,173,963	$ 4,296,479	$ 21,470,442

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

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2022

Fund balances - total governmental funds	$ 11,134,702
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	246,763,049
Accumulated depreciation	(91,225,969)
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds and school loan revolving fund payable	(168,391,579)
Unamortized deferred charge on refunding	992,840
Unamortized bond premium	(1,020,062)
Unamortized bond discount	80,502
Leases payable	(70,306)
Accrued interest on bonds payable	(591,457)
Compensated absences and employee severance plan payable	(1,810,142)
Certain pension and other postemployment benefit-related amounts, such as the net pension liability, net other postemployment benefit liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(88,787,688)
Deferred outflows related to the net pension liability	20,841,536
Deferred inflows related to the net pension liability	(30,783,052)
Net other postemployment benefit liability	(5,623,427)
Deferred outflows related to the net other postemployment benefit liability	7,666,725
Deferred inflows related to the net other postemployment benefit liability	(21,783,713)
Net position of governmental activities	$ (122,608,041)

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

ANCHOR BAY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Nonmajor Governmental Funds	Totals
Revenues			
Local sources	$ 6,311,856	$ 16,523,149	$ 22,835,005
State sources	53,913,670	172,352	54,086,022
Federal sources	5,816,887	3,750,146	9,567,033
Other sources	2,903,159	-	2,903,159
Total revenues	68,945,572	20,445,647	89,391,219
Expenditures			
Current:			
Instruction	39,738,393	-	39,738,393
Student services	3,587,408	-	3,587,408
Instructional support	2,702,248	-	2,702,248
General administration	1,031,715	-	1,031,715
School administration	4,553,406	-	4,553,406
Business administration	753,401	-	753,401
Operation and maintenance	6,066,747	-	6,066,747
Transportation	3,789,529	-	3,789,529
Support services - other	1,449,363	-	1,449,363
Community service	698,570	-	698,570
Food service	-	3,144,132	3,144,132
Student operations	-	13,105	13,105
International programs	-	1,251	1,251
Student activities	-	1,638,622	1,638,622
Debt service:			
Principal	-	9,995,933	9,995,933
Lease principal	27,780	-	27,780
Interest and fiscal charges	353	4,464,173	4,464,526
Capital outlay	585,821	1,421,564	2,007,385
Total expenditures	64,984,734	20,678,780	85,663,514
Revenues over (under) expenditures	3,960,838	(233,133)	3,727,705
Other financing sources (uses)			
Proceeds from lease	16,565	-	16,565
Transfers in	140,000	2,225	142,225
Transfers out	-	(142,225)	(142,225)
Total other financing sources (uses)	156,565	(140,000)	16,565
Net change in fund balances	4,117,403	(373,133)	3,744,270
Fund balances, beginning of year	2,967,563	4,422,869	7,390,432
Fund balances, end of year	$ 7,084,966	$ 4,049,736	$ 11,134,702

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

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	$ 3,744,270
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	1,707,170
Depreciation expense	(5,602,669)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Lease proceeds	(16,565)
Amortization of premium	242,131
Amortization of discount	(3,220)
Amortization of deferred charge on refunding	(589,782)
Principal payments on long-term debt	9,995,933
Principal payments on leases payable	27,780
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 governmental funds.	
Change in net pension liability and related deferred amounts	2,503,013
Change in net other postemployment benefit liability and related deferred amounts	5,548,737
Change in accrued interest payable on bonds and loans	140,188
Change in the accrual for compensated absences and employee severance plan	(1,293,861)
Change in net position of governmental activities	$ 16,403,125

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

ANCHOR BAY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Local sources	$ 6,403,713	$ 6,405,698	$ 6,311,856	$ (93,842)
State sources	49,483,309	54,112,844	53,913,670	(199,174)
Federal sources	3,636,250	6,074,133	5,816,887	(257,246)
Other sources	2,701,740	2,908,738	2,903,159	(5,579)
Total revenues	62,225,012	69,501,413	68,945,572	(555,841)
Expenditures				
Current:				
Instruction	36,709,568	40,226,201	39,738,393	(487,808)
Student services	2,838,804	3,590,057	3,587,408	(2,649)
Instructional support	2,716,153	2,901,501	2,702,248	(199,253)
General administration	1,155,742	1,044,559	1,031,715	(12,844)
School administration	4,531,627	4,690,374	4,553,406	(136,968)
Business administration	769,558	782,976	753,401	(29,575)
Operation and maintenance	5,558,369	6,186,182	6,066,747	(119,435)
Transportation	3,859,476	3,882,247	3,789,529	(92,718)
Support services - other	1,407,129	1,543,677	1,449,363	(94,314)
Community service	464,078	742,895	698,570	(44,325)
Debt service:				
Lease principal	-	-	27,780	27,780
Interest and fiscal charges	-	-	353	353
Capital outlay	24,143	592,501	585,821	(6,680)
Total expenditures	60,034,647	66,183,170	64,984,734	(1,198,436)
Revenues over expenditures	2,190,365	3,318,243	3,960,838	642,595
Other financing sources (uses)				
Proceeds from lease	-	-	16,565	16,565
Transfers in	-	140,000	140,000	-
Transfers out	(4,946)	(13,791)	-	(13,791)
Total other financing sources (uses)	(4,946)	126,209	156,565	30,356
Net change in fund balance	2,185,419	3,444,452	4,117,403	672,951
Fund balance, beginning of year	2,967,563	2,967,563	2,967,563	-
Fund balance, end of year	$ 5,152,982	$ 6,412,015	$ 7,084,966	$ 672,951

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Anchor Bay School District (the "District") is governed by an elected seven-member Board of Education. The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. The District has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Government-wide and Fund 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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the current year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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

Property taxes, intergovernmental revenue, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental fund:

The g*eneral fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *debt service funds* are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

The *capital projects funds* are used to record bond proceeds or other revenue and the disbursement of funds specifically designated for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The funds operate until the purpose for which it was created is accomplished.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Deposits and Investments

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 are reported at fair value, except for the District's investments in the Michigan Liquid Assets Fund (MILAF), which are recorded at amortized cost.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

The District follows the practice of recording revenues that have been earned but not yet received as receivables. Receivables consist primarily of State Aid payments from the State of Michigan and Federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management, and therefore, no amount has been recorded as a provision for bad debts.

Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

Inventory and Prepaid Items

Inventories are stated at cost using the first-in, first-out method, and consist primarily of food, cafeteria supplies and teaching supplies. USDA donated commodities in the food service fund are recorded at fair value. Inventories of governmental funds are recorded as expenditures 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 government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	25-50
Site improvements	20-50
Furniture and equipment	5-10
Vehicles and buses	5-10

Deferred Outflows of Resources

In addition to assets, the statement of financial 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 will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows for the charge on refunding. This amount represents 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. The District also reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit liability. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

Unearned Revenue

The District reports unearned revenue on its governmental funds balance sheet. Unearned revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and the balance sheet and revenue is recognized.

Compensated Absences and Early Retirement Benefits

Sick days are earned by most employees at the rate of one day per month. The quantity of sick days an employee may accumulate is determined by their job category, ranging from eighteen to seventy-five days. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category. There is no contractual provision for payment of unused vacation, other than the payment of prorated used vacation days earned during the year of the termination.

The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation, sick leave, and severance benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts are included both for employees who are currently eligible to receive termination payments and for other employees who are expected to become eligible in the future to receive such payments upon termination.

Amounts due to retired employees who are currently eligible to receive early retirement incentives are reported as a liability on the statement of net position. The early retirement benefits consist of early retirement incentive cash payments provided to eligible employees for five years following retirement.

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources related to pension and other postemployment benefit costs.

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance*, if any, is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Superintendent or his/her designee. *Unassigned fund balance* is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net position.

Notes to Financial Statements

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. BUDGETARY INFORMATION

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted annually on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis. All annual appropriations lapse at fiscal year end.

3. COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

During the year ended June 30, 2022, the government incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Final Budget	Actual	Variance
General fund			
Debt service:			
Lease principal	$ -	$ 27,780	$ 27,780
Interest and fiscal charges	-	353	353

2019 Capital Projects Fund

The 2019 capital projects fund accounts for activities funded by school building and site bonds. For this fund, the District has complied with the applicable provisions of Section 1351a of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position follows:

Statement of Net Position	
Cash and cash equivalents	$ 2,248,996
Investments	7,751,940
Total	$ 10,000,936
Deposits and investments	
Cash on hand	$ 2,000
Bank deposits (checking/savings accounts and CD's)	2,246,996
Investments	7,751,940
Total	$ 10,000,936

Statutory Authority

State statutes authorize the District to invest in:

Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.

Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.

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

Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers’ acceptance issued by a bank that is a member of the federal deposit insurance corporation.

Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District’s investment policy allows for all of these types of investments.

Investments

The District chooses to disclose its investments by specific identification. As of year end, the District had the following investments:

Investment	Maturity	Amortized Cost	Rating
Michigan Liquid Asset Fund (MILAF):			
Cash management class	n/a	$ 13,668	S&P AAAm
Max class	n/a	7,738,272	S&P AAAm
		$ 7,751,940	

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, $2,349,221 of the District's bank balance of $2,599,221 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk 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. State law does not require and the District does not have a policy for investment custodial credit risk. The investments listed above are not subject to custodial credit risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All of the District's investments are identified above.

Notes to Financial Statements

5. RECEIVABLES

Receivables as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	General	Nonmajor Governmental Funds	Totals
Accounts receivable	$ 38,843	$ 1,432	$ 40,275
Due from other governments	11,083,826	130,355	11,214,181
	$ 11,122,669	$ 131,787	$ 11,254,456

Notes to Financial Statements

6. CAPITAL ASSETS

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

	Beginning Balance *	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 3,839,025	$ -	$ -	$ -	$ 3,839,025
Capital assets being depreciated:					
Buildings and improvements	224,419,599	564,941	-	-	224,984,540
Site improvements	1,849,511	-	-	-	1,849,511
Furniture and equipment	9,534,339	592,659	-	-	10,126,998
Buses	4,971,373	439,856	-	-	5,411,229
Vehicles	360,511	93,149	-	-	453,660
Leased equipment	81,521	16,565	-	-	98,086
	241,216,854	1,707,170	-	-	242,924,024
Less accumulated depreciation for:					
Buildings and improvements	(73,697,653)	(4,674,805)	-	-	(78,372,458)
Site improvements	(362,530)	(80,673)	-	-	(443,203)
Furniture and equipment	(7,405,889)	(451,243)	-	-	(7,857,132)
Buses	(3,846,315)	(346,986)	-	-	(4,193,301)
Vehicles	(310,913)	(26,541)	-	-	(337,454)
Leased equipment	-	(22,421)	-	-	(22,421)
	(85,623,300)	(5,602,669)	-	-	(91,225,969)
Total capital assets being depreciated, net	155,593,554	(3,895,499)	-	-	151,698,055
Governmental activities capital assets, net	$ 159,432,579	$ (3,895,499)	$ -	$ -	$ 155,537,080

Depreciation expense of $5,602,669 is reported as “unallocated depreciation,” and not allocated to individual functions.

* The District implemented the provisions of GASB Statement No. 87, Leases, in the current year. In accordance with this Statement, leased equipment has been added to the beginning balances shown above and a corresponding lease payable has been recorded for the same amount.

Notes to Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	General	Nonmajor Governmental Funds	Totals
Fund Financial Statements:			
Accounts payable	$ 297,743	$ 109,011	$ 406,754
Accrued liabilities	2,262,716	11,696	2,274,412
Salaries and benefits payable	4,307,618	23,730	4,331,348
Due to other governments	843,906	-	843,906
	$ 7,711,983	$ 144,437	7,856,420
Government-wide Financial Statements - Accrued interest on long-term debt			591,457
			$ 8,447,877

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

For the year ended June 30, 2022, interfund receivables and payables consisted of an interfund in the amount of $47,195 between the Food Service Fund and the 2019 Capital Projects Fund for a reimbursable expenditure.

