

**FOWLERVILLE COMMUNITY SCHOOLS**

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

**YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Fowlerville Community Schools

### ***Opinions***

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

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

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fowlerville Community Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fowlerville Community Schools' ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022 on our consideration of Fowlerville Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fowlerville Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fowlerville Community Schools' internal control over financial reporting and compliance.

*Maney Costerian PC*

September 15, 2022

## **FOWLerville COMMUNITY SCHOOLS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

#### **FINANCIAL HIGHLIGHTS**

Total District revenues were approximately \$40.7 million with expenses of approximately \$35.3 million; total District revenues exceeded expenses by approximately \$5,378,692. The District has continued to participate in the School Bond Loan Fund and School Loan Revolving Fund, borrowing for debt repayment while the debt millage remained at 9.55 mills.

In 2021-2022, the District's general fund was funded primarily with a \$8,700 per pupil State of Michigan foundation allowance. The General Fund received 81% of its revenue from state sources.

The student blended count for 2021-2022 was 2,587.

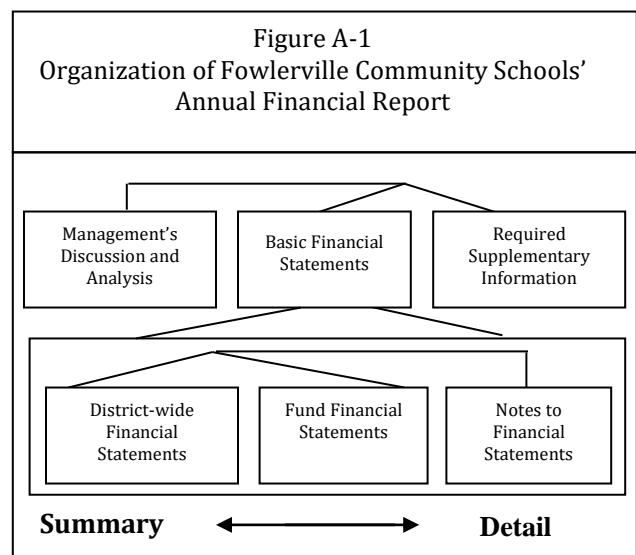
At June 30, 2022, the fund balance of the general fund was \$3,522,465. This is a decrease from fiscal year 2021 of \$187,093.

During the 2021-2022 fiscal year the District repaid \$11.5 million of principal from its long-term debt. The 2012 refunding bonds were refunded in the current year with proceeds of \$18,485,000 and a premium of \$3,140,992. During the 2021-2022 fiscal year the District issued new bonds of \$35,580,000 with a premium of \$6,383,995.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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



**FOWLerville COMMUNITY SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

| <b>Figure A-2</b>  |  |   |
|--|--|---|
| <b>Major Features of District-Wide and Fund Financial Statements</b> |  |   |
|  | District-wide<br>Statements  | Fund Financial Statements   |
|  |  | Governmental Funds  |
| Scope  | Entire District<br>(except fiduciary funds)  | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance  |
| Required financial statements  | * Statement of net position<br>* Statement of activities                           | * Balance sheet<br>* Statement of revenues, expenditures and changes in fund balances   |
| Accounting basis and measurement focus                               | Accrual accounting and economic resources focus                                    | Modified accrual accounting and current financial resources focus   |
| Type of asset/liability information                                  | All assets and liabilities, both financial and capital, short-term and long-term   | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                     |
| Type of inflow/outflow information                                   | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable |

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



## **FOWLerville COMMUNITY SCHOOLS** **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **DISTRICT-WIDE STATEMENTS**

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

### **FUND FINANCIAL STATEMENTS**

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like food service, student/school activities and community service).

The District has one type of fund:

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

**FOWLerville COMMUNITY SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

| <b>Table A-3</b>                                   |                        |                        |
|--|------------------------|------------------------|
| <b>Fowlerville Community Schools' Net Position</b> |                        |                        |
|  | <b>2022</b>            | <b>2021</b>            |
| Current or other assets                            | \$ 52,055,888          | \$ 13,778,682          |
| Capital assets and other assets                    | 66,592,470             | 68,140,233             |
| <b>Total assets</b>                                | <b>118,648,358</b>     | <b>81,918,915</b>      |
| Deferred outflows of resources                     | 13,937,981             | 19,458,762             |
| Long-term debt outstanding                         | 124,793,117            | 81,086,895             |
| Other liabilities                                  | 9,415,721              | 19,381,476             |
| Net other postemployment benefits liability        | 2,531,418              | 8,701,712              |
| Net pension liability                              | 39,052,233             | 56,533,914             |
| <b>Total liabilities</b>                           | <b>175,792,489</b>     | <b>165,703,997</b>     |
| Deferred inflows of resources                      | 25,852,768             | 10,111,290             |
| Net position                                       |                        |                        |
| Net investment in capital assets                   | (17,812,668)           | (17,612,062)           |
| Unrestricted                                       | (51,246,250)           | (56,825,548)           |
| <b>Total net position</b>                          | <b>\$ (69,058,918)</b> | <b>\$ (74,437,610)</b> |

**FOWLerville COMMUNITY SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

| <b>Table A-4</b>  |              |            |
|---|--------------|------------|
| <b>Changes in Fowlerville Community Schools' Net Position</b> |              |            |
|   | 2022         | 2021       |
| Revenues  |              |            |
| Program revenues  |              |            |
| Charges for services  | \$ 1,107,709 | \$ 605,553 |
| Operating grants and contributions                            | 9,175,204    | 7,937,423  |
| General revenues  |              |            |
| Property taxes  | 9,057,042    | 8,539,396  |
| State aid - unrestricted                                      | 19,633,290   | 19,139,685 |
| Other   | 1,692,985    | 2,101,081  |
| Total revenues  | 40,666,230   | 38,323,138 |
| Expenses  |              |            |
| Instruction   | 17,065,529   | 19,787,782 |
| Support services  | 10,196,443   | 10,272,546 |
| Community services  | 985,694      | 910,000    |
| Student/school activities                                     | 305,899      | 212,001    |
| Food services   | 1,284,183    | 1,062,973  |
| Interest on long-term debt                                    | 2,609,148    | 3,109,892  |
| Unallocated depreciation                                      | 2,840,642    | 2,546,355  |
| Total expenses  | 35,287,538   | 37,901,549 |
| Change in net position  | \$ 5,378,692 | \$ 421,589 |

District Governmental Activities

The District's financial condition is relatively stable. The District has experienced a slight decrease in enrollment for 2021-2022 of 4.2%. In 2021-2022, the District's enrollment of 2,587 was below the 2020-2021 enrollment level by 112 students, with 62 of the students being related to a formula change for state aid.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds:

Fund balance:

|                            |               |
|----------------------------|---------------|
| General fund               | \$ 3,522,465  |
| 2022 capital projects fund | \$ 41,081,896 |
| 2016B debt fund            | \$ 66,489     |
| All other funds            | \$ 2,977,108  |

This is a combined fund balance of \$47,647,958 compared to a fund balance of \$6,307,447 in 2021.

**FOWLerville COMMUNITY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund and Budget Highlights

During the 2021-2022 fiscal year, the District's budget was amended in the fall to reflect student count, staff changes, and teacher contracts, as well as the significant impact on current year activities because of the continued impact of COVID-19 funding received. Additional subsequent amendments were done to capture minor changes throughout the year.

Overall, the difference between the final General Fund amended expenditure budget and end of the year actual figures amounted approximately 0.58%. Revenue received was less than the final June 30, 2022 Board adopted budget by \$77,664. This decrease was primarily Federal sources. District expenditures ended the year with \$179,836 less expended than the final approved budget. District wide cost containment in personnel, supplies, and energy accounted for a large share of these adjustments.

At June 30, 2022, the District general fund ending fund balance is \$3,522,465, which represents 11.3% of general fund expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

| <b>Table A-5<br/>Fowlerville Community Schools' Capital Assets</b> |                       |                             |                      |                      |
|--|-----------------------|-----------------------------|----------------------|----------------------|
|  | 2022                  |                             | 2021                 |                      |
|  | Cost                  | Accumulated<br>Depreciation | Net Book<br>Value    | Net Book<br>Value    |
| Land   | \$ 924,508            | \$ -                        | \$ 924,508           | \$ 924,508           |
| Construction in progress   | 741,289               | -                           | 741,289              | 3,869,066            |
| Land improvements  | 14,811,702            | 10,535,462                  | 4,276,240            | 1,208,149            |
| Buildings and additions  | 91,437,018            | 37,484,351                  | 53,952,667           | 55,472,459           |
| Machinery and equipment  | 13,735,333            | 8,044,014                   | 5,691,319            | 5,740,805            |
| Transportation equipment   | 2,245,023             | 1,238,576                   | 1,006,447            | 925,246              |
| Total  | <u>\$ 123,894,873</u> | <u>\$ 57,302,403</u>        | <u>\$ 66,592,470</u> | <u>\$ 68,140,233</u> |

At year end, the District had approximately \$129 million in general obligation bonds and other long-term debt outstanding.

| <b>Table A-6<br/>Fowlerville Community Schools<br/>Outstanding Long-Term Obligations</b> |                       |                      |
|--|-----------------------|----------------------|
|  | 2022                  | 2021                 |
| General obligation debts<br>(financed with property taxes)                               | \$ 114,391,142        | \$ 95,951,891        |
| Notes from direct borrowings and direct placements                                       | 14,422,058            | 4,802                |
| Other  | 311,019               | 383,620              |
| Total  | <u>\$ 129,124,219</u> | <u>\$ 96,340,313</u> |

**FOWLerville COMMUNITY SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

The 2021-22 base State Aid Foundation allowance of \$8,700 is expected to be increased next year by \$450 per student with a budgeted amount per student amount of \$9,150. The State has not finalized the new base foundation for future planning.

The District continues to project losses in enrollment due to reduced population in the county and state as well as competition from other districts for "Schools of Choice" students. For the 2022-2023 school year, the District anticipates the loss of about 60 students from the 2021 fall count.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Fowlerville Community Schools, 7677 W. Sharpe Road, Suite A, Fowlerville, MI 48836.

## **BASIC FINANCIAL STATEMENTS**

**FOWLerville COMMUNITY SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

|   | Governmental<br>Activities    |
|---|-------------------------------|
| <b>ASSETS</b>   |                               |
| Cash and cash equivalents   | \$ 5,426,250                  |
| Restricted cash and cash equivalents - 2022 capital projects fund | 1,242,814                     |
| Restricted investments - 2022 capital projects fund               | 40,157,671                    |
| Receivables   |                               |
| Intergovernmental receivables                                     | 5,153,479                     |
| Inventories   | 25,987                        |
| Prepays   | 49,687                        |
| Capital assets not being depreciated                              | 1,665,797                     |
| Capital assets, net of accumulated depreciation                   | <u>64,926,673</u>             |
| <b>TOTAL ASSETS</b>   | <u>118,648,358</u>            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                             |                               |
| Deferred charge on refunding, net of amortization                 | 1,756,008                     |
| Related to other postemployment benefits                          | 3,676,706                     |
| Related to pensions   | <u>8,505,267</u>              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                       | <u>13,937,981</u>             |
| <b>LIABILITIES</b>  |                               |
| Accounts payable  | 568,566                       |
| Accrued salaries and related items                                | 2,143,181                     |
| Accrued retirement  | 922,777                       |
| Accrued interest  | 752,699                       |
| Unearned revenue  | 697,396                       |
| Noncurrent liabilities  |                               |
| Due within one year   | 4,331,102                     |
| Due in more than one year   | 124,793,117                   |
| Net other postemployment benefits liability                       | 2,531,418                     |
| Net pension liability   | <u>39,052,233</u>             |
| <b>TOTAL LIABILITIES</b>  | <u>175,792,489</u>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                              |                               |
| Related to other postemployment benefits                          | 9,846,481                     |
| Related to pensions   | 13,401,916                    |
| Related to state aid funding for pension                          | <u>2,604,371</u>              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                        | <u>25,852,768</u>             |
| <b>NET POSITION</b>   |                               |
| Net investment in capital assets                                  | (17,812,668)                  |
| Unrestricted  | <u>(51,246,250)</u>           |
| <b>TOTAL NET POSITION</b>   | <u><u>\$ (69,058,918)</u></u> |

See notes to financial statements.

