

Plainwell
Community
Schools



Year Ended
June 30, 2022

Financial
Statements

Rehmann

PLAINWELL COMMUNITY SCHOOLS

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of Net Change in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	26
Notes to Financial Statements	27
Required Supplementary Information	
MPERS Cost-Sharing Multiple-Employer Plan:	
Schedule of the District's Proportionate Share of the Net Pension Liability	60
Schedule of the District's Pension Contributions	62
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability	64
Schedule of the District's Other Postemployment Benefit Contributions	65
Notes to required supplementary information	66
Combining and Individual Fund Financial Statements and Schedules	
General Fund:	
Detail Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – By Activity	70
Nonmajor Governmental Funds:	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	82
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Food Service Fund	84
Student/School Activity Fund	85

INDEPENDENT AUDITORS' REPORT

October 28, 2022

Board of Education
Plainwell Community Schools
Plainwell, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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, under separate cover, our report dated October 2, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

PLAINWELL COMMUNITY SCHOOLS

Management's Discussion and Analysis

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

Financial Highlights

- The District is required to report its proportionate share of the MPSERS net pension and other postemployment benefit (OPEB) liabilities on the statement of net position. This requirement has contributed to a deficit net position for governmental activities of \$27,654,900.
- The District's total net position increased by \$9,267,341.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$13,828,313, a decrease of \$3,658,544 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,316,677 or 13.8 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, including management's discussion and analysis, budgetary schedules, pension and other postemployment benefit schedules and combining statements and schedules for nonmajor funds.

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

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

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

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The activities of the District include instruction, supporting services, food services, community services, and student/school activity. The District has no business-type activities as of and for the year ended June 30, 2022.

PLAINWELL COMMUNITY SCHOOLS

Management's Discussion and Analysis

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

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

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

The District maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, 2019 capital projects fund, and non bonded capital projects fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. These funds include a special revenue fund (i.e. food service, student/school activity) and several debt service funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis and the schedules for the MPSERS pension and other postemployment benefits plans immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds and the detail budget and actual by activity schedule for the general fund are presented immediately following the required supplementary information.

PLAINWELL COMMUNITY SCHOOLS

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District reported a deficit net position of \$27,654,900 at June 30, 2022. The requirement to report the District's proportionate share of the MPSERS net pension and OPEB liabilities on the statement of net position is a significant contributor to this deficit balance.

A portion of the District's net position reflect its investment in capital assets net of related debt (e.g., land, buildings and improvements, machinery and equipment, and vehicles, less any related debt used to acquire those assets that is still outstanding). The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to other external restrictions on how they may be used. The remaining balance of unrestricted net position, when available, may be used to meet the District's ongoing obligations to its general programs.

	Net Position	
	2022	2021
Assets		
Current and other assets	\$ 19,424,869	\$ 22,451,412
Capital assets, net	52,579,842	47,440,945
Total assets	<u>72,004,711</u>	<u>69,892,357</u>
Deferred outflows of resources	<u>11,066,900</u>	<u>15,579,582</u>
Liabilities		
Current and other liabilities	42,951,422	64,155,121
Long-term debt	47,214,957	51,949,700
Total liabilities	<u>90,166,379</u>	<u>116,104,821</u>
Deferred inflows of resources	<u>20,560,132</u>	<u>6,289,359</u>
Net position		
Net investment in capital assets	8,536,415	4,929,099
Restricted	904,054	415,452
Unrestricted (deficit)	(37,095,369)	(42,266,792)
Total net position (deficit)	<u>\$ (27,654,900)</u>	<u>\$ (36,922,241)</u>

PLAINWELL COMMUNITY SCHOOLS

Management's Discussion and Analysis

The above analysis focuses on the net position. The change in net position of the District's governmental activities is discussed below. The deficit net position of \$27,654,900 is directly related to the net pension and OPEB liabilities. The District's net investment in capital assets totaled \$8,536,415. This compares the original cost less depreciation of the District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. An amount of \$812,653 is restricted for future food service expenses and \$91,401 is restricted for debt service. This results in an unrestricted deficit of \$37,095,369.