The District reports interfund balances between certain funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for governmental funds. These interfund balances resulted primarily 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.

For the year ended June 30, 2022, interfund transfers consisted of the following:

	Transfers out	Transfers in
General fund	$ -	$ 140,000
Nonmajor governmental funds	142,225	2,225
	$ 142,225	$ 142,225

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2022, the District transferred funds from the food service fund to the general fund for indirect costs and transferred funds from the one debt service fund to another to close out the fund as appropriate.

9. LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 153,105,000	$ -	$ (9,005,000)	$ 144,100,000	$ 9,250,000
Direct borrowings/placements - School bond loan and revolving funds	25,386,894	646,735	(1,742,050)	24,291,579	-
Unamortized bond premium	1,262,193	-	(242,131)	1,020,062	242,131
Unamortized bond discount	(83,722)	-	3,220	(80,502)	(3,220)
Employee Severance Plan and compensated absences	516,281	2,035,926	(742,065)	1,810,142	742,065
Total long-term debt	$ 180,186,646	$ 2,682,661	$ (11,728,026)	$ 171,141,281	$ 10,230,976

Bonds payable consist of the following issues:

General obligation bonds

2013 Bond Refunding Serial Bonds, due in annual installments of $1,575,000 to $2,600,000 due May 1, 2033, interest at 0.200% to 5.00%.	$ 24,755,000
2016 Bond Refunding Serial Bonds A, due in annual installments of $1,100,000 to $2,515,000 due May 1, 2025, interest at 5.00%.	6,185,000
2017 School Building and Site Bonds, due in annual installments of $510,000 to $2,635,000 with payments commencing November 1, 2021 and final payment due May 1, 2047, interest at 3.00% to 3.38%.	8,295,000
2019 School Building and Site Bonds, due in annual installments of $370,000 to $1,690,000 with payments commencing May 1, 2023 and final payments due May 1, 2048, interest at 3.00% to 5.00%.	11,605,000
2020 Bond Refunding Serial Bonds, due in annual installments of $3,380,000 to $10,355,000 due May 1, 2034, interest at 1.00% to 2.31%.	93,260,000
Total general obligation bonds	$ 144,100,000

Notes to Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 9,250,000	$ 3,503,642	$ 12,753,642
2024	9,595,000	3,152,417	12,747,417
2025	9,855,000	2,933,642	12,788,642
2026	10,090,000	2,725,439	12,815,439
2027	10,300,000	2,556,783	12,856,783
2028-2032	55,825,000	9,354,372	65,179,372
2033-2037	26,225,000	3,324,486	29,549,486
2038-2042	5,360,000	1,854,731	7,214,731
2043-2047	6,565,000	857,206	7,422,206
2048	1,035,000	19,406	1,054,406
Totals	$ 144,100,000	$ 30,282,124	$ 174,382,124

School Loan Revolving Fund

The School Loan Revolving Fund represents amounts borrowed from the State of Michigan School Loan Revolving Program to supplement property tax revenue for making payments on the District’s general obligation bonds. Although interest accrues each year, no payment is due until such time as the District’s property tax revenue is sufficient to support the debt service requirements on the general obligation bonds. Changes to the School Loan Revolving Fund for the year ended June 30, 2022, are as follows:

	Principal	Interest	Total
Beginning balance	$ 25,243,707	$ 143,187	$ 25,386,894
Additions	-	646,735	646,735
Deductions	(990,933)	(751,117)	(1,742,050)
Ending balance	$ 24,252,774	$ 38,805	$ 24,291,579

Employee Severance Plan

The District has an Employee Severance Plan with teachers and administrators. Plan participants shall receive a severance incentive of $1,333, per month for a period of five years. At June 30, 2022, 24 retirees were receiving or eligible to begin receiving the severance incentive. The total severance incentive liability at June 30, 2022 was $1,357,284.

Compensated Absences

Compensated absences are typically liquidated by the general fund. The total outstanding compensated absences at June 30, 2022 was $452,858.

10. STATE AID NOTE PAYABLE

During the year, the District financed certain of its operations through the issuances of State Aid Anticipation Notes. These notes were issued for terms of less than one year, and accordingly are recorded as liabilities of the respective funds from which they were issued. The District borrowed $2,500,000 with an interest rate of 0.11% and a maturity date of July 20, 2022. Additionally, the District borrowed $1,000,000 with an interest rate of 0.12% and a maturity date of August 22, 2022.

Changes in short-term state aid notes for the year ended June 30, 2022, were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
State aid note	$ 4,510,282	$ 3,500,000	$ (6,651,572)	$ 1,358,710

11. LEASES

Lessee - The District is involved in several agreements as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not a financed purchase, as the District will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

Asset Type	Remaining Term of Agreements
Equipment	2-4 years

The assets acquired through the lease are summarized as follows:

Equipment	$ 98,086
Less accumulated amortization	(22,421)
	$ 75,665

The net present value of future minimum payments as of June 30, 2022, were as follows:

Year Ended June 30,	Principal	Interest
2023	$ 27,839	$ 1,135
2024	20,460	650
2025	16,802	269
2026	5,205	49
Total	$ 70,306	$ 2,103

Lease liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance *	Additions	Deductions	Ending Balance	Due Within One Year
Leases payable	$ 81,521	$ 16,565	$ (27,780)	$ 70,306	27,839

* The District implemented the provisions of GASB Statement No. 87, Leases, in the current year. In accordance with this Statement, leases payable have been added to the beginning balances shown above and a corresponding lease asset has been recorded for the same amount.

12. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2022, was as follows:

Capital assets:	
Capital assets not being depreciated	$ 3,839,025
Capital assets being depreciated, net	151,698,055
	155,537,080
Related debt:	
Capital related bonds payable outstanding	144,100,000
Unamortized bond premium	1,020,062
Unamortized bond discount	(80,502)
Leases payable	70,306
Unspent bonded capital projects proceeds	(1,619,998)
Deferred charge on refunding	(992,840)
	142,497,028
Net investment in capital assets	$ 13,040,052

13. RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty, theft, damage to various tort and liability claims and worker's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. The pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the district from significant adverse financial impact.