**FOWLERVILLE COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

| Functions/Programs                          | Expenses             | Program Revenues        |                                       | Governmental<br>Activities                                 |
|---|----------------------|-------------------------|---------------------------------------|--|
|   |                      | Charges for<br>Services | Operating Grants<br>and Contributions | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
| Governmental activities                     |                      |                         |                                       |  |
| Instruction                                 | \$ 17,065,529        | \$ 13,500               | \$ 4,093,851                          | \$ (12,958,178)  |
| Support services                            | 10,196,443           | 129,225                 | 2,387,285                             | (7,679,933)  |
| Community services                          | 985,694              | 800,862                 | 562,017                               | 377,185  |
| Food services                               | 1,284,183            | 164,122                 | 1,797,769                             | 677,708  |
| Student/school activities                   | 305,899              | -                       | 334,282                               | 28,383   |
| Interest on long-term debt                  | 2,265,362            | -                       | -                                     | (2,265,362)  |
| Unallocated depreciation                    | 2,840,642            | -                       | -                                     | (2,840,642)  |
| Total governmental activities               | <u>\$ 34,943,752</u> | <u>\$ 1,107,709</u>     | <u>\$ 9,175,204</u>                   | <u>(24,660,839)</u>  |
| General revenues                            |                      |                         |                                       |  |
| Property taxes, levied for general purposes |                      |                         |                                       | 2,777,907  |
| Property taxes, levied for debt service     |                      |                         |                                       | 6,279,135  |
| Investment earnings                         |                      |                         |                                       | 71,869   |
| State sources - unrestricted                |                      |                         |                                       | 19,633,290   |
| Intermediate sources                        |                      |                         |                                       | 1,506,674  |
| Other                                       |                      |                         |                                       | <u>114,442</u>   |
| Total general revenues                      |                      |                         |                                       | <u>30,383,317</u>  |
| CHANGE IN NET POSITION                      |                      |                         |                                       | 5,722,478  |
| NET POSITION, beginning of year             |                      |                         |                                       | <u>(74,437,610)</u>  |
| NET POSITION, end of year                   |                      |                         |                                       | <u>\$ (68,715,132)</u>                                     |

See notes to financial statements.



**FOWLerville COMMUNITY SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

|  | General Fund        | 2022 Capital<br>Projects Fund | 2016B Debt<br>Fund | Total Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------------------|--------------------|-------------------------|--------------------------------|
| <b>ASSETS</b>  |                     |                               |                    |                         |                                |
| Cash and cash equivalents  | \$ 3,264,868        | \$ -                          | \$ 66,489          | \$ 2,094,893            | \$ 5,426,250                   |
| Restricted cash and cash equivalents   | -                   | 1,242,814                     | -                  | -                       | 1,242,814                      |
| Restricted investments   | -                   | 40,157,671                    | -                  | -                       | 40,157,671                     |
| Receivables  |                     |                               |                    |                         |                                |
| Intergovernmental  | 5,041,209           | -                             | -                  | 112,270                 | 5,153,479                      |
| Due from other funds   | -                   | -                             | -                  | 1,294,400               | 1,294,400                      |
| Inventories  | 6,840               | -                             | -                  | 19,147                  | 25,987                         |
| Prepays  | 49,687              | -                             | -                  | -                       | 49,687                         |
| <b>TOTAL ASSETS</b>  | <b>\$ 8,362,604</b> | <b>\$ 41,400,485</b>          | <b>\$ 66,489</b>   | <b>\$ 3,520,710</b>     | <b>\$ 53,350,288</b>           |
| <b>LIABILITIES</b>   |                     |                               |                    |                         |                                |
| Accounts payable   | \$ 382,082          | \$ 185,348                    | \$ -               | \$ 1,136                | \$ 568,566                     |
| Accrued salaries and related items   | 2,143,181           | -                             | -                  | -                       | 2,143,181                      |
| Accrued retirement   | 922,777             | -                             | -                  | -                       | 922,777                        |
| Due to other funds   | 1,120,616           | 133,241                       | -                  | 40,543                  | 1,294,400                      |
| Unearned revenue   | 271,483             | -                             | -                  | 425,913                 | 697,396                        |
| <b>TOTAL LIABILITIES</b>   | <b>4,840,139</b>    | <b>318,589</b>                | <b>-</b>           | <b>467,592</b>          | <b>5,626,320</b>               |
| <b>DEFERRED INFLOW OF RESOURCES</b>  |                     |                               |                    |                         |                                |
| Unavailable revenue  | -                   | -                             | -                  | 76,010                  | 76,010                         |
| <b>FUND BALANCES</b>   |                     |                               |                    |                         |                                |
| Nonspendable   |                     |                               |                    |                         |                                |
| Inventories  | 6,840               | -                             | -                  | 19,147                  | 25,987                         |
| Prepays  | 49,687              | -                             | -                  | -                       | 49,687                         |
| Restricted for   |                     |                               |                    |                         |                                |
| Debt service   | -                   | -                             | 66,489             | 276,531                 | 343,020                        |
| Food service   | -                   | -                             | -                  | 644,654                 | 644,654                        |
| Capital projects   | -                   | 41,081,896                    | -                  | 529,317                 | 41,611,213                     |
| Committed for  |                     |                               |                    |                         |                                |
| Community service  | -                   | -                             | -                  | 396,399                 | 396,399                        |
| Student/school activities  | -                   | -                             | -                  | 575,745                 | 575,745                        |
| Assigned for   |                     |                               |                    |                         |                                |
| Severance pay  | 311,019             | -                             | -                  | -                       | 311,019                        |
| Subsequent year expenditures   | 285,838             | -                             | -                  | -                       | 285,838                        |
| Capital projects   | -                   | -                             | -                  | 535,315                 | 535,315                        |
| Unassigned - general fund  | 2,869,081           | -                             | -                  | -                       | 2,869,081                      |
| <b>TOTAL FUND BALANCES</b>   | <b>3,522,465</b>    | <b>41,081,896</b>             | <b>66,489</b>      | <b>2,977,108</b>        | <b>47,647,958</b>              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 8,362,604</b> | <b>\$ 41,400,485</b>          | <b>\$ 66,489</b>   | <b>\$ 3,520,710</b>     | <b>\$ 53,350,288</b>           |

See notes to financial statements.

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

|  |                        |
|--|------------------------|
| Total governmental fund balances   | \$ 47,647,958          |
| Amounts reported for governmental activities in the statement of<br>net position are different because:          |                        |
| Deferred outflows of resources - charges on refunding, net of amortization                                       | 1,756,008              |
| Deferred outflows of resources - related to pensions   | 8,505,267              |
| Deferred outflows of resources - related to other postemployment benefits  | 3,676,706              |
| Deferred inflows of resources - related to pensions  | (13,401,916)           |
| Deferred inflows of resources - state aid funding for pension  | (2,604,371)            |
| Deferred inflows of resources - related to other postemployment benefits   | (9,846,481)            |
| Capital assets used in governmental activities are not<br>financial resources and are not reported in the funds: |                        |
| The cost of the capital assets is  | \$ 123,894,873         |
| Accumulated depreciation is  | <u>(57,302,403)</u>    |
|  | 66,592,470             |
| Revenue not recorded in the funds due to not being collected until after September 1st                           |                        |
| Deferred inflows of resources - unavailable revenue  | 76,010                 |
| Long-term liabilities are not due and payable in the current<br>period and are not reported in the funds:        |                        |
| Bonds and related debt   | (128,813,200)          |
| Compensated absences   | (311,019)              |
| Accrued interest is not included as a liability in governmental funds,<br>it is recorded when paid               | (752,699)              |
| Net other postemployment benefits liability  | (2,531,418)            |
| Net pension liability  | <u>(39,052,233)</u>    |
| Net position of governmental activities  | <u>\$ (69,058,918)</u> |

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

|   | General Fund      | 2022 Capital<br>Projects Fund | 2016B Debt<br>Fund | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|-------------------------------|--------------------|----------------------------|--------------------------------|
| <b>REVENUES</b>                           |                   |                               |                    |                            |                                |
| Local sources                             |                   |                               |                    |                            |                                |
| Property taxes                            | \$ 2,777,907      | \$ -                          | \$ 3,704,587       | \$ 2,574,548               | \$ 9,057,042                   |
| Tuition and fees                          | 128,806           | -                             | -                  | 740,572                    | 869,378                        |
| Investment earnings                       | 11,077            | -                             | 3,668              | 20,254                     | 34,999                         |
| Food sales                                | -                 | 35,953                        | -                  | 164,122                    | 200,075                        |
| Student/school activity income            | -                 | -                             | -                  | 334,282                    | 334,282                        |
| Other                                     | 114,186           | -                             | -                  | 33,682                     | 147,868                        |
| Total local sources                       | 3,031,976         | 35,953                        | 3,708,255          | 3,867,460                  | 10,643,644                     |
| State sources                             | 24,930,591        | -                             | 117,138            | 358,548                    | 25,406,277                     |
| Federal sources                           | 1,483,905         | -                             | -                  | 2,077,542                  | 3,561,447                      |
| Incoming transfers and other              | 1,518,074         | -                             | -                  | -                          | 1,518,074                      |
| <b>TOTAL REVENUES</b>                     | <b>30,964,546</b> | <b>35,953</b>                 | <b>3,825,393</b>   | <b>6,303,550</b>           | <b>41,129,442</b>              |
| <b>EXPENDITURES</b>                       |                   |                               |                    |                            |                                |
| Current                                   |                   |                               |                    |                            |                                |
| Instruction                               | 19,101,391        | -                             | -                  | -                          | 19,101,391                     |
| Supporting services                       | 10,969,476        | -                             | -                  | -                          | 10,969,476                     |
| Food service activities                   | -                 | -                             | -                  | 1,410,579                  | 1,410,579                      |
| Student/school activities                 | -                 | -                             | -                  | 305,899                    | 305,899                        |
| Community service activities              | 1,285             | -                             | -                  | 1,019,078                  | 1,020,363                      |
| Outgoing transfers and other transactions | 695,269           | -                             | -                  | -                          | 695,269                        |
| Capital outlay                            | -                 | 713,735                       | -                  | 449,706                    | 1,163,441                      |
| Debt service                              |                   |                               |                    |                            |                                |
| Principal repayment                       | 205,000           | -                             | 7,860,000          | 3,390,000                  | 11,455,000                     |
| Bond issuance costs                       | -                 | 204,317                       | -                  | 107,749                    | 312,066                        |
| Interest                                  | 89,800            | -                             | 189,426            | 1,792,980                  | 2,072,206                      |
| Other                                     | 500               | -                             | 1,209              | 2,552                      | 4,261                          |
| <b>TOTAL EXPENDITURES</b>                 | <b>31,062,721</b> | <b>918,052</b>                | <b>8,050,635</b>   | <b>8,478,543</b>           | <b>48,509,951</b>              |

See notes to financial statements.

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

|  | General Fund        | 2022 Capital<br>Projects Fund | 2016B Debt<br>Fund    | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------------------|-----------------------|----------------------------|--------------------------------|
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>\$ (98,175)</u>  | <u>\$ (882,099)</u>           | <u>\$ (4,225,242)</u> | <u>\$ (2,174,993)</u>      | <u>\$ (7,380,509)</u>          |
| OTHER FINANCING SOURCES (USES)                               |                     |                               |                       |                            |                                |
| Proceeds from refunding bonds                                | -                   | -                             | -                     | 18,485,000                 | 18,485,000                     |
| Payments to refunded bond escrow agent                       | -                   | -                             | -                     | (21,513,621)               | (21,513,621)                   |
| Issuance of school loan revolving fund                       | -                   | -                             | 4,235,825             | 2,406,054                  | 6,641,879                      |
| Proceeds from issuance of bonds                              | -                   | 35,580,000                    | -                     | -                          | 35,580,000                     |
| Premium on bonds   | -                   | 6,383,995                     | -                     | 3,140,992                  | 9,524,987                      |
| Proceeds from sale of capital assets                         | 2,775               | -                             | -                     | -                          | 2,775                          |
| Transfers in   | 53,580              | -                             | -                     | 992,856                    | 1,046,436                      |
| Transfers out  | <u>(145,273)</u>    | <u>-</u>                      | <u>-</u>              | <u>(901,163)</u>           | <u>(1,046,436)</u>             |
| TOTAL OTHER FINANCING SOURCES (USES)                         | <u>(88,918)</u>     | <u>41,963,995</u>             | <u>4,235,825</u>      | <u>2,610,118</u>           | <u>48,721,020</u>              |
| NET CHANGE IN FUND BALANCES                                  | (187,093)           | 41,081,896                    | 10,583                | 435,125                    | 41,340,511                     |
| FUND BALANCES  |                     |                               |                       |                            |                                |
| Beginning of year  | <u>3,709,558</u>    | <u>-</u>                      | <u>55,906</u>         | <u>2,541,983</u>           | <u>6,307,447</u>               |
| End of year  | <u>\$ 3,522,465</u> | <u>\$ 41,081,896</u>          | <u>\$ 66,489</u>      | <u>\$ 2,977,108</u>        | <u>\$ 47,647,958</u>           |

See notes to financial statements.

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

**Net change in fund balances total governmental funds** \$ 41,340,511

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:

|                                |             |
|--------------------------------|-------------|
| Depreciation expense           | (3,389,474) |
| Capital outlay                 | 1,864,058   |
| Loss on sale of capital assets | (22,347)    |

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

|   |           |
|---|-----------|
| Accrued interest payable, beginning of the year | 466,808   |
| Accrued interest payable, end of the year       | (752,699) |

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

|  |              |
|--|--------------|
| Proceeds from bond issuance  | (35,580,000) |
| Refunding bonds issued   | (18,485,000) |
| Payments to refunded bond escrow agent                                 | 21,513,621   |
| Issuance of school loan revolving fund                                 | (6,641,879)  |
| Premium on bonds   | (9,524,987)  |
| Payments on debt and long-term accrued interest                        | 11,455,000   |
| Long-term interest on school bond loan and school loan revolving funds | (218,412)    |
| Amortization of deferred charges on refundings                         | (106,824)    |
| Amortization of bond premium   | 76,296       |

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

|   |          |
|---|----------|
| Deferred inflows - Unavailable revenue, beginning of the year | (48,485) |
| Deferred inflows - Unavailable revenue, end of the year       | 76,010   |

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

|   |           |
|---|-----------|
| Accrued compensated absences, beginning of the year | 369,176   |
| Accrued compensated absences, end of the year       | (311,019) |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

|                       |           |
|-----------------------|-----------|
| Pension related items | 1,211,950 |
|-----------------------|-----------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

|  |           |
|--|-----------|
| Other postemployment benefit related items | 2,579,900 |
|--|-----------|

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period:

|  |             |
|--|-------------|
| Pension related items, beginning of year | 2,110,859   |
| Pension related items, end of year       | (2,604,371) |

|  |                     |
|--|---------------------|
| <b>Change in net position of governmental activities</b> | <b>\$ 5,378,692</b> |
|--|---------------------|

See notes to financial statements.

## FOWLerville COMMUNITY SCHOOLS NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Description of Government-wide Financial Statements

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

#### Reporting Entity

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

#### Basis of Presentation - Government-wide Financial Statements

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

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

#### Basis of Presentation - Fund Financial Statements

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

The District reports the following Major Governmental Funds:

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

The *2016B Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the fund.

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation - Fund Financial Statements (continued)

The *2022 Capital Projects Fund* include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code.

Beginning with the year of bond issuance, the District has reported annual construction activity in the 2022 capital projects fund. The projects for which the 2022 bonds were issued were in process as June 30, 2022. The following is a summary of the revenue and expenditures for the capital projects bond activity since inception:

|                                       | 2022 Capital<br>Projects |
|---------------------------------------|--------------------------|
| Revenue and other financing sources   | \$ 41,999,948            |
| Expenditures and other financing uses | \$ 918,052               |

Revenue and other financing sources include net bond proceeds of \$41,963,995.

*Other Nonmajor Funds*

The *2019 Capital Projects Fund* include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code.

Beginning with the year of bond issuance, the District has reported annual construction activity in the 2019 capital projects fund. The projects for which the 2019 bonds were issued were in process, though considered substantially complete, as of June 30, 2021. The following is a summary of the revenue and expenditures for the capital projects bond activity since inception:

|                                       | 2019 Capital<br>Projects |
|---------------------------------------|--------------------------|
| Revenue and other financing sources   | \$ 12,568,243            |
| Expenditures and other financing uses | \$ 12,568,243            |

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

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

The *2016 Capital Projects Fund* accounts for transfers from the general fund for the acquisition of fixed assets or construction of major capital projects.

The *2018 Energy Conservation Bonds Capital Projects Fund* accounts for bonds issued for the construction, acquisition and installation of energy conservation improvements in school buildings.

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation - Fund Financial Statements (continued)

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

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

Measurement Focus and Basis of Accounting

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

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

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

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



**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

Budgetary Information

*Budgetary Basis of Accounting*

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

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

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgetary Information (continued)

*Budgetary Basis of Accounting (continued):*

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to the year ended June 30, 2022. The District does not consider these amendments to be significant.

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

*Cash and Cash Equivalents*

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

**FOWLERVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Investments*

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

*Inventories and Prepaid Items*

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

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

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Capital Assets*

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress, if any, are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

| <u>Capital Asset Classes</u> | <u>Lives</u> |
|------------------------------|--------------|
| Land improvements            | 15 - 20      |
| Buildings and additions      | 20 - 50      |
| Machinery and equipment      | 5 - 20       |
| Transportation equipment     | 8            |

*Defined Benefit Plans*

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

*Deferred Outflows*

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

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Deferred Inflows*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received more than 60 days after year end. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The third and fourth items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

*Net Position Flow Assumption*

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

In the computation of net invested in capital assets, school bond loan and school loan revolving fund principal proceeds of \$14,145,680 are considered capital-related debt. Accrued interest on the school bond loan and school loan revolving funds of \$276,378 is not considered capital related debt.

During the year ended June 30, 2020, the District issued bonded debt in the amount of \$21,210,000 used to make principal and interest payments related to the School Bond Loan fund and the School Loan Revolving fund. 3.6% of these proceeds are not considered capital related debt, as this amount was used to pay off accrued interest. The current allocation of this debt not considered capital related to debt at June 30, 2022 is \$764,463.

*Fund Balance Flow Assumptions*

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

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Fund Balance Policies*

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

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

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

Revenues and Expenditures/Expenses

*Program Revenues*

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

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenues and Expenditures/Expenses

*Property Taxes*

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

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

| Fund                                       | Mills |
|--|-------|
| General fund                               |       |
| Non-Principal Residence Exemption (PRE)    | 18.00 |
| Commercial Personal Property               | 6.00  |
| Debt service fund                          |       |
| PRE, Non-PRE, Commercial Personal Property | 9.55  |

*Compensated Absences*

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

*Long-Term Obligations*

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

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

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022, \$6,758,054 of the District's bank balance of \$7,258,054 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is \$6,669,064.

Custodial Credit Risk – Investments

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

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

Interest Rate Risk

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

| <u>Investment Type</u>              | <u>Fair Value</u>           | <u>Weighted<br/>Average<br/>Maturity<br/>(Years)</u> |
|-------------------------------------|-----------------------------|--|
| Municipal Bonds                     | \$ 984,130                  | 0.8356   |
| Commercial Paper                    | <u>39,173,541</u>           | 0.2061   |
|                                     | <u><u>\$ 40,157,671</u></u> |  |
| Portfolio weighted average maturity |                             | <u><u>0.2133</u></u>                                 |

1 day maturity equals approximately .0027 years.

Foreign Currency Risk

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



**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Concentration of Credit Risk

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

| <u>Investment Type</u> | <u>Fair Value</u>           | <u>Rating</u> | <u>Rating Agency</u> |
|------------------------|-----------------------------|---------------|----------------------|
| Municipal Bonds        | \$ 984,130                  | Aa1           | Standard & Poor's    |
| Commercial Paper       | <u>39,173,541</u>           | AA+           | Standard & Poor's    |
|                        | <u><u>\$ 40,157,671</u></u> |               |                      |

Fair Value Measurement

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

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

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

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Municipal bonds and commercial paper are considered Level 2 for fair value measurement.

The carrying amount as previously reported in Note 2 is as follows, and is similarly reported in the financial statements:

|   |                             |
|---|-----------------------------|
| Cash and cash equivalents   | \$ 5,426,250                |
| Restricted cash and cash equivalents - 2022 capital projects fund | 1,242,814                   |
| Restricted investments - 2022 capital projects fund               | <u>40,157,671</u>           |
|   | <u><u>\$ 46,826,735</u></u> |

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CAPITAL ASSETS**

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

|                                      | Balance<br>July 1, 2021 | Additions    | Deletions/<br>reclassifications | Balance<br>June 30, 2022 |
|--------------------------------------|-------------------------|--------------|---------------------------------|--------------------------|
| Assets not being depreciated         |                         |              |                                 |                          |
| Land                                 | \$ 924,508              | \$ -         | \$ -                            | \$ 924,508               |
| Construction in progress             | 3,869,066               | 741,289      | 3,869,066                       | 741,289                  |
| Subtotal                             | 4,793,574               | 741,289      | 3,869,066                       | 1,665,797                |
| Other capital assets                 |                         |              |                                 |                          |
| Land improvements                    | 10,897,683              | 3,914,019    | -                               | 14,811,702               |
| Buildings and additions              | 91,132,668              | 304,350      | -                               | 91,437,018               |
| Machinery and equipment              | 13,253,489              | 481,844      | -                               | 13,735,333               |
| Transportation equipment             | 2,061,005               | 291,622      | 107,604                         | 2,245,023                |
| Subtotal                             | 117,344,845             | 4,991,835    | 107,604                         | 122,229,076              |
| Accumulated depreciation             |                         |              |                                 |                          |
| Land improvements                    | 9,689,534               | 845,928      | -                               | 10,535,462               |
| Buildings and additions              | 35,660,209              | 1,824,142    | -                               | 37,484,351               |
| Machinery and equipment              | 7,512,684               | 531,330      | -                               | 8,044,014                |
| Transportation equipment             | 1,135,759               | 188,074      | 85,257                          | 1,238,576                |
| Subtotal                             | 53,998,186              | 3,389,474    | 85,257                          | 57,302,403               |
| Net capital assets being depreciated | 63,346,659              | 1,602,361    | 22,347                          | 64,926,673               |
| Net governmental capital assets      | \$ 68,140,233           | \$ 2,343,650 | \$ 3,891,413                    | \$ 66,592,470            |

Depreciation expense was charged to programs of the District as follows:

|                               |              |
|-------------------------------|--------------|
| Governmental activities       |              |
| Instruction                   | \$ 363,057   |
| Support services              | 184,476      |
| Food service                  | 1,299        |
| Unallocated                   | 2,840,642    |
| Total governmental activities | \$ 3,389,474 |

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

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

|                          | Governmental<br>Funds |
|--------------------------|-----------------------|
| Other governmental units |                       |
| State aid                | \$ 4,495,096          |
| Federal revenue          | 546,113               |
| Other                    | 112,270               |
|                          | <u>\$ 5,153,479</u>   |

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary.

**NOTE 5 - LONG-TERM OBLIGATIONS**

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

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

|                           | Accumulated<br>Compensated<br>Absences | Notes from Direct<br>Borrowings and<br>Direct Placements | General<br>Obligation<br>Bonds | Total                 |
|---------------------------|--|--|--------------------------------|-----------------------|
| Balance, July 1, 2021     | \$ 369,176                             | \$ 7,561,766   | \$ 84,647,871                  | \$ 92,578,813         |
| Additions                 | -                                      | 6,860,292  | 63,589,987                     | 70,450,279            |
| Deletions                 | <u>(58,157)</u>                        | <u>-</u>   | <u>(33,846,716)</u>            | <u>(33,904,873)</u>   |
| Balance, June 30, 2022    | 311,019                                | 14,422,058   | 114,391,142                    | 129,124,219           |
| Due within one year       | <u>31,102</u>                          | <u>-</u>   | <u>4,300,000</u>               | <u>4,331,102</u>      |
| Due in more than one year | <u>\$ 279,917</u>                      | <u>\$ 14,422,058</u>                                     | <u>\$ 110,091,142</u>          | <u>\$ 124,793,117</u> |

The District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2022, \$60,205,000 of bonds outstanding are considered defeased.

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (continued)**

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

General Obligation Bonds

|  |              |
|--|--------------|
| 2018 Energy Conservation Improvement serial bonds due in annual installments of \$215,000 to \$285,000 through May 1, 2033, with interest from 3.00% to 3.25%. | \$ 2,730,000 |
|--|--------------|

|  |           |
|--|-----------|
| 2018 Building and site serial bonds due in annual installments of \$250,000 to \$450,000 through May 2034 with interest from 3.00% to 4.00%. | 4,440,000 |
|--|-----------|

|   |           |
|---|-----------|
| 2019 Refunding serial bonds due in annual installments of \$775,000 to \$800,000 through May 1, 2026 with interest from 4.00% to 5.00%. | 3,150,000 |
|---|-----------|

|  |            |
|--|------------|
| 2019 Building and site serial bonds due in annual installments of \$295,000 to \$760,000 through May 2043 with interest from 4.00% to 5.00%. | 10,845,000 |
|--|------------|

|   |           |
|---|-----------|
| 2020 Refunding serial bonds due in annual installments of \$100,000 to \$2,315,000 through May 1, 2028 with interest from 1.55% to 2.46%. | 7,005,000 |
|---|-----------|

|   |            |
|---|------------|
| 2020 Refunding serial bonds due in annual installments of \$1,500,000 to \$3,270,000 through May 1, 2031 with interest from 1.50% to 2.46%. | 21,210,000 |
|---|------------|

|   |            |
|---|------------|
| 2022 Refunding serial bonds due in annual installments of \$915,000 to \$2,565,000 through May 1, 2034 with interest from 3.00% to 4.00%. | 18,485,000 |
|---|------------|

|  |            |
|--|------------|
| 2022 Building and site serial bonds due in annual installments of \$650,000 to \$3,840,000 through May 2044 with interest from 3.00% to 4.00%. | 35,580,000 |
|--|------------|

|                                 |            |
|---------------------------------|------------|
| Plus premium on bond refundings | 10,946,142 |
|---------------------------------|------------|

|                                |             |
|--------------------------------|-------------|
| Total general obligation bonds | 114,391,142 |
|--------------------------------|-------------|

Notes from Direct Borrowings and Direct Placements

|   |            |
|---|------------|
| Borrowings from the State of Michigan under the School Bond Loan and School Loan Revolving Funds, including interest. Interest at June 30, 2022 was 1.19% for the School Bond Loan and School Loan Revolving Funds. | 14,422,058 |
|---|------------|

|   |             |
|---|-------------|
| Total general obligation bonds and notes from direct borrowings | 128,813,200 |
|---|-------------|

|  |         |
|--|---------|
| Obligation under contract for compensated absences | 311,019 |
|--|---------|

|                                     |                |
|-------------------------------------|----------------|
| Total general long-term obligations | \$ 129,124,219 |
|-------------------------------------|----------------|

On February 1, 2022, the District issued a general obligation bond of \$18,485,000 with an interest rate of 3.00% to 4.00% to refund the 2012 outstanding bonds. The bond mature at various times through May 1, 2034. The general obligation bond was issued at par value plus a premium of \$3,140,992. After paying issuance costs of \$107,749 the net proceeds were \$21,513,621. As a result of the refunding, the District reduced its total debt service requirements by \$2,456,953, which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$2,356,644.