Notes to Financial Statements

14. PROPERTY TAXES

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of July 1 and December 1, and are due upon receipt of the billing by the taxpayer. 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. District property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

The District received reduced property tax revenues during 2022 as a result of industrial facilities tax exemptions (IFT's) agreements entered into by cities, villages, townships, and authorities within the District boundaries.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property within the District boundaries. The abatements were not material to the District for the fiscal year.

15. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

Pension Benefits Provided

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

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

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over an 18-year period beginning October 1, 2020 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	19.78% - 20.14%
Member Investment Plan (MIP)	3.00% - 7.00%	19.78% - 20.14%
Pension Plus	3.00% - 6.40%	16.82% - 17.22%
Pension Plus 2	6.20%	19.59% - 19.93%
Defined Contribution	0.00%	13.39% - 13.73%

For the year ended June 30, 2022, required and actual contributions from the District to the pension plan were $12,787,970, which included $5,767,402, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

The table below summarizes OPEB contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.09% - 8.43%
Personal Healthcare Fund (PHF)	0.00%	7.23% - 7.57%

For the year ended June 30, 2022, required and actual contributions from the District to the OPEB plan were $2,618,722.

The table below summarizes defined contribution rates in effect for fiscal year 2021:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2022, required and actual contributions from the District for those members with a defined contribution benefit were $201,372.

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

At June 30, 2022, the District reported a liability of $88,787,688 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was 0.37502%, which was a decrease of 0.00687% from its proportion measured as of September 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $10,184,790. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 1,375,359	$ 522,854	$ 852,505
Changes in assumptions	5,596,858	-	5,596,858
Net difference between projected and actual earnings on pension plan investments	-	28,544,956	(28,544,956)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,873,071	1,715,242	157,829
	8,845,288	30,783,052	(21,937,764)
District contributions subsequent to the measurement date	11,996,248	-	11,996,248
Total	$ 20,841,536	$ 30,783,052	$ (9,941,516)

The $11,996,248 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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 June 30,	Amount
2023	$ (2,046,761)
2024	(4,790,940)
2025	(7,178,437)
2026	(7,921,626)
Total	$ (21,937,764)

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

At June 30, 2022, the District reported a liability of $5,623,427 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was 0.36842% which was a decrease of 0.01214% from its proportion measured as of September 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of ($3,056,114). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 16,051,673	$ (16,051,673)
Changes in assumptions	4,700,906	703,431	3,997,475
Net difference between projected and actual earnings on OPEB plan investments	-	4,238,478	(4,238,478)
Changes in proportion and differences between employer contributions and proportionate share of contributions	714,680	790,131	(75,451)
	5,415,586	21,783,713	(16,368,127)
District contributions subsequent to the measurement date	2,251,139	-	2,251,139
Total	$ 7,666,725	$ 21,783,713	$ (14,116,988)

The $2,251,139 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	$ (4,144,896)
2024	(3,796,085)
2025	(3,543,819)
2026	(3,419,740)
2027	(1,293,837)
Thereafter	(169,750)
Total	$ (16,368,127)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2020 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2021, are based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4367 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.1312 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.24%
Investment rate of return			6.80%

Long-term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.09%
Investment rate of return			6.95%

Rate of Return

For the 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 27.30% and 27.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan) and 6.95%, respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and 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 pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

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

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
District's proportionate share of the net pension liability	$ 126,942,315	$ 88,787,688	$ 57,155,000

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

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

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net OPEB liability	$ 10,449,343	$ 5,623,427	$ 1,527,949

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net OPEB liability	$ 1,368,698	$ 5,623,427	$ 10,410,511

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2022, the District reported a payable of $1,921,423 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022.

Payable to the OPEB Plan

At June 30, 2022, the District reported a payable of $313,156 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022.

16. SUBSEQUENT EVENTS

State Aid Notes

On August 22, 2022, the District issued state aid note Series 2022A-1 in the amount of $800,000 with an interest rate of 1.97%, which the District will pay in set asides beginning in January of 2023 through July of 2023, maturing on July 20, 2023. Additionally, on August 22, 2022, the District issued state aid note Series 2022A-2 in the amount of $1,000,000 with an interest rate of 1.99%, which matures on August 21, 2023.

17. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the District to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the District has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately $2 million was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the District.

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REQUIRED SUPPLEMENTARY INFORMATION

ANCHOR BAY SCHOOL DISTRICT

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,		
	2022	2021	2020
District's proportionate share of the net pension liability	$ 88,787,688	$ 131,183,239	$ 124,030,886
District's proportion of the net pension liability	0.37502%	0.38189%	0.37453%
District's covered payroll	$ 33,105,470	$ 33,632,795	$ 32,976,188
District's proportionate share of the net pension liability as a percentage of its covered payroll	268.20%	390.05%	376.12%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.31%

See notes to required supplementary information.

Year Ended June 30,				
2019	**2018**	**2017**	**2016**	**2015**
$ 109,999,840	$ 94,649,187	$ 92,473,137	$ 89,141,993	$ 29,774,310
0.36591%	0.36524%	0.37065%	0.36496%	0.34914%
$ 31,191,135	$ 30,190,630	$ 31,388,251	$ 30,328,646	$ 29,194,362
352.66%	313.51%	294.61%	293.92%	263.44%
62.36%	64.21%	63.27%	63.17%	66.20%

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Pension Contributions

	Year Ended June 30,		
	2022	2021	2020
Statutorily required contribution	$ 12,787,970	$ 11,146,481	$ 10,498,631
Contributions in relation to the statutorily required contribution	(12,787,970)	(11,146,481)	(10,498,631)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 32,503,327	$ 32,869,189	$ 34,007,875
Contributions as a percentage of covered payroll	39.34%	33.91%	30.87%

See notes to required supplementary information.