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (continued)**

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

| Year Ending<br>June 30,  | Principal             | Interest             | Amounts<br>Payable    |
|--|-----------------------|----------------------|-----------------------|
| 2023   | \$ 4,300,000          | \$ 4,939,401         | \$ 9,239,401          |
| 2024   | 4,750,000             | 4,220,314            | 8,970,314             |
| 2025   | 5,195,000             | 4,025,842            | 9,220,842             |
| 2026   | 6,635,000             | 3,814,590            | 10,449,590            |
| 2027   | 6,905,000             | 3,556,530            | 10,461,530            |
| 2028 - 2032  | 33,940,000            | 13,528,847           | 47,468,847            |
| 2033 - 2037  | 17,805,000            | 6,942,615            | 24,747,615            |
| 2038 - 2042  | 16,385,000            | 3,524,600            | 19,909,600            |
| 2043 - 2044  | 7,530,000             | 454,800              | 7,984,800             |
|  | 103,445,000           | 45,007,539           | 148,452,539           |
| Premium on bond refundings   | 10,946,142            | -                    | 10,946,142            |
| Borrowings from the State of Michigan<br>under the School Bond Loan and School<br>Loan Revolving Funds, including interest | 14,422,058            | -                    | 14,422,058            |
| Accumulated compensated absences   | 311,019               | -                    | 311,019               |
|  | <u>\$ 129,124,219</u> | <u>\$ 45,007,539</u> | <u>\$ 174,131,758</u> |

Interest expense on long-term debt for the year ended June 30, 2022 was approximately \$2,072,000.

At June 30, 2022, \$343,020 is available in the debt service funds to service the general obligation debt.

Borrowing from the State of Michigan - The School Loan Revolving and School Bond Loan Funds payable represent notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30, 2022 was 1.19%. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.45 mills. The school district is required to levy 7.45 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Currently the District levies 9.55 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

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

| <u>Receivable Fund</u> |                     | <u>Payable Fund</u>                |                     |
|------------------------|---------------------|------------------------------------|---------------------|
| Community service fund | \$ 759,085          | General fund                       | \$ 1,120,616        |
| 2016 Capital projects  | 535,315             | Student/school activities          | 4,222               |
|                        |                     | 2018 Energy bonds capital projects | 30,756              |
|                        |                     | 2022 Capital projects              | 133,241             |
|                        |                     | Food service                       | 5,565               |
|                        | <u>\$ 1,294,400</u> |                                    | <u>\$ 1,294,400</u> |

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

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

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

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

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

Benefits Provided - Overall

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

| <u>Plan Name</u>             | <u>Plan Type</u>     | <u>Plan Status</u> |
|------------------------------|----------------------|--------------------|
| Basic                        | Defined Benefit      | Closed             |
| Member Investment Plan (MIP) | Defined Benefit      | Closed             |
| Pension Plus                 | Hybrid               | Closed             |
| Pension Plus 2               | Hybrid               | Open               |
| Defined Contribution         | Defined Contribution | Open               |

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension Reform 2012 (continued)

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

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

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

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

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

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

Pension Reform of 2017

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



**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Employer Contributions

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

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

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

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

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

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately \$5,616,000. Of the total pension contributions approximately \$5,446,000 was contributed to fund the Defined Benefit Plan and approximately \$170,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB contributions were approximately \$1,385,000. Of the total OPEB contributions approximately \$1,264,000 was contributed to fund the Defined Benefit Plan and approximately \$121,000 was contributed to fund the Defined Contribution Plan.

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

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

*Pension Liabilities*

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

| <u>MPERS (Plan) Non-University Employers</u> | <u>September 30, 2021</u> | <u>September 30, 2020</u> |
|--|---------------------------|---------------------------|
| Total pension liability                      | \$ 86,392,473,395         | \$ 85,290,583,799         |
| Plan fiduciary net position                  | \$ 62,717,060,920         | \$ 50,939,496,006         |
| Net pension liability                        | \$ 23,675,412,475         | \$ 34,351,087,793         |
| Proportionate share                          | 0.16495%                  | 0.16458%                  |
| Net pension liability for the District       | \$ 39,052,233             | \$ 56,533,914             |

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

For the year ended June 30, 2022, the District recognized pension expense of \$4,234,246.

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

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Changes of assumptions   | \$ 2,461,713                                  | \$ -   |
| Net difference between projected and actual<br>plan investment earnings  | -   | 12,555,167                                   |
| Differences between expected and actual experience   | 604,936                                       | 229,971                                      |
| Changes in proportion and differences between employer<br>contributions and proportionate share of contributions | 295,325                                       | 616,778                                      |
| Reporting Unit's contributions subsequent to the<br>measurement date   | 5,143,293                                     | -  |
|  | <u>\$ 8,505,267</u>                           | <u>\$ 13,401,916</u>                         |

\$5,143,293, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**FOWLERVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

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

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

| <u>Year Ended September 30,</u> | <u>Amount</u>  |
|---------------------------------|----------------|
| 2022                            | \$ (1,143,952) |
| 2023                            | (2,376,014)    |
| 2024                            | (3,135,662)    |
| 2025                            | (3,384,314)    |

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

*OPEB Liabilities*

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

| <u>MPSERS (Plan) Non-University Employers</u>               | <u>September 30, 2021</u> | <u>September 30, 2020</u> |
|---|---------------------------|---------------------------|
| Total other postemployment benefit liability                | \$ 12,046,393,511         | \$ 13,206,903,534         |
| Plan fiduciary net position                                 | \$ 10,520,015,621         | \$ 7,849,636,555          |
| Net other postemployment benefit liability                  | \$ 1,526,377,890          | \$ 5,357,266,979          |
| Proportionate share   | 0.16584%                  | 0.16243%                  |
| Net other postemployment benefit liability for the District | \$ 2,531,418              | \$ 8,701,712              |

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

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

For the year ended June 30, 2022, the District recognized OPEB benefit of \$1,315,891.

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

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Changes of assumptions   | \$ 2,116,140                         | \$ 316,654                          |
| Net difference between projected and actual<br>plan investment earnings  | -                                    | 1,907,975                           |
| Differences between expected and actual experience   | -                                    | 7,225,752                           |
| Changes in proportion and differences between employer<br>contributions and proportionate share of contributions | 420,321                              | 396,100                             |
| Reporting Unit's contributions subsequent to the<br>measurement date   | 1,140,245                            | -                                   |
|  | <u>\$ 3,676,706</u>                  | <u>\$ 9,846,481</u>                 |

\$1,140,245, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

| Year Ending<br>September 30, | Amount         |
|------------------------------|----------------|
| 2022                         | \$ (1,862,497) |
| 2023                         | (1,748,575)    |
| 2024                         | (1,657,809)    |
| 2025                         | (1,505,697)    |
| 2026                         | (473,339)      |
| 2027                         | (62,103)       |

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions

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

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

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

**Inflation** - 3.0%.

**Mortality Assumptions:**

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

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

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

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

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

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

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

**FOWLerville COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

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

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

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

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

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

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

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

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

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

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

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

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

|   | Pension       |               |               |
|---|---------------|---------------|---------------|
|   | 1% Decrease   | Discount Rate | 1% Increase   |
| Reporting Unit's proportionate share of the net pension liability | \$ 55,834,102 | \$ 39,052,233 | \$ 25,138,963 |

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

|   | Other Postemployment Benefits |               |             |
|---|-------------------------------|---------------|-------------|
|   | 1% Decrease                   | Discount Rate | 1% Increase |
| Reporting Unit's proportionate share of the net other postemployment benefits liability | \$ 4,703,831                  | \$ 2,531,418  | \$ 687,815  |

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

|   | Other Postemployment Benefits |              |              |
|---|-------------------------------|--------------|--------------|
|   | Healthcare Cost               |              |              |
|   | 1% Decrease                   | Trend Rates  | 1% Increase  |
| Reporting Unit's proportionate share of the net other postemployment benefits liability | \$ 616,127                    | \$ 2,531,418 | \$ 4,686,350 |



**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension and OPEB Plan Fiduciary Net Position

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

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

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2022 or any of the prior three years.

**NOTE 9 - TRANSFERS**

The general fund transferred \$8,300 to the food service fund for at-risk breakfast. The community service fund transferred \$5,580 to the general fund for the administration fee. The general fund transferred \$22,750 to the community service fund for the fund's deficit. The general fund transferred \$67,714 and \$46,460 to the food service and community service funds for their portion of 147c state aid revenue. The general fund transferred \$49 to the food service fund to reimburse for uncollectible meal charges. The food service fund transferred \$48,000 for indirect costs. The 2012 debt service fund transferred \$847,583 to the 2022 to close out the 2012 debt service fund.

**NOTE 10 - CONTINGENT LIABILITIES**

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

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - TAX ABATEMENTS**

The District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatements*.

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

| <u>Municipality</u>        | <u>Taxes Abated</u> |
|----------------------------|---------------------|
| Handy Township - operating | \$ 202,901          |
| Handy Township - debt      | 53,825              |
|                            | <u>\$ 256,726</u>   |

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

There are no abatements made by the District.

**NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENT**

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

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE**

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

**Summary:**

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

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**FOWLERVILLE COMMUNITY SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

|  | Original<br>Budget | Final<br>Budget     | Actual              | Variance with<br>Final Budget |
|--|--------------------|---------------------|---------------------|-------------------------------|
| <b>REVENUES</b>  |                    |                     |                     |                               |
| Local sources  | \$ 2,849,250       | \$ 3,063,384        | \$ 3,031,976        | \$ (31,408)                   |
| State sources  | 23,705,965         | 24,830,921          | 24,930,591          | 99,670                        |
| Federal sources  | 500,925            | 1,630,405           | 1,483,905           | (146,500)                     |
| Incoming transfers and other   | 1,495,331          | 1,517,500           | 1,518,074           | 574                           |
| <b>TOTAL REVENUES</b>  | <b>28,551,471</b>  | <b>31,042,210</b>   | <b>30,964,546</b>   | <b>(77,664)</b>               |
| <b>EXPENDITURES</b>  |                    |                     |                     |                               |
| Current  |                    |                     |                     |                               |
| Instruction  |                    |                     |                     |                               |
| Basic programs   | 13,977,904         | 14,973,993          | 14,870,590          | 103,403                       |
| Added needs  | 3,587,400          | 4,147,453           | 4,230,801           | (83,348)                      |
| Total instruction  | 17,565,304         | 19,121,446          | 19,101,391          | 20,055                        |
| Supporting services  |                    |                     |                     |                               |
| Pupil  | 1,140,652          | 1,279,608           | 1,457,034           | (177,426)                     |
| Instructional staff  | 504,255            | 716,491             | 691,909             | 24,582                        |
| General administration   | 659,644            | 700,110             | 684,604             | 15,506                        |
| School administration  | 1,625,610          | 1,734,254           | 1,741,062           | (6,808)                       |
| Business   | 424,815            | 426,750             | 420,311             | 6,439                         |
| Operation/maintenance  | 2,788,419          | 3,162,360           | 3,170,149           | (7,789)                       |
| Pupil transportation   | 1,441,940          | 1,850,002           | 1,755,371           | 94,631                        |
| Central  | 284,374            | 399,603             | 379,446             | 20,157                        |
| Athletics  | 563,419            | 594,967             | 669,590             | (74,623)                      |
| Total supporting services  | 9,433,128          | 10,864,145          | 10,969,476          | (105,331)                     |
| Community services   | 4,913              | 3,274               | 1,285               | 1,989                         |
| Outgoing transfers and other transactions                            | 1,339,477          | 958,192             | 695,269             | 262,923                       |
| Debt service   | 296,300            | 295,500             | 295,300             | 200                           |
| <b>TOTAL EXPENDITURES</b>  | <b>28,639,122</b>  | <b>31,242,557</b>   | <b>31,062,721</b>   | <b>179,836</b>                |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>(87,651)</b>    | <b>(200,347)</b>    | <b>(98,175)</b>     | <b>102,172</b>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                    |                     |                     |                               |
| Proceeds from sale of capital assets                                 | -                  | -                   | 2,775               | 2,775                         |
| Transfers in   | -                  | 53,000              | 53,580              | 580                           |
| Transfers out  | -                  | (163,800)           | (145,273)           | 18,527                        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                          | <b>-</b>           | <b>(110,800)</b>    | <b>(88,918)</b>     | <b>21,882</b>                 |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <b>\$ (87,651)</b> | <b>\$ (311,147)</b> | <b>(187,093)</b>    | <b>\$ 124,054</b>             |
| <b>FUND BALANCE</b>  |                    |                     |                     |                               |
| Beginning of year  |                    |                     | 3,709,558           |                               |
| End of year  |                    |                     | <u>\$ 3,522,465</u> |                               |

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

|   | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Reporting Unit's proportion of net pension liability (%)  | 0.16495%      | 0.16458%      | 0.16817%      | 0.16698%      | 0.16314%      | 0.16493%      | 0.16555%      | 0.16448%      |
| Reporting Unit's proportionate share of net pension liability   | \$ 39,052,233 | \$ 56,533,914 | \$ 55,693,657 | \$ 50,198,158 | \$ 42,275,983 | \$ 41,149,227 | \$ 40,435,090 | \$ 36,230,047 |
| Reporting Unit's covered-employee payroll   | \$ 14,902,440 | \$ 14,430,117 | \$ 14,523,803 | \$ 14,475,498 | \$ 13,566,425 | \$ 13,896,083 | \$ 13,742,609 | \$ 13,975,874 |
| Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll | 262.05%       | 391.78%       | 383.46%       | 346.78%       | 311.62%       | 296.12%       | 294.23%       | 259.23%       |
| Plan fiduciary net position as a percentage of total pension liability (Non-university employers)             | 72.60%        | 59.72%        | 60.31%        | 62.36%        | 64.21%        | 63.27%        | 63.17%        | 66.20%        |

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

**FOWLERVILLE COMMUNITY SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PENSIONS CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

|   | 2022             | 2021             | 2020             | 2019             | 2018             | 2017             | 2016             | 2015             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Statutorily required contributions                              | \$ 5,446,196     | \$ 4,781,245     | \$ 4,436,329     | \$ 4,546,988     | \$ 4,318,130     | \$ 3,872,043     | \$ 3,566,985     | \$ 3,022,952     |
| Contributions in relation to statutorily required contributions | <u>5,446,196</u> | <u>4,781,245</u> | <u>4,436,329</u> | <u>4,546,988</u> | <u>4,318,130</u> | <u>3,872,043</u> | <u>3,566,985</u> | <u>3,022,952</u> |
| Contribution deficiency (excess)                                | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Reporting Unit's covered-employee payroll                       | \$ 15,349,028    | \$ 14,695,549    | \$ 14,528,444    | \$ 14,524,800    | \$ 14,351,526    | \$ 13,991,778    | \$ 13,838,526    | \$ 13,814,049    |
| Contributions as a percentage of covered-employee payroll       | 35.48%           | 32.54%           | 30.54%           | 31.30%           | 30.09%           | 27.67%           | 25.78%           | 21.88%           |

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

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

|   | 2021          | 2020          | 2019          | 2018          | 2017          |
|---|---------------|---------------|---------------|---------------|---------------|
| Reporting Unit's proportion of net OPEB liability (%)   | 0.16584%      | 0.16243%      | 0.16664%      | 0.17026%      | 0.16304%      |
| Reporting Unit's proportionate share of net<br>OPEB liability   | \$ 2,531,418  | \$ 8,701,712  | \$ 11,960,684 | \$ 13,533,546 | \$ 14,438,129 |
| Reporting Unit's covered-employee payroll   | \$ 14,902,440 | \$ 14,430,117 | \$ 14,523,803 | \$ 14,475,498 | \$ 13,566,425 |
| Reporting Unit's proportionate share of net OPEB liability<br>as a percentage of its covered-employee payroll (%) | 16.99%        | 60.30%        | 82.35%        | 93.49%        | 106.43%       |
| Plan fiduciary net position as a percentage of total<br>OPEB liability (Non-university employers)                 | 87.33%        | 59.44%        | 48.46%        | 42.95%        | 36.39%        |

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



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

|  | 2022             | 2021             | 2020             | 2019             | 2018             |
|--|------------------|------------------|------------------|------------------|------------------|
| Statutorily required contributions                                 | \$ 1,264,009     | \$ 1,268,112     | \$ 1,228,923     | \$ 1,105,124     | \$ 1,231,318     |
| Contributions in relation to statutorily<br>required contributions | <u>1,264,009</u> | <u>1,268,112</u> | <u>1,228,923</u> | <u>1,105,124</u> | <u>1,231,318</u> |
| Contribution deficiency (excess)                                   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Reporting Unit's covered-employee payroll                          | \$ 15,349,028    | \$ 14,695,549    | \$ 14,528,444    | \$ 14,524,800    | \$ 14,351,526    |
| Contributions as a percentage of<br>covered-employee payroll       | 8.24%            | 8.63%            | 8.46%            | 7.61%            | 8.84%            |

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

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

**NOTE 1 - PENSION INFORMATION**

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

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

**NOTE 2 - OPEB INFORMATION**

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

Changes of Assumptions - the assumption changes for 2021 were:

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

## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**FOWLERVILLE COMMUNITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

|  | Special<br>Revenue  | Debt<br>Service   | Capital<br>Projects | Total<br>Nonmajor<br>Funds |
|--|---------------------|-------------------|---------------------|----------------------------|
| <b>ASSETS</b>  |                     |                   |                     |                            |
| Cash and cash equivalents  | \$ 1,258,289        | \$ 276,531        | \$ 560,073          | \$ 2,094,893               |
| Intergovernmental receivables  | 112,270             | -                 | -                   | 112,270                    |
| Due from other funds   | 759,085             | -                 | 535,315             | 1,294,400                  |
| Inventories  | 19,147              | -                 | -                   | 19,147                     |
| <b>TOTAL ASSETS</b>  | <b>\$ 2,148,791</b> | <b>\$ 276,531</b> | <b>\$ 1,095,388</b> | <b>\$ 3,520,710</b>        |
| <b>LIABILITIES</b>   |                     |                   |                     |                            |
| Accounts payable   | \$ 1,136            | \$ -              | \$ -                | \$ 1,136                   |
| Due to other funds   | 9,787               | -                 | 30,756              | 40,543                     |
| Unearned revenue   | 425,913             | -                 | -                   | 425,913                    |
| <b>TOTAL LIABILITIES</b>   | <b>436,836</b>      | <b>-</b>          | <b>30,756</b>       | <b>467,592</b>             |
| <b>DEFERRED INFLOW OF RESOURCES</b>  |                     |                   |                     |                            |
| Unavailable revenue  | 76,010              | -                 | -                   | 76,010                     |
| <b>FUND BALANCES</b>   |                     |                   |                     |                            |
| Nonspendable   |                     |                   |                     |                            |
| Inventories  | 19,147              | -                 | -                   | 19,147                     |
| Restricted for debt service  | -                   | 276,531           | -                   | 276,531                    |
| Restricted for food service  | 644,654             | -                 | -                   | 644,654                    |
| Restricted for capital projects  | -                   | -                 | 529,317             | 529,317                    |
| Committed for  |                     |                   |                     |                            |
| Student/school activities  | 575,745             | -                 | -                   | 575,745                    |
| Community service  | 396,399             | -                 | -                   | 396,399                    |
| Assigned for capital projects  | -                   | -                 | 535,315             | 535,315                    |
| <b>TOTAL FUND BALANCES</b>   | <b>1,635,945</b>    | <b>276,531</b>    | <b>1,064,632</b>    | <b>2,977,108</b>           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 2,148,791</b> | <b>\$ 276,531</b> | <b>\$ 1,095,388</b> | <b>\$ 3,520,710</b>        |

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

|  | Special<br>Revenue  | Debt<br>Service    | Capital<br>Projects | Total<br>Nonmajor<br>Funds |
|--|---------------------|--------------------|---------------------|----------------------------|
| <b>REVENUES</b>  |                     |                    |                     |                            |
| Local sources  |                     |                    |                     |                            |
| Property taxes   | \$ -                | \$ 2,574,548       | \$ -                | \$ 2,574,548               |
| Tuition and fees   | 740,572             | -                  | -                   | 740,572                    |
| Student/school activities  | 334,282             | -                  | -                   | 334,282                    |
| Investment earnings  | -                   | 2,540              | 17,714              | 20,254                     |
| Food sales   | 164,122             | -                  | -                   | 164,122                    |
| Other  | 33,682              | -                  | -                   | 33,682                     |
| Total local sources  | 1,272,658           | 2,577,088          | 17,714              | 3,867,460                  |
| State sources  | 277,148             | 81,400             | -                   | 358,548                    |
| Federal sources  | 2,077,542           | -                  | -                   | 2,077,542                  |
| <b>TOTAL REVENUES</b>  | <b>3,627,348</b>    | <b>2,658,488</b>   | <b>17,714</b>       | <b>6,303,550</b>           |
| <b>EXPENDITURES</b>  |                     |                    |                     |                            |
| Current  |                     |                    |                     |                            |
| Food service activities  | 1,410,579           | -                  | -                   | 1,410,579                  |
| Student/school activities  | 305,899             | -                  | -                   | 305,899                    |
| Community service activities   | 1,019,078           | -                  | -                   | 1,019,078                  |
| Capital outlay   | 34,626              | -                  | 415,080             | 449,706                    |
| Debt service   |                     |                    |                     |                            |
| Principal repayment  | -                   | 3,390,000          | -                   | 3,390,000                  |
| Interest   | -                   | 1,792,980          | -                   | 1,792,980                  |
| Bond issuance costs  | -                   | 107,749            | -                   | 107,749                    |
| Other  | -                   | 2,552              | -                   | 2,552                      |
| <b>TOTAL EXPENDITURES</b>  | <b>2,770,182</b>    | <b>5,293,281</b>   | <b>415,080</b>      | <b>8,478,543</b>           |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>857,166</b>      | <b>(2,634,793)</b> | <b>(397,366)</b>    | <b>(2,174,993)</b>         |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                    |                     |                            |
| Proceeds from refunding bonds  | -                   | 18,485,000         | -                   | 18,485,000                 |
| Payments to refunded bond escrow agent                               | -                   | (21,513,621)       | -                   | (21,513,621)               |
| Issuance of school loan revolving fund                               | -                   | 2,406,054          | -                   | 2,406,054                  |
| Premium on bonds   | -                   | 3,140,992          | -                   | 3,140,992                  |
| Transfers in   | 145,273             | 847,583            | -                   | 992,856                    |
| Transfers out  | (53,580)            | (847,583)          | -                   | (901,163)                  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                          | <b>91,693</b>       | <b>2,518,425</b>   | <b>-</b>            | <b>2,610,118</b>           |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <b>948,859</b>      | <b>(116,368)</b>   | <b>(397,366)</b>    | <b>435,125</b>             |
| <b>FUND BALANCES</b>   |                     |                    |                     |                            |
| Beginning of year  | 687,086             | 392,899            | 1,461,998           | 2,541,983                  |
| End of year  | <u>\$ 1,635,945</u> | <u>\$ 276,531</u>  | <u>\$ 1,064,632</u> | <u>\$ 2,977,108</u>        |

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

|  | <u>Food Service</u>      | <u>Student/School<br/>Activities</u> | <u>Community<br/>Service</u> | <u>Totals</u>              |
|--|--------------------------|--------------------------------------|------------------------------|----------------------------|
| <b>ASSETS</b>  |                          |                                      |                              |                            |
| Cash and cash equivalents  | \$ 677,510               | \$ 579,979                           | \$ 800                       | \$ 1,258,289               |
| Intergovernmental receivables  | -                        | -                                    | 112,270                      | 112,270                    |
| Due from other funds   | -                        | -                                    | 759,085                      | 759,085                    |
| Inventories  | <u>19,147</u>            | <u>-</u>                             | <u>-</u>                     | <u>19,147</u>              |
| <b>TOTAL ASSETS</b>  | <u><u>\$ 696,657</u></u> | <u><u>\$ 579,979</u></u>             | <u><u>\$ 872,155</u></u>     | <u><u>\$ 2,148,791</u></u> |
| <b>LIABILITIES</b>   |                          |                                      |                              |                            |
| Accounts payable   | \$ 527                   | \$ 12                                | \$ 597                       | \$ 1,136                   |
| Due to other funds   | 5,565                    | 4,222                                | -                            | 9,787                      |
| Unearned revenue   | <u>26,764</u>            | <u>-</u>                             | <u>399,149</u>               | <u>425,913</u>             |
| <b>TOTAL LIABILITIES</b>   | <u>32,856</u>            | <u>4,234</u>                         | <u>399,746</u>               | <u>436,836</u>             |
| <b>DEFERRED INFLOW OF RESOURCES</b>  |                          |                                      |                              |                            |
| Unavailable revenue  | <u>-</u>                 | <u>-</u>                             | <u>76,010</u>                | <u>76,010</u>              |
| <b>FUND BALANCES</b>   |                          |                                      |                              |                            |
| Nonspendable   |                          |                                      |                              |                            |
| Inventories  | 19,147                   | -                                    | -                            | 19,147                     |
| Restricted for food service  | 644,654                  | -                                    | -                            | 644,654                    |
| Committed for  |                          |                                      |                              |                            |
| Community service  | -                        | -                                    | 396,399                      | 396,399                    |
| Student/school activities  | <u>-</u>                 | <u>575,745</u>                       | <u>-</u>                     | <u>575,745</u>             |
| <b>TOTAL FUND BALANCES</b>   | <u>663,801</u>           | <u>575,745</u>                       | <u>396,399</u>               | <u>1,635,945</u>           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW<br/>OF RESOURCES AND FUND BALANCES</b> | <u><u>\$ 696,657</u></u> | <u><u>\$ 579,979</u></u>             | <u><u>\$ 872,155</u></u>     | <u><u>\$ 2,148,791</u></u> |