Year Ended June 30,				
2019	2018	2017	2016	2015
$ 9,961,613	$ 10,667,512	$ 8,268,908	$ 7,040,585	$ 5,422,819
(9,961,613)	(10,667,512)	(8,268,908)	(7,040,585)	(5,422,819)
$ -	$ -	$ -	$ -	$ -
$ 33,122,787	$ 31,420,218	$ 30,067,167	$ 30,296,972	$ 29,888,253
30.07%	33.95%	27.50%	23.24%	18.14%

ANCHOR BAY SCHOOL DISTRICT

Required Supplementary Information
MPSERS Cost-Sharing Multiple Employer Plan
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30,				
	2022	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	$ 5,623,427	$ 20,387,278	$ 27,125,338	$ 29,157,660	$ 32,295,942
District's proportion of the net OPEB liability	0.36842%	0.38055%	0.37791%	0.36681%	0.36470%
District's covered payroll	$ 33,105,470	$ 33,632,795	$ 32,976,188	$ 31,191,135	$ 30,190,630
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.99%	60.62%	82.26%	93.48%	106.97%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

ANCHOR BAY SCHOOL DISTRICT

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Statutorily required contribution	$ 2,618,722	$ 2,777,561	$ 2,750,410	$ 2,603,936	$ 2,318,954
Contributions in relation to the statutorily required contribution	(2,618,722)	(2,777,561)	(2,750,410)	(2,603,936)	(2,318,954)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	32,503,327	$ 32,869,189	$ 34,007,875	$ 33,122,787	$ 31,420,218
Contributions as a percentage of covered payroll	8.06%	8.45%	8.09%	7.86%	7.38%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of date will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of date will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

COMBINING FUND
FINANCIAL STATEMENTS

ANCHOR BAY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 486,192	$ -	$ -	$ 486,192
Investments	1,677,433	245,650	1,670,241	3,593,324
Accounts receivable	1,432	-	-	1,432
Due from other funds	-	-	47,195	47,195
Due from other governments	128,663	1,692	-	130,355
Inventory	37,981	-	-	37,981
Total assets	$ 2,331,701	$ 247,342	$ 1,717,436	$ 4,296,479
Liabilities				
Accounts payable	$ 11,573	$ -	$ 97,438	$ 109,011
Accrued liabilities	11,696	-	-	11,696
Salaries and benefits payable	23,730	-	-	23,730
Due to other funds	47,195	-	-	47,195
Unearned revenue	55,111	-	-	55,111
Total liabilities	149,305	-	97,438	246,743
Fund balances				
Nonspendable	37,981	-	-	37,981
Restricted	1,260,325	247,342	1,619,998	3,127,665
Committed	884,090	-	-	884,090
Total fund balances	2,182,396	247,342	1,619,998	4,049,736
Total liabilities and fund balances	$ 2,331,701	$ 247,342	$ 1,717,436	$ 4,296,479

ANCHOR BAY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Local sources:				
Property taxes	$ -	$ 14,345,136	$ -	$ 14,345,136
Revenue in lieu of taxes	-	26,163	-	26,163
Earnings on investments	1,995	15,222	3,827	21,044
Food sales	342,254	-	-	342,254
Other local sources	1,788,552	-	-	1,788,552
State sources	172,352	-	-	172,352
Federal sources	3,750,146	-	-	3,750,146
Total revenues	6,055,299	14,386,521	3,827	20,445,647
Expenditures				
Food service	3,144,132	-	-	3,144,132
Student operations	13,105	-	-	13,105
International programs	1,251	-	-	1,251
Student activities	1,638,622	-	-	1,638,622
Debt service:				
Principal	-	9,995,933	-	9,995,933
Interest and fiscal charges	-	4,464,173	-	4,464,173
Capital outlay	73,641	-	1,347,923	1,421,564
Total expenditures	4,870,751	14,460,106	1,347,923	20,678,780
Revenue over (under) expenditures	1,184,548	(73,585)	(1,344,096)	(233,133)
Other financing sources (uses)				
Transfers in	-	2,225	-	2,225
Transfers out	(140,000)	(2,225)	-	(142,225)
Total other financing uses	(140,000)	-	-	(140,000)
Net change in fund balances	1,044,548	(73,585)	(1,344,096)	(373,133)
Fund balances, beginning of year	1,137,848	320,927	2,964,094	4,422,869
Fund balances, end of year	$ 2,182,396	$ 247,342	$ 1,619,998	$ 4,049,736

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2022

	Food Service	Student Operations	International Programs	Student Activities	Total
Assets					
Cash and cash equivalents	$ 18,064	$ 138,545	$ 60,066	$ 269,517	$ 486,192
Investments	1,261,471	-	-	415,962	1,677,433
Accounts receivable	1,432	-	-	-	1,432
Due from other governments	128,663	-	-	-	128,663
Inventory	28,516	9,465	-	-	37,981
Total assets	$ 1,438,146	$ 148,010	$ 60,066	$ 685,479	$ 2,331,701
Liabilities					
Accounts payable	$ 11,573	$ -	$ -	$ -	$ 11,573
Accrued liabilities	11,696	-	-	-	11,696
Salaries and benefits payable	23,730	-	-	-	23,730
Due to other funds	47,195	-	-	-	47,195
Unearned revenue	55,111	-	-	-	55,111
Total liabilities	149,305	-	-	-	149,305
Fund balances					
Nonspendable:					
Inventory	28,516	9,465	-	-	37,981
Restricted for food service	1,260,325	-	-	-	1,260,325
Committed for:					
Student activities	-	-		685,479	685,479
Student operations	-	138,545	-	-	138,545
International programs	-	-	60,066	-	60,066
Total fund balances	1,288,841	148,010	60,066	685,479	2,182,396
Total liabilities and fund balances	$ 1,438,146	$ 148,010	$ 60,066	$ 685,479	$ 2,331,701