**FOWLerville COMMUNITY SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2022**

|  | Food Service     | Student/School<br>Activities | Community<br>Service | Totals           |
|--|------------------|------------------------------|----------------------|------------------|
| REVENUES   |                  |                              |                      |                  |
| Food sales   | \$ 164,122       | \$ -                         | \$ -                 | \$ 164,122       |
| Tuition and fees   | -                | -                            | 740,572              | 740,572          |
| State sources  | 60,258           | -                            | 216,890              | 277,148          |
| Federal sources  | 1,737,511        | -                            | 340,031              | 2,077,542        |
| Student/school activity income                               | -                | 334,282                      | -                    | 334,282          |
| Other  | 917              | -                            | 32,765               | 33,682           |
| <b>TOTAL REVENUES</b>  | <b>1,962,808</b> | <b>334,282</b>               | <b>1,330,258</b>     | <b>3,627,348</b> |
| EXPENDITURES   |                  |                              |                      |                  |
| Salaries   | 387,938          | -                            | 320,995              | 708,933          |
| Benefits   | 255,528          | -                            | 202,571              | 458,099          |
| Purchased services   | 19,133           | -                            | 320,765              | 339,898          |
| Supplies and materials                                       | 742,002          | -                            | 147,843              | 889,845          |
| Capital outlay   | 32,626           | -                            | 2,000                | 34,626           |
| Other  | 5,978            | 305,899                      | 26,904               | 338,781          |
| <b>TOTAL EXPENDITURES</b>                                    | <b>1,443,205</b> | <b>305,899</b>               | <b>1,021,078</b>     | <b>2,770,182</b> |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | 519,603          | 28,383                       | 309,180              | 857,166          |
| OTHER FINANCING SOURCES (USES)                               |                  |                              |                      |                  |
| Transfers in   | 76,063           | -                            | 69,210               | 145,273          |
| Transfers out  | (48,000)         | -                            | (5,580)              | (53,580)         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <b>28,063</b>    | <b>-</b>                     | <b>63,630</b>        | <b>91,693</b>    |
| NET CHANGE IN FUND BALANCES                                  | 547,666          | 28,383                       | 372,810              | 948,859          |
| FUND BALANCES  |                  |                              |                      |                  |
| Beginning of year  | 116,135          | 547,362                      | 23,589               | 687,086          |
| End of year  | \$ 663,801       | \$ 575,745                   | \$ 396,399           | \$ 1,635,945     |

**FOWLERVILLE COMMUNITY SCHOOLS  
NONMAJOR DEBT SERVICE  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

|                             | <u>2019</u>       | <u>2020A</u>      | <u>Total</u>      |
|-----------------------------|-------------------|-------------------|-------------------|
| ASSETS                      |                   |                   |                   |
| Cash and cash equivalents   | <u>\$ 116,727</u> | <u>\$ 159,804</u> | <u>\$ 276,531</u> |
| FUND BALANCES               |                   |                   |                   |
| Restricted for debt service | <u>\$ 116,727</u> | <u>\$ 159,804</u> | <u>\$ 276,531</u> |



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

|  | 2012             | 2018             | 2019             | 2020A           | 2020B            | 2022               | Total              |
|--|------------------|------------------|------------------|-----------------|------------------|--------------------|--------------------|
| <b>REVENUES</b>  |                  |                  |                  |                 |                  |                    |                    |
| Local sources  |                  |                  |                  |                 |                  |                    |                    |
| Property taxes   | \$ 1,130,214     | \$ 188,369       | \$ 1,004,633     | \$ 251,332      | \$ -             | \$ -               | \$ 2,574,548       |
| Investment earnings  | 1,119            | 186              | 988              | 247             | -                | -                  | 2,540              |
|  |                  |                  |                  |                 |                  | -                  |                    |
| Total local sources  | 1,131,333        | 188,555          | 1,005,621        | 251,579         | -                | -                  | 2,577,088          |
| State sources  | 35,737           | 5,956            | 31,766           | 7,941           | -                | -                  | 81,400             |
|  |                  |                  |                  |                 |                  |                    |                    |
| <b>TOTAL REVENUES</b>  | <b>1,167,070</b> | <b>194,511</b>   | <b>1,037,387</b> | <b>259,520</b>  | <b>-</b>         | <b>-</b>           | <b>2,658,488</b>   |
| <b>EXPENDITURES</b>  |                  |                  |                  |                 |                  |                    |                    |
| Principal repayment  | -                | 200,000          | 1,055,000        | 135,000         | -                | 2,000,000          | 3,390,000          |
| Bond issuance costs  | -                | -                | -                | -               | -                | 107,749            | 107,749            |
| Interest   | 390,392          | 161,650          | 647,100          | 137,744         | 456,094          | -                  | 1,792,980          |
| Other  | 821              | 36               | 1,192            | 503             | -                | -                  | 2,552              |
|  |                  |                  |                  |                 |                  |                    |                    |
| <b>TOTAL EXPENDITURES</b>  | <b>391,213</b>   | <b>361,686</b>   | <b>1,703,292</b> | <b>273,247</b>  | <b>456,094</b>   | <b>2,107,749</b>   | <b>5,293,281</b>   |
|  |                  |                  |                  |                 |                  | -                  |                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>775,857</b>   | <b>(167,175)</b> | <b>(665,905)</b> | <b>(13,727)</b> | <b>(456,094)</b> | <b>(2,107,749)</b> | <b>(2,634,793)</b> |
|  |                  |                  |                  |                 |                  | -                  |                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                  |                  |                  |                 |                  |                    |                    |
| Proceeds from refunding bonds  | -                | -                | -                | -               | -                | 18,485,000         | 18,485,000         |
| Payments to refunded bond escrow agent                               | -                | -                | -                | -               | -                | (21,513,621)       | (21,513,621)       |
| Issuance of school loan revolving fund                               | -                | 141,593          | 692,934          | -               | 423,732          | 1,147,795          | 2,406,054          |
| Premium on bonds   | -                | -                | -                | -               | -                | 3,140,992          | 3,140,992          |
| Transfer in  | -                | -                | -                | -               | -                | 847,583            | 847,583            |
| Transfer out   | (847,583)        | -                | -                | -               | -                | -                  | (847,583)          |
|  |                  |                  |                  |                 |                  |                    |                    |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                          | <b>(847,583)</b> | <b>141,593</b>   | <b>692,934</b>   | <b>-</b>        | <b>423,732</b>   | <b>2,107,749</b>   | <b>2,518,425</b>   |
|  |                  |                  |                  |                 |                  |                    |                    |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <b>(71,726)</b>  | <b>(25,582)</b>  | <b>27,029</b>    | <b>(13,727)</b> | <b>(32,362)</b>  | <b>-</b>           | <b>(116,368)</b>   |
| <b>FUND BALANCES</b>   |                  |                  |                  |                 |                  |                    |                    |
| Beginning of year  | 71,726           | 25,582           | 89,698           | 173,531         | 32,362           | -                  | 392,899            |
|  |                  |                  |                  |                 |                  |                    |                    |
| End of year  | \$ -             | \$ -             | \$ 116,727       | \$ 159,804      | \$ -             | \$ -               | \$ 276,531         |

**FOWLERVILLE COMMUNITY SCHOOLS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

|                                       | 2016<br>Capital<br>Projects | 2018<br>Energy Bonds<br>Capital<br>Projects | Total               |
|---------------------------------------|-----------------------------|---|---------------------|
| ASSETS                                |                             |   |                     |
| Cash and cash equivalents             | \$ -                        | \$ 560,073                                  | \$ 560,073          |
| Due from other funds                  | 535,315                     | -   | 535,315             |
|                                       | <u>535,315</u>              | <u>-</u>                                    | <u>535,315</u>      |
| TOTAL ASSETS                          | <u>\$ 535,315</u>           | <u>\$ 560,073</u>                           | <u>\$ 1,095,388</u> |
| LIABILITIES                           |                             |   |                     |
| Due to other funds                    | \$ -                        | \$ 30,756                                   | \$ 30,756           |
|                                       | <u>-</u>                    | <u>30,756</u>                               | <u>30,756</u>       |
| FUND BALANCE                          |                             |   |                     |
| Restricted for capital projects       | -                           | 529,317                                     | 529,317             |
| Assigned for capital projects         | 535,315                     | -   | 535,315             |
|                                       | <u>535,315</u>              | <u>-</u>                                    | <u>535,315</u>      |
| TOTAL FUND BALANCE                    | <u>535,315</u>              | <u>529,317</u>                              | <u>1,064,632</u>    |
| TOTAL LIABILITIES AND<br>FUND BALANCE | <u>\$ 535,315</u>           | <u>\$ 560,073</u>                           | <u>\$ 1,095,388</u> |

**FOWLerville COMMUNITY SCHOOLS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2022**

|  | 2016<br>Capital<br>Projects | 2018<br>Energy Bonds<br>Capital<br>Projects | 2019<br>Capital<br>Projects | Total        |
|--|-----------------------------|---|-----------------------------|--------------|
| REVENUE  |                             |   |                             |              |
| Local sources  |                             |   |                             |              |
| Investment earnings  | \$ -                        | \$ 17,714                                   | \$ -                        | \$ 17,714    |
| EXPENDITURES   |                             |   |                             |              |
| Capital outlay   | -                           | 46,553                                      | 368,527                     | 415,080      |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | -                           | (28,839)                                    | (368,527)                   | (397,366)    |
| FUND BALANCES  |                             |   |                             |              |
| Beginning of year  | 535,315                     | 558,156                                     | 368,527                     | 1,461,998    |
| End of year  | \$ 535,315                  | \$ 529,317                                  | \$ -                        | \$ 1,064,632 |

**FOWLerville COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS -2018 ENERGY CONSERVATION DEBT**  
**JUNE 30, 2022**

Bond issue dated March 29, 2018 for the purpose of constructing, acquiring, and installing energy conservation improvements to school buildings.

| Interest Due      |                   | Principal Due<br>May 1 | Debt Service Requirement<br>for Fiscal Year |                     |
|-------------------|-------------------|------------------------|---|---------------------|
| November 1        | May 1             |                        | June 30,                                    | Amount              |
| \$ 41,825         | \$ 41,825         | \$ 215,000             | 2023  | \$ 298,650          |
| 38,600            | 38,600            | 220,000                | 2024  | 297,200             |
| 35,300            | 35,300            | 225,000                | 2025  | 295,600             |
| 31,925            | 31,925            | 235,000                | 2026  | 298,850             |
| 28,400            | 28,400            | 240,000                | 2027  | 296,800             |
| 24,800            | 24,800            | 245,000                | 2028  | 294,600             |
| 21,125            | 21,125            | 255,000                | 2029  | 297,250             |
| 17,300            | 17,300            | 260,000                | 2030  | 294,600             |
| 13,400            | 13,400            | 270,000                | 2031  | 296,800             |
| 9,181             | 9,181             | 280,000                | 2032  | 298,362             |
| 4,631             | 4,631             | 285,000                | 2033  | 294,262             |
| <u>\$ 266,487</u> | <u>\$ 266,487</u> | <u>\$ 2,730,000</u>    |   | <u>\$ 3,262,974</u> |

The above bonds have interest rates from 3.00% to 3.25%.

**FOWLerville COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS -2019 REFUNDING**  
**JUNE 30, 2022**

Bond issue dated February 1, 2019 for the purpose of refunding a portion of the School District's outstanding 2009B refunding bonds, dated October 1, 2009.

| Interest Due      |                   | Principal Due<br>May 1 | Debt Service Requirement<br>for Fiscal Year |                     |
|-------------------|-------------------|------------------------|---|---------------------|
| November 1        | May 1             |                        | June 30,                                    | Amount              |
| \$ 74,750         | \$ 74,750         | \$ 800,000             | 2023  | \$ 949,500          |
| 58,750            | 58,750            | 795,000                | 2024  | 912,500             |
| 38,875            | 38,875            | 780,000                | 2025  | 857,750             |
| 19,375            | 19,375            | 775,000                | 2026  | 813,750             |
| <u>\$ 191,750</u> | <u>\$ 191,750</u> | <u>\$ 3,150,000</u>    |   | <u>\$ 3,533,500</u> |

The above bonds have interest rates from 4.00% to 5.00%.

**FOWLerville COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS -2018 BUILDING AND SITE DEBT**  
**JUNE 30, 2022**

Bond issue dated July 10, 2018 for the purpose of remodeling, equipping, reequipping, refurbishing and furnishing school facilities; acquiring, installing and equipping school facilities with instructional technology and preparing, developing, improving and equipping athletic fields, facilities and sites.

| Interest Due      |                   | Principal Due<br>May 1 | Debt Service Requirement<br>for Fiscal Year |                     |
|-------------------|-------------------|------------------------|---|---------------------|
| November 1        | May 1             |                        | June 30,                                    | Amount              |
| \$ 77,825         | \$ 77,825         | \$ 250,000             | 2023  | \$ 405,650          |
| 74,075            | 74,075            | 250,000                | 2024  | 398,150             |
| 70,325            | 70,325            | 250,000                | 2025  | 390,650             |
| 66,575            | 66,575            | 250,000                | 2026  | 383,150             |
| 62,825            | 62,825            | 350,000                | 2027  | 475,650             |
| 57,575            | 57,575            | 400,000                | 2028  | 515,150             |
| 51,575            | 51,575            | 440,000                | 2029  | 543,150             |
| 43,875            | 43,875            | 450,000                | 2030  | 537,750             |
| 36,000            | 36,000            | 450,000                | 2031  | 522,000             |
| 27,000            | 27,000            | 450,000                | 2032  | 504,000             |
| 18,000            | 18,000            | 450,000                | 2033  | 486,000             |
| 9,000             | 9,000             | 450,000                | 2034  | 468,000             |
| <u>\$ 594,650</u> | <u>\$ 594,650</u> | <u>\$ 4,440,000</u>    |   | <u>\$ 5,629,300</u> |

The above bonds have interest rates from 3.00% to 4.00%.

**FOWLerville COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS -2019 BUILDING AND SITE DEBT**  
**JUNE 30, 2022**

Bond issue dated February 1, 2019 for the purposes of purpose of remodeling, equipping, reequipping, refurbishing and furnishing school facilities; acquiring, installing and equipping school facilities with instructional technology and preparing, developing, improving and equipping athletic fields, facilities and sites.

| Interest Due        |                     | Principal Due<br>May 1 | Debt Service Requirement<br>for Fiscal Year |                      |
|---------------------|---------------------|------------------------|---|----------------------|
| November 1          | May 1               |                        | June 30,                                    | Amount               |
| \$ 227,700          | \$ 227,700          | \$ 295,000             | 2023  | \$ 750,400           |
| 221,800             | 221,800             | 320,000                | 2024  | 763,600              |
| 213,800             | 213,800             | 350,000                | 2025  | 777,600              |
| 205,050             | 205,050             | 360,000                | 2026  | 770,100              |
| 196,050             | 196,050             | 370,000                | 2027  | 762,100              |
| 186,800             | 186,800             | 370,000                | 2028  | 743,600              |
| 177,550             | 177,550             | 390,000                | 2029  | 745,100              |
| 167,800             | 167,800             | 400,000                | 2030  | 735,600              |
| 159,800             | 159,800             | 420,000                | 2031  | 739,600              |
| 151,400             | 151,400             | 470,000                | 2032  | 772,800              |
| 142,000             | 142,000             | 480,000                | 2033  | 764,000              |
| 132,400             | 132,400             | 490,000                | 2034  | 754,800              |
| 122,600             | 122,600             | 580,000                | 2035  | 825,200              |
| 111,000             | 111,000             | 610,000                | 2036  | 832,000              |
| 98,800              | 98,800              | 630,000                | 2037  | 827,600              |
| 86,200              | 86,200              | 655,000                | 2038  | 827,400              |
| 73,100              | 73,100              | 680,000                | 2039  | 826,200              |
| 59,500              | 59,500              | 715,000                | 2040  | 834,000              |
| 45,200              | 45,200              | 740,000                | 2041  | 830,400              |
| 30,400              | 30,400              | 760,000                | 2042  | 820,800              |
| 15,200              | 15,200              | 760,000                | 2043  | 790,400              |
| <u>\$ 2,824,150</u> | <u>\$ 2,824,150</u> | <u>\$ 10,845,000</u>   |   | <u>\$ 16,493,300</u> |

The above bonds have interest rates from 4.00% to 5.00%.

**FOWLerville COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS -2020A DEBT**  
**JUNE 30, 2022**

Bond issue dated May 28, 2020 for the purpose of refunding a portion of the School District's outstanding 2012 refunding bonds, dated August 30, 2012.

| Interest Due      |                   | Principal Due<br>May 1 | Debt Service Requirement<br>for Fiscal Year |                     |
|-------------------|-------------------|------------------------|---|---------------------|
| November 1        | May 1             |                        | June 30,                                    | Amount              |
| \$ 67,825         | \$ 67,825         | \$ 2,090,000           | 2023  | \$ 2,225,650        |
| 51,544            | 51,544            | 100,000                | 2024  | 203,088             |
| 50,710            | 50,710            | 100,000                | 2025  | 201,420             |
| 49,802            | 49,802            | 100,000                | 2026  | 199,604             |
| 48,818            | 48,818            | 2,300,000              | 2027  | 2,397,636           |
| 25,048            | 25,048            | 2,315,000              | 2028  | 2,365,096           |
| <u>\$ 293,747</u> | <u>\$ 293,747</u> | <u>\$ 7,005,000</u>    |   | <u>\$ 7,592,494</u> |

The above bonds have interest rates from 1.55% to 2.46%.



**FOWLerville COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS -2020B DEBT**  
**JUNE 30, 2022**

Bond issue dated May 28, 2020 for the purpose of refunding a portion of the School District's outstanding School Bond Loan Fund dated June 30, 1996.

| Interest Due        |                     | Principal Due<br>May 1 | Debt Service Requirement<br>for Fiscal Year |                      |
|---------------------|---------------------|------------------------|---|----------------------|
| November 1          | May 1               |                        | June 30,                                    | Amount               |
| \$ 228,047          | \$ 228,047          | \$ -                   | 2023  | \$ 456,094           |
| 228,047             | 228,047             | 1,500,000              | 2024  | 1,956,094            |
| 215,545             | 215,545             | 1,920,000              | 2025  | 2,351,090            |
| 198,102             | 198,102             | 2,150,000              | 2026  | 2,546,204            |
| 176,956             | 176,956             | 2,965,000              | 2027  | 3,318,912            |
| 146,313             | 146,313             | 3,065,000              | 2028  | 3,357,626            |
| 113,150             | 113,150             | 3,120,000              | 2029  | 3,346,300            |
| 77,831              | 77,831              | 3,270,000              | 2030  | 3,425,662            |
| 39,671              | 39,671              | 3,220,000              | 2031  | 3,299,342            |
| <u>\$ 1,423,662</u> | <u>\$ 1,423,662</u> | <u>\$ 21,210,000</u>   |   | <u>\$ 24,057,324</u> |

The above bonds have interest rates from 1.50% to 2.46%.

**FOWLerville COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS -2022 BUILDING AND SITE DEBT**  
**JUNE 30, 2022**

Bond issue dated February 1, 2022 for the purposes of purpose of erecting, furnishing, and equipping a new elementary school building; acquiring and installing instructional technology and instructional technology equipment for the new elementary school building; remodeling school buildings; and preparing, developing, improving, and equipping playgrounds and sites.

| Interest Due         |                      | Principal Due<br>May 1 | Debt Service Requirement<br>for Fiscal Year |                      |
|----------------------|----------------------|------------------------|---|----------------------|
| November 1           | May 1                |                        | June 30,                                    | Amount               |
| \$ 1,032,525         | \$ 688,350           | \$ 650,000             | 2023  | \$ 2,370,875         |
| 678,600              | 678,600              | 650,000                | 2024  | 2,007,200            |
| 668,850              | 668,850              | 650,000                | 2025  | 1,987,700            |
| 659,100              | 659,100              | 650,000                | 2026  | 1,968,200            |
| 649,350              | 649,350              | 680,000                | 2027  | 1,978,700            |
| 639,150              | 639,150              | 680,000                | 2028  | 1,958,300            |
| 628,950              | 628,950              | 690,000                | 2029  | 1,947,900            |
| 618,600              | 618,600              | 700,000                | 2030  | 1,937,200            |
| 604,600              | 604,600              | 895,000                | 2031  | 2,104,200            |
| 586,700              | 586,700              | 945,000                | 2032  | 2,118,400            |
| 567,800              | 567,800              | 1,075,000              | 2033  | 2,210,600            |
| 546,300              | 546,300              | 1,160,000              | 2034  | 2,252,600            |
| 523,100              | 523,100              | 2,100,000              | 2035  | 3,146,200            |
| 481,100              | 481,100              | 2,180,000              | 2036  | 3,142,200            |
| 437,500              | 437,500              | 2,270,000              | 2037  | 3,145,000            |
| 392,100              | 392,100              | 2,365,000              | 2038  | 3,149,200            |
| 344,800              | 344,800              | 2,465,000              | 2039  | 3,154,600            |
| 295,500              | 295,500              | 2,555,000              | 2040  | 3,146,000            |
| 244,400              | 244,400              | 2,665,000              | 2041  | 3,153,800            |
| 191,100              | 191,100              | 2,785,000              | 2042  | 3,167,200            |
| 135,400              | 135,400              | 2,930,000              | 2043  | 3,200,800            |
| 76,800               | 76,800               | 3,840,000              | 2044  | 3,993,600            |
| <u>\$ 11,002,325</u> | <u>\$ 10,658,150</u> | <u>\$ 35,580,000</u>   |   | <u>\$ 57,240,475</u> |

The above bonds have interest rates from 3.00% to 4.00%.

**FOWLERVILLE COMMUNITY SCHOOLS**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS -2022 REFUNDING**  
**JUNE 30, 2022**

Bond issue dated February 1, 2022 for the purpose of refunding a portion of the School District's outstanding 2012 refunding bonds, dated August 30, 2012.

| Interest Due        |                     | Principal Due<br>May 1 | Debt Service Requirement<br>for Fiscal Year |                      |
|---------------------|---------------------|------------------------|---|----------------------|
| November 1          | May 1               |                        | June 30,                                    | Amount               |
| \$ 507,600          | \$ 338,400          | \$ -                   | 2023  | \$ 846,000           |
| 338,400             | 338,400             | 915,000                | 2024  | 1,591,800            |
| 324,675             | 324,675             | 920,000                | 2025  | 1,569,350            |
| 310,875             | 310,875             | 2,115,000              | 2026  | 2,736,750            |
| 279,150             | 279,150             | -                      | 2027  | 558,300              |
| 279,150             | 279,150             | -                      | 2028  | 558,300              |
| 279,150             | 279,150             | 2,310,000              | 2029  | 2,868,300            |
| 244,500             | 244,500             | 2,340,000              | 2030  | 2,829,000            |
| 197,700             | 197,700             | 2,400,000              | 2031  | 2,795,400            |
| 149,700             | 149,700             | 2,440,000              | 2032  | 2,739,400            |
| 100,900             | 100,900             | 2,480,000              | 2033  | 2,681,800            |
| 51,300              | 51,300              | 2,565,000              | 2034  | 2,667,600            |
| <u>\$ 3,063,100</u> | <u>\$ 2,893,900</u> | <u>\$ 18,485,000</u>   |   | <u>\$ 24,442,000</u> |

The above bonds have interest rates from 3.00% to 4.00%.

**FOWLERVILLE COMMUNITY SCHOOLS  
SCHEDULE OF BORROWING - SCHOOL BOND LOAN FUND  
AND SCHOOL LOAN REVOLVING FUND  
JUNE 30, 2022**

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

| Year Ended<br>June 30, | Loan<br>Proceeds     | Interest<br>Expense | Loan Balance<br>(Net Change) |
|------------------------|----------------------|---------------------|------------------------------|
| 1996                   | \$ 1,561,544         | \$ 164,664          | \$ 1,726,208                 |
| 1997                   | 1,316,776            | 111,431             | 1,428,207                    |
| 1998                   | 2,225,414            | 209,835             | 2,435,249                    |
| 1999                   | 930,028              | 318,987             | 1,249,015                    |
| 2000                   | 1,692,500            | 385,914             | 2,078,414                    |
| 2001                   | 1,679,527            | 475,004             | 2,154,531                    |
| 2002                   | 1,426,547            | 488,901             | 1,915,448                    |
| 2003                   | 1,009,418            | 455,201             | 1,464,619                    |
| 2004 refinance payment | (11,806,245)         | (2,274,395)         | (14,080,640)                 |
| 2004                   | 1,453,524            | 123,819             | 1,577,343                    |
| 2005                   | 2,650,529            | 81,300              | 2,731,829                    |
| 2006                   | 3,116,488            | 249,854             | 3,366,342                    |
| 2007                   | 3,122,515            | 453,701             | 3,576,216                    |
| 2008                   | 2,988,701            | 588,001             | 3,576,702                    |
| 2009                   | 2,276,101            | 782,542             | 3,058,643                    |
| 2010                   | 2,467,932            | 1,012,503           | 3,480,435                    |
| 2011                   | 1,739,457            | 934,647             | 2,674,104                    |
| 2012                   | 2,820,058            | 879,821             | 3,699,879                    |
| 2013                   | 1,526,811            | 975,810             | 2,502,621                    |
| 2014                   | 2,408,793            | 1,112,976           | 3,521,769                    |
| 2015                   | 536,346              | 1,189,731           | 1,726,077                    |
| 2016                   | -                    | 913,523             | 913,523                      |
| 2016 refinance payment | (27,139,261)         | (9,633,739)         | (36,773,000)                 |
| 2017                   | 145,026              | 3,254               | 148,280                      |
| 2018                   | 6,303,671            | 51,723              | 6,355,394                    |
| 2019                   | 6,847,835            | 274,127             | 7,121,962                    |
| 2020                   | 6,974,794            | 435,838             | 7,410,632                    |
| 2020 refinance payment | (20,270,537)         | (764,463)           | (21,035,000)                 |
| 2021                   | 7,499,508            | 57,456              | 7,556,964                    |
| 2022                   | 6,641,880            | 218,412             | 6,860,292                    |
| Totals June 30, 2022   | <u>\$ 14,145,680</u> | <u>\$ 276,378</u>   | <u>\$ 14,422,058</u>         |