ANCHOR BAY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Food Service	Student Operations	International Programs	Student Activities	Total
Revenues					
Local sources:					
Earnings on investments	$ 1,995	$ -	$ -	$ -	$ 1,995
Food sales	342,254	-	-	-	342,254
Other local sources	-	18,467	-	1,770,085	1,788,552
State sources	172,352	-	-	-	172,352
Federal sources	3,750,146	-	-	-	3,750,146
Total revenues	4,266,747	18,467	-	1,770,085	6,055,299
Expenditures					
Salaries	892,719	-	-	-	892,719
Benefits	477,693	-	-	-	477,693
Purchased services	54,624	2,438	-	-	57,062
Supplies and materials	1,706,872	9,988	-	1,638,622	3,355,482
Capital outlay	73,641	-	-	-	73,641
Other	12,224	679	1,251	-	14,154
Total expenditures	3,217,773	13,105	1,251	1,638,622	4,870,751
Revenues over (under) expenditures	1,048,974	5,362	(1,251)	131,463	1,184,548
Other financing uses					
Transfers out	(140,000)	-	-	-	(140,000)
Net change in fund balances	908,974	5,362	(1,251)	131,463	1,044,548
Fund balances, beginning of year	379,867	142,648	61,317	554,016	1,137,848
Fund balances, end of year	$ 1,288,841	$ 148,010	$ 60,066	$ 685,479	$ 2,182,396

ANCHOR BAY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2022

	2012 Debt Service	2013 Debt Service	2016 Debt Service
Assets			
Investments	$ -	$ 245,650	$ -
Due from other governments	-	1,692	-
Total assets	$ -	$ 247,342	$ -
Fund balances			
Restricted for debt service	$ -	$ 247,342	$ -

2017 Debt Service	2019 Debt Service	2020 Debt Service	2021 Debt Service	Total
$ -	$ -	$ -	$ -	$ 245,650
-	-	-	-	1,692
$ -	$ -	$ -	$ -	$ 247,342
$ -	$ -	$ -	$ -	247,342

ANCHOR BAY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended June 30, 2022

	2012 Debt Service	2013 Debt Service	2016 Debt Service
Revenues			
Local sources:			
Property taxes	$ -	$ 2,624,920	$ 1,519,246
Revenue in lieu of taxes	-	26,163	-
Earnings on investments	-	15,222	-
Total revenues	-	2,666,305	1,519,246
Expenditures			
Debt service:			
Principal	-	1,810,000	1,180,000
Interest and fiscal charges	-	929,890	339,246
Total expenditures	-	2,739,890	1,519,246
Revenues under expenditures	-	(73,585)	-
Other financing sources (uses)			
Transfers in	-	2,225	-
Transfers out	(2,225)	-	-
Total other financing sources (uses)	(2,225)	2,225	-
Net change in fund balances	(2,225)	(71,360)	-
Fund balances, beginning of year	2,225	318,702	-
Fund balances, end of year	$ -	$ 247,342	$ -

2017 Debt Service	2019 Debt Service	2020 Debt Service	2021 Debt Service	Total
$ 2,961,988	$ 461,968	$ 5,034,965	$ 1,742,049	$ 14,345,136
-	-	-	-	26,163
-	-	-	-	15,222
2,961,988	461,968	5,034,965	1,742,049	14,386,521
2,635,000	-	3,380,000	990,933	9,995,933
326,988	461,968	1,654,965	751,116	4,464,173
2,961,988	461,968	5,034,965	1,742,049	14,460,106
-	-	-	-	(73,585)
-	-	-	-	2,225
-	-	-	-	(2,225)
-	-	-	-	-
-	-	-	-	(73,585)
-	-	-	-	320,927
$ -	$ -	$ -	$ -	$ 247,342

ANCHOR BAY SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Capital Project Funds
June 30, 2022

	2003 Capital Projects Fund	2017 Capital Projects Fund	2019 Capital Projects Fund	Total
Assets				
Investments	$ -	$ -	$ 1,670,241	$ 1,670,241
Due from other funds	-	-	47,195	47,195
Total assets	$ -	$ -	$ 1,717,436	$ 1,717,436
Liabilities				
Accounts payable	$ -	$ -	$ 97,438	$ 97,438
Fund balances				
Restricted for capital projects	-	-	1,619,998	1,619,998
Total liabilities and fund balances	$ -	$ -	$ 1,717,436	$ 1,717,436

ANCHOR BAY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Capital Project Funds
For the Year Ended June 30, 2022

	2003 Capital Projects Fund	2017 Capital Projects Fund	2019 Capital Projects Fund	Total
Revenues				
Local sources -				
Earnings on investments	$ -	$ -	$ 3,827	$ 3,827
Expenditures				
Capital outlay	83,569	79	1,264,275	1,347,923
Net change in fund balances	(83,569)	(79)	(1,260,448)	(1,344,096)
Fund balances, beginning of year	83,569	79	2,880,446	2,964,094
Fund balances, end of year	$ -	$ -	$ 1,619,998	$ 1,619,998

Other Supplementary Information (Unaudited)

Schedule of Outstanding Bonded Indebtedness

2013 Refunding Bonds
Original amount of issue: $ 33,280,000
Interest rate: .200% to 5.00%

Year Ended June 30,	Principal Payments May 1st	Interest Payments November 1st, May 1st	Total Fiscal Year Requirements
2023	$ 1,850,000	$ 886,020	$ 2,736,020
2024	1,965,000	793,520	2,758,520
2025	2,015,000	734,570	2,749,570
2026	2,090,000	674,120	2,764,120
2027	2,165,000	605,150	2,770,150
2028	2,240,000	534,788	2,774,788
2029	2,335,000	456,388	2,791,388
2030	2,420,000	362,988	2,782,988
2031	2,510,000	278,288	2,788,288
2032	2,600,000	190,438	2,790,438
2033	2,565,000	96,188	2,661,188
	$ 24,755,000	$ 5,612,458	$ 30,367,458

Other Supplementary Information (Unaudited)

Schedule of Outstanding Bonded Indebtedness

2016 Refunding Bonds - Series A
Original amount of issue: $ 8,465,000
Interest rate: 5.00%

Year Ended June 30,	Principal Payments November 1st, May 1st	Interest Payments November 1st, May 1st	Total Fiscal Year Requirements
2023	$ 1,230,000	$ 293,625	$ 1,523,625
2024	2,440,000	216,875	2,656,875
2025	2,515,000	93,875	2,608,875
	$ 6,185,000	$ 604,375	$ 6,789,375