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

| Federal Grantor/Pass-through Grantor<br>Program Title                      | Federal<br>Assistance<br>Listing<br>Number | Pass-<br>through<br>Grantor's<br>Number | Award<br>Amount | Accrued<br>(unearned)<br>Revenue<br>7/1/2021 | Prior Year<br>Expenditures<br>(Memorandum<br>Only) | Current<br>Year Receipts<br>(Cash Basis) | Current<br>Year<br>Expenditures | Accrued<br>(unearned)<br>Revenue<br>6/30/2022 |
|--|--|---|-----------------|--|--|--|---------------------------------|---|
| <u>U.S. Department of Agriculture</u>                                      |  |   |                 |  |  |  |                                 |   |
| Passed through Michigan Department of Education<br>Child Nutrition Cluster |  |   |                 |  |  |  |                                 |   |
| Non-Cash Assistance (Donated Food)   |  |   |                 |  |  |  |                                 |   |
| National School Lunch Program - Entitlement                                | 10.555                                     | N/A                                     | \$ 96,567       | \$ -   | \$ -   | \$ 96,567                                | \$ 96,567                       | \$ -  |
| Cash Assistance  |  |   |                 |  |  |  |                                 |   |
| COVID-19 National School Lunch Program                                     | 10.555                                     | 211961                                  | 140,064         | -  | -  | 140,064                                  | 140,064                         | -   |
| COVID-19 National School Lunch Program                                     | 10.555                                     | 211965                                  | 85,725          | -  | -  | 85,725                                   | 85,725                          | -   |
| COVID-19 National School Lunch Program                                     | 10.555                                     | 220910                                  | 49,733          | -  | -  | 49,733                                   | 49,733                          | -   |
| COVID-19 National School Lunch Program                                     | 10.555                                     | 221961                                  | 1,038,272       | -  | -  | 1,038,272                                | 1,038,272                       | -   |
|  |  |   | 1,313,794       | -  | -  | 1,313,794                                | 1,313,794                       | -   |
| Total ALN 10.555   |  |   | 1,410,361       | -  | -  | 1,410,361                                | 1,410,361                       | -   |
| COVID-19 School Breakfast Program  | 10.553                                     | 211971                                  | 28,774          | -  | -  | 28,774                                   | 28,774                          | -   |
| COVID-19 School Breakfast Program  | 10.553                                     | 221971                                  | 263,701         | -  | -  | 263,701                                  | 263,701                         | -   |
|  |  |   | 292,475         | -  | -  | 292,475                                  | 292,475                         | -   |
| Total ALN 10.553   |  |   | 292,475         | -  | -  | 292,475                                  | 292,475                         | -   |
| Total cash assistance  |  |   | 1,606,269       | -  | -  | 1,606,269                                | 1,606,269                       | -   |
| Total Child Nutrition Cluster  |  |   | 1,702,836       | -  | -  | 1,702,836                                | 1,702,836                       | -   |
| Child and Adult Care Food Program  | 10.558                                     | 211920                                  | 5,293           | -  | -  | 5,293                                    | 5,293                           | -   |
| Child and Adult Care Food Program  | 10.558                                     | 211925                                  | 5,725           | -  | -  | 5,725                                    | 5,725                           | -   |
| Child and Adult Care Food Program  | 10.558                                     | 212010                                  | 305             | -  | -  | 305                                      | 305                             | -   |
| Child and Adult Care Food Program  | 10.558                                     | 221920                                  | 19,012          | -  | -  | 19,012                                   | 19,012                          | -   |
| Child and Adult Care Food Program  | 10.558                                     | 222010                                  | 1,456           | -  | -  | 1,456                                    | 1,456                           | -   |
|  |  |   | 31,791          | -  | -  | 31,791                                   | 31,791                          | -   |
| Total ALN 10.558   |  |   | 31,791          | -  | -  | 31,791                                   | 31,791                          | -   |
| Food Equipment Assistance Grant  | 10.579                                     | 221971                                  | 56,109          | -  | -  | 31,612                                   | 31,612                          | -   |
| COVID-19 Pandemic EBT Local Level Costs                                    | 10.649                                     | 210980                                  | 3,063           | -  | -  | 3,063                                    | 3,063                           | -   |
| Total U.S. Department of Agriculture                                       |  |   | 1,793,799       | -  | -  | 1,769,302                                | 1,769,302                       | -   |

The accompanying notes are an integral part of this schedule.

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

| Federal Grantor/Pass-through Grantor<br>Program Title  | Federal<br>Assistance<br>Listing<br>Number | Pass-<br>through<br>Grantor's<br>Number | Award<br>Amount | Accrued<br>(unearned)<br>Revenue<br>7/1/2021 | Prior Year<br>Expenditures<br>(Memorandum<br>Only) | Current<br>Year Receipts<br>(Cash Basis) | Current<br>Year<br>Expenditures | Accrued<br>(unearned)<br>Revenue<br>6/30/2022 |
|--|--|---|-----------------|--|--|--|---------------------------------|---|
| <u>U.S. Department of Education</u>  |  |   |                 |  |  |  |                                 |   |
| Passed through Michigan Department of Education  |  |   |                 |  |  |  |                                 |   |
| Title I Grants to Local Educational Agencies   | 84.010                                     | 211530-2021                             | \$ 221,936      | \$ 134,087                                   | \$ 221,936   | \$ 134,087                               | \$ -                            | \$ -  |
| Title I Grants to Local Educational Agencies   | 84.010                                     | 221530-2122                             | 213,452         | -  | -  | 137,816                                  | 198,949                         | 61,133  |
| Total ALN 84.010   |  |   | 435,388         | 134,087                                      | 221,936  | 271,903                                  | 198,949                         | 61,133  |
| Education Stabilization Fund   |  |   |                 |  |  |  |                                 |   |
| COVID-19 Governor's Emergency Education Relief<br>Funds (GEER II Teacher and Support Staff Payments) | 84.425C                                    | 211202-2122                             | 22,750          | -  | -  | 21,750                                   | 21,750                          | -   |
| COVID-19 Elementary and Secondary School<br>Emergency Relief Fund (ESSER II Formula Funds)           | 84.425D                                    | 213712-2021                             | 684,972         | -  | -  | 429,369                                  | 463,956                         | 34,587  |
| COVID-19 Elementary and Secondary School<br>Emergency Relief Fund (ESSER II Summer Program K-8)      | 84.425D                                    | 213722-2122                             | 251,900         | -  | -  | 146,558                                  | 89,059                          | (57,499)                                      |
| COVID-19 Elementary and Secondary School<br>Emergency Relief Fund (ESSER II Benchmark Assessments)   | 84.425D                                    | 213762-2022                             | 21,075          | -  | -  | -  | 21,075                          | 21,075  |
| COVID-19 Elementary and Secondary School<br>Emergency Relief Fund (ESSER II Credit Recovery 9-12)    | 84.425D                                    | 213742-2122                             | 23,100          | -  | -  | 23,100                                   | 18,864                          | (4,236)                                       |
| COVID-19 Elementary and Secondary School<br>Emergency Relief Fund (ESSER III Formula Funds)          | 84.425U                                    | 213713-2122                             | 1,025,566       | -  | -  | 189,254                                  | 274,244                         | 84,990  |
| COVID-19 Elementary and Secondary School<br>Emergency Relief Fund (ESSER III Equalization Funds)     | 84.425U                                    | 213723-2122                             | 1,410,870       | -  | -  | -  | 292,771                         | 292,771                                       |
| Total ALN 84.425 and Education Stabilization Fund  |  |   | 3,440,233       | -  | -  | 810,031                                  | 1,181,719                       | 371,688                                       |
| Supporting Effective Instruction State Grants  | 84.367                                     | 210520-2021                             | 102,596         | 37,364                                       | 74,041   | 37,364                                   | -                               | -   |
| Supporting Effective Instruction State Grants  | 84.367                                     | 220520-2022                             | 81,186          | -  | -  | 3,139                                    | 54,682                          | 51,543  |
| Total ALN 84.367   |  |   | 183,782         | 37,364                                       | 74,041   | 40,503                                   | 54,682                          | 51,543  |
| Student Support and Academic Enrichment Program  | 84.424                                     | 210750-2021                             | 18,455          | 8,773  | 8,838  | 8,773                                    | -                               | -   |
| Student Support and Academic Enrichment Program  | 84.424                                     | 220750-2122                             | 25,371          | -  | -  | 15,748                                   | 15,762                          | 14  |
| Total ALN 84.424   |  |   | 43,826          | 8,773  | 8,838  | 24,521                                   | 15,762                          | 14  |
| Total passed through Michigan Department<br>of Education   |  |   | 1,347,968       | 180,224                                      | 304,815  | 1,146,958                                | 1,451,112                       | 484,378                                       |

The accompanying notes are an integral part of this schedule.

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

| Federal Grantor/Pass-through Grantor<br>Program Title   | Federal<br>CFDA<br>Number | Pass-<br>through<br>Grantor's<br>Number | Award<br>Amount | Accrued<br>(unearned)<br>Revenue<br>7/1/2021 | Prior Year<br>Expenditures<br>(Memorandum<br>Only) | Current<br>Year Receipts<br>(Cash Basis) | Current<br>Year<br>Expenditures | Accrued<br>(unearned)<br>Revenue<br>6/30/2022 |
|---|---------------------------|---|-----------------|--|--|--|---------------------------------|---|
| <u>U.S. Department of Education</u>   |                           |   |                 |  |  |  |                                 |   |
| Passed through the Livingston Educational Service Agency<br>Career and Technical Education - Basic Grants to States | 84.048                    | 223520                                  | \$ 15,000       | \$ -   | \$ 15,000  | \$ -                                     | \$ 15,000                       | \$ -  |
| Passed through the Washtenaw Intermediate Schools<br>English Language Acquisition State Grants                      | 84.365                    | 210590-2021                             | 5,365           | 679  | 679  | 679                                      | -                               | -   |
| Total U.S. Department of Education  |                           |   | 1,368,333       | 180,903                                      | 320,494  | 1,147,637                                | 1,466,112                       | 484,378                                       |
| <u>US Department of Health and Human Services</u>   |                           |   |                 |  |  |  |                                 |   |
| Passed through the Livingston Educational Service Agency<br>Medicaid Cluster<br>Medical Assistance Program          | 93.778                    | N/A                                     | 17,795          | -  | -  | 17,795                                   | 17,795                          | -   |
| TOTAL EXPENDITURES OF FEDERAL AWARDS  |                           |   | \$ 3,179,927    | \$ 180,903                                   | \$ 320,494   | \$ 2,934,734                             | \$ 3,253,209                    | \$ 484,378                                    |

The accompanying notes are an integral part of this schedule.

**FOWLerville COMMUNITY SCHOOLS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 1 - BASIS OF PRESENTATION**

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

The District qualifies for low-risk auditee status. Management has utilized the NexSys Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS**

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

|  |                            |
|--|----------------------------|
| General fund   | \$ 1,483,905               |
| Other nonmajor governmental funds                                | <u>2,077,542</u>           |
| Total federal revenue in the fund financial statements           | 3,561,447                  |
| Less: Federal assistance funding not subject to single audit act | <u>(308,238)</u>           |
| Total per schedule of expenditures of federal awards             | <u><u>\$ 3,253,209</u></u> |





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

To the Board of Education  
Fowlerville Community Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fowlerville Community Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fowlerville Community Schools' basic financial statements, and have issued our report thereon dated September 15, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of This Report**

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

*Maney Costeiran PC*

September 15, 2022



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

To the Board of Education  
Fowlerville Community Schools

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

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

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fowlerville Community Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fowlerville Community Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fowlerville Community Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

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

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

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

*Maney Costeiran PC*

September 15, 2022

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

**Section I - Summary of Auditor's Results**

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***Financial Statements***

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: ☐ Yes ☒ No
- Significant deficiency(ies) identified? considered to be material weakness(es)? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified: ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ None reported

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

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

☐ Yes ☒ No

Identification of major programs:

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|------------------------------|------------------------------------|
| 84.425                       | Education Stabilization Fund       |

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

**Section II - Financial Statement Findings**

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None

**Section III - Federal Award Findings and Questioned Costs**

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None

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

There were no audit findings required to be reported on this schedule for the year ended June 30, 2021.