Other Supplementary Information (Unaudited)

Schedule of Outstanding Bonded Indebtedness

2017 Building and Site Bonds
Original amount of issue: $ 10,930,000
Interest rate: 3.00% to 3.38%

Year Ended June 30,	Principal Payments November 1st, May 1st	Interest Payments November 1st, May 1st	Total Fiscal Year Requirements
2023	$ -	$ 326,488	$ 326,488
2024	-	265,438	265,438
2025	-	265,438	265,438
2026	-	265,438	265,438
2027	-	265,438	265,438
2028	-	265,438	265,438
2029	-	265,438	265,438
2030	-	265,438	265,438
2031	-	265,438	265,438
2032	-	265,438	265,438
2033	-	265,438	265,438
2034	525,000	262,438	787,438
2035	525,000	246,688	771,688
2036	525,000	230,938	755,938
2037	540,000	215,188	755,188
2038	555,000	198,988	753,988
2039	575,000	181,769	756,769
2040	590,000	163,800	753,800
2041	605,000	145,363	750,363
2042	625,000	125,825	750,825
2043	645,000	105,513	750,513
2044	670,000	83,869	753,869
2045	690,000	61,256	751,256
2046	715,000	37,969	752,969
2047	510,000	13,838	523,838
	$ 8,295,000	$ 5,054,310	$ 13,349,310

ANCHOR BAY SCHOOL DISTRICT

Other Supplementary Information (Unaudited)

Schedule of Outstanding Bonded Indebtedness

2019 Building and Site Bonds
Original amount of issue: $ 11,605,000
Interest rate: 3.00% to 5.00%

Year Ended June 30,	Principal Payments May 1st	Interest Payments November 1st, May 1st	Total Fiscal Year Requirements
2023	$ 1,690,000	$ 376,969	$ 2,066,969
2024	1,520,000	300,969	1,820,969
2025	-	300,969	300,969
2026	-	300,969	300,969
2027	-	300,969	300,969
2028	-	300,969	300,969
2029	-	300,969	300,969
2030	-	300,969	300,969
2031	-	300,969	300,969
2032	-	300,969	300,969
2033	370,000	300,969	670,969
2034	-	289,869	289,869
2035	390,000	283,531	673,531
2036	420,000	270,369	690,369
2037	435,000	256,203	691,203
2038	450,000	241,269	691,269
2039	465,000	225,538	690,538
2040	480,000	208,700	688,700
2041	500,000	190,938	690,938
2042	515,000	172,541	687,541
2043	535,000	153,510	688,510
2044	545,000	133,594	678,594
2045	570,000	112,688	682,688
2046	590,000	90,938	680,938
2047	1,095,000	64,031	1,159,031
2048	1,035,000	19,406	1,054,406
	$ 11,605,000	$ 6,099,784	$ 17,704,784

ANCHOR BAY SCHOOL DISTRICT

Other Supplementary Information (Unaudited)

Schedule of Outstanding Bonded Indebtedness

2020 Refunding Bonds
Original amount of issue: $ 96,640,000
Interest rate: 1.00% to 2.31%

Year Ended June 30,	Principal Payments November 1st, May 1st	Interest Payments November 1st, May 1st	Total Fiscal Year Requirements
2023	$ 4,480,000	$ 1,620,540	$ 6,100,540
2024	3,670,000	1,575,615	5,245,615
2025	5,325,000	1,538,790	6,863,790
2026	8,000,000	1,484,912	9,484,912
2027	8,135,000	1,385,226	9,520,226
2028	8,295,000	1,271,022	9,566,022
2029	8,475,000	1,134,425	9,609,425
2030	8,730,000	943,366	9,673,366
2031	9,000,000	763,576	9,763,576
2032	9,220,000	587,058	9,807,058
2033	9,575,000	403,466	9,978,466
2034	10,355,000	203,201	10,558,201
	$ 93,260,000	$ 12,911,197	$ 106,171,197

SINGLE AUDIT ACT COMPLIANCE

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Rehmann

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

October 10, 2022

Board of Education
Anchor Bay School District
Casco Township, Michigan

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of ***Anchor Bay School District*** (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 10, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Robson LLC

1249 Griswold Street, Suite 201, Detroit, MI 48226 313.202.7400

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ANCHOR BAY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Approved Awards Amount
U.S. Department of Agriculture				
Child Nutrition Cluster:				
Seamless Summer Option (SSO) Breakfast	10.553	MDE	211971/221971	$ 843,795
Seamless Summer Option (SSO) Lunch	10.555	MDE	211961/221961 /221980	2,582,792
Supply Chain Assistance	10.555	MDE	220910	103,119
Entitlement commodities (non-cash)	10.555	MDE	N/A	188,394
Summer Food Service Program	10.559	MDE	210904	146,784
Total Child Nutrition Cluster				
COVID-19 Pandemic EBT Local Level Costs	10.649	MDE	210980	3,063
Total U.S. Department of Agriculture				
U.S. Department of Education				
Title I:				
Title I, Part A - Improving Basic Programs	84.010	MDE	211530-2021	389,321
Title I, Part A - Improving Basic Programs	84.010	MDE	221530-2122	225,377
Special Education Cluster:				
IDEA Flow-through - C/O	84.027	MISD	200450-1920	938,348
IDEA Flow-through	84.027A	MISD	210450-2021	1,424,097
IDEA Flow-through - C/O	84.027	MISD	210450-2021	903,832
IDEA Flow-through	84.027A	MISD	220450-2122	1,436,606
COVID-19 ARP IDEA Flow-through	84.027	MISD	221280-2122	302,689
Special Education - Preschool	84.173A	MISD	210460-2021	72,370
Special Education - Preschool	84.173A	MISD	220460-2122	71,878
COVID-19 ARP Special Education - Preschool	84.173	MISD	221285-2122	35,413
Total Special Education Cluster				
2020-2021 Perkins	84.048	MISD	213520-211216	149,894
2021-2022 Perkins	84.048	MISD	213520-211216	134,367

(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at July 1, 2021	Federal Funds / Payments In-Kind Received	Federal Expenditures	Accrued (Unearned) Revenue at June 30, 2022
$ -	$ -	$ 801,373	$ 843,795	$ 42,422
-	-	2,496,552	2,582,792	86,240
-	-	103,119	103,119	-
-	-	188,394	188,394	-
2,011,033	140,800	146,784	5,984	-
2,011,033	140,800	3,736,222	3,724,084	128,662
-	-	3,063	3,063	-
2,011,033	140,800	3,739,285	3,727,147	128,662
361,903	67,746	67,746	-	-
-	-	150,247	181,368	31,121
361,903	67,746	217,993	181,368	31,121
938,348	163,757	163,757	-	-
1,424,097	274,865	274,865	-	-
-	-	765,498	903,832	138,334
-	-	1,114,666	1,436,606	321,940
-	-	116,667	144,865	28,198
2,362,445	438,622	2,435,453	2,485,303	460,274
72,370	8,401	8,401	-	-
-	-	64,773	71,878	7,105
-	-	14,258	17,599	3,341
72,370	8,401	87,432	89,477	10,446
2,434,815	447,023	2,522,885	2,574,780	470,720
149,894	35,960	35,960	-	-
-	-	82,243	134,367	52,124
149,894	35,960	118,203	134,367	52,124

continued…

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Approved Awards Amount
U.S. Department of Education (concluded)				
2020-2021 Indian Education	84.060	Direct	SO6OA160048	$ 39,652
Title III:				
Title III, Part A - English Language	84.365A	MISD	210570-2021	12,353
Title III, Part A - English Language	84.365A	MISD	220570-2122	3,590
Title II:				
Title II, Part A - Improving Teacher Quality	84.367A	MDE	210520-2021	219,012
Title II, Part A - Improving Teacher Quality	84.367A	MDE	220520-2122	196,069
Title IV:				
Title IV, Part A - Student Support and Academic 2021-2022 Enrichment Program	84.424A	MDE	220750-2122	27,730
COVID-19 - Education Stabilization Fund:				
Governors Emergency Education Relief (GEER):				
GEER II Teacher & Support Staff Payments	84.425C	MDE	211202-2122	40,250
GEER II Benchmark Assessment Grant	84.425C	MDE	211222-2022	43,388
Elementary and Secondary School Emergency Relief (ESSER):				
ESSER II Forumal Grant	84.425D	MDE	213712-2021	1,279,652
ESSER II Summer Programming K-8	84.425D	MDE	213722-2122	211,750
ESSER II Credit Recovery 9-12	84.425D	MDE	213742-2122	47,300
ESSER II Before & After School Programs K-12	84.425D	MDE	213752-2122	25,000
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP-ESSER):				
COVID-19 Great Start Readiness Program	84.425U	MISD	222390-2122	135,024
ESSER III - American Rescue Plan	84.425U	MDE	213713-2122	1,915,944
Total U.S. Department of Education				
Total Federal Financial Assistance				

See notes to schedule of expenditures of federal awards.

(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at July 1, 2021	Federal Funds / Payments In-Kind Received	Federal Expenditures	Accrued (Unearned) Revenue at June 30, 2022
$ 39,652	$ 3,054	$ 3,054	$ -	$ -
9,945	186	186	-	-
-	-	2,256	2,305	49
9,945	186	2,442	2,305	49
120,285	29,529	29,529	-	-
-	-	67,570	97,600	30,030
120,285	29,529	97,099	97,600	30,030
-	-	26,176	26,295	119
-	-	40,250	40,250	-
-	-	43,388	43,388	-
-	-	695,116	1,279,652	584,536
-	-	211,750	211,750	-
-	-	30,352	30,352	-
-	-	-	21,079	21,079
-	-	-	68,018	68,018
-	-	-	20,127	20,127
-	-	1,020,856	1,714,616	693,760
3,116,494	583,498	4,008,708	4,731,331	1,277,923
$ 5,127,527	$ 724,298	$ 7,747,993	$ 8,458,478	$ 1,406,585

concluded.

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Anchor Bay School District (the "District") 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 the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, 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.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been incurred and all grant requirements have been met.

The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue and accounts payable items at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports. The amounts reported on the Grant Auditor Report reconcile with this Schedule.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the District has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. RECONCILIATION TO BASIC FINANCIAL STATEMENTS

A reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit act compliance schedule of expenditures of federal awards is as follows:

Federal revenues as reported in the financial statements	$ 9,567,033
Federal assistance to beneficiaries	(1,108,555)
Expenditures per schedule of expenditures of federal awards	**$ 8,458,478**

Notes to Schedule of Expenditures of Federal Awards

4. PASS-THROUGH AGENCIES

The District receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
MISD	Macomb Intermediate School District

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INDEPENDENT AUDITORS' 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*

October 10, 2022

Board of Education
Anchor Bay School District
Casco Township, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of ***Anchor Bay School District*** (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, 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 the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 and significant deficiencies may exist that have not been identified.

1249 Griswold Street, Suite 201, Detroit, MI 48226 313.202.7400

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.

Rehmann Robson LLC

Rehmann

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

October 10, 2022

Board of Education
Anchor Bay School District
Casco Township, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of ***Anchor Bay School District*** (the "District") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District 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 (GAAS); 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 Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District 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 the District's 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 the District's federal programs.

Independent Auditors' 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 the District's 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 GAAS, *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 the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the District's 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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.

Rehmann Robson LLC

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ANCHOR BAY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes	X no

Identification of major programs and type of auditor's report issued on compliance for each major program:

Assistance Listing Number	Name of Federal Program or Cluster	Type of Report
84.027 & 84.173	Special Education Cluster	Unmodified
84.425	COVID-19 Education Stabilization Fund	Unmodified

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

Auditee qualified as low-risk auditee?	X yes	___ no

ANCHOR BAY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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ANCHOR BAY SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

None reported.

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