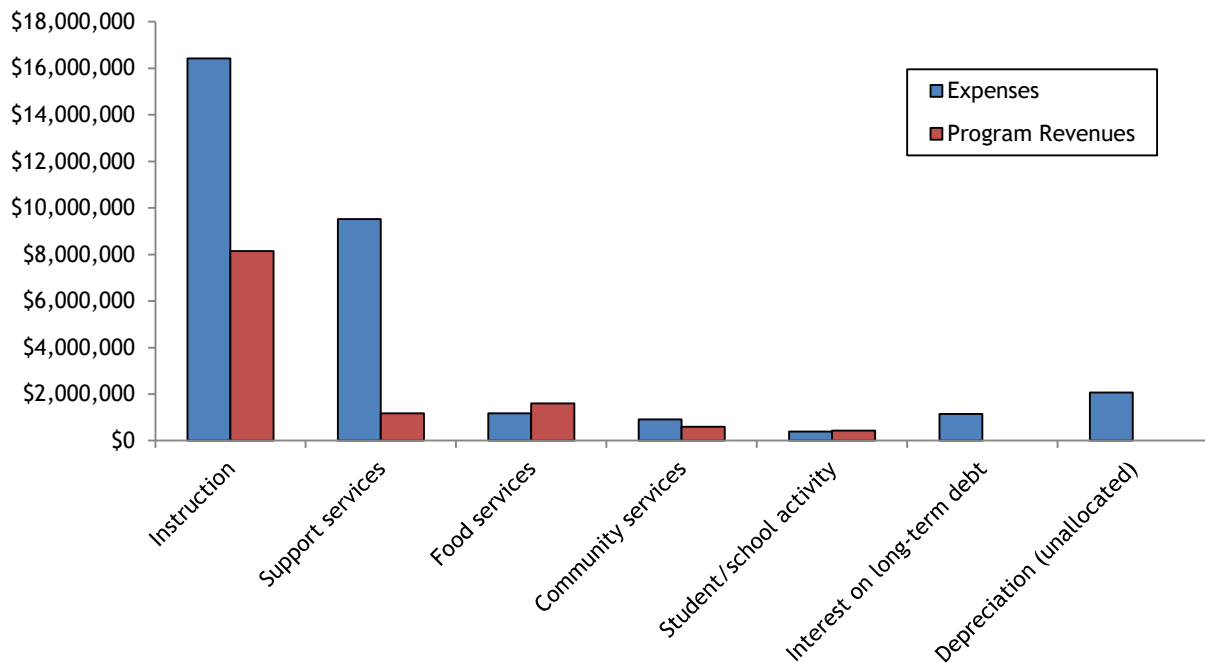
	Change in Net Position	
	2022	2021
Revenues		
Program revenues:		
Charges for services	\$ 1,240,190	\$ 708,155
Operating grants and contributions	10,749,435	9,204,603
General revenues:		
Property taxes - operations	2,286,673	2,229,318
Property taxes - debt service	5,849,370	5,690,932
Unrestricted state aid	20,577,490	20,107,512
Unrestricted investment earnings	20,370	34,076
Other revenues	223,858	191,978
Total revenues	<u>40,947,386</u>	<u>38,166,574</u>
Expenses		
Instruction	16,419,280	19,156,872
Supporting services	9,530,683	11,229,781
Food services	1,180,490	1,104,497
Community services	923,845	803,943
Student/school activity	393,603	256,710
Interest on long-term debt	1,153,965	1,195,123
Unallocated depreciation	2,078,179	2,098,459
Total expenses	<u>31,680,045</u>	<u>35,845,385</u>
Change in net position	9,267,341	2,321,189
Net position, beginning of year (deficit)	<u>(36,922,241)</u>	<u>(39,243,430)</u>
Net position, end of year (deficit)	<u>\$ (27,654,900)</u>	<u>\$ (36,922,241)</u>

PLAINWELL COMMUNITY SCHOOLS

Management's Discussion and Analysis

Governmental Activities. Net position increased by \$9,267,341 compared to an increase of \$2,321,189 in the prior year. The main reason for the decrease in overall expenses was due to changes in the net pension and OPEB liabilities and related deferred amounts. Operating grants and contributions increased by \$1,544,832 primarily due to State and Federal grants related to the Elementary and Secondary School Emergency Relief Fund (ESSER) to provide alternative learning delivery in accordance with the District's Continuity of Learning Plan. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the District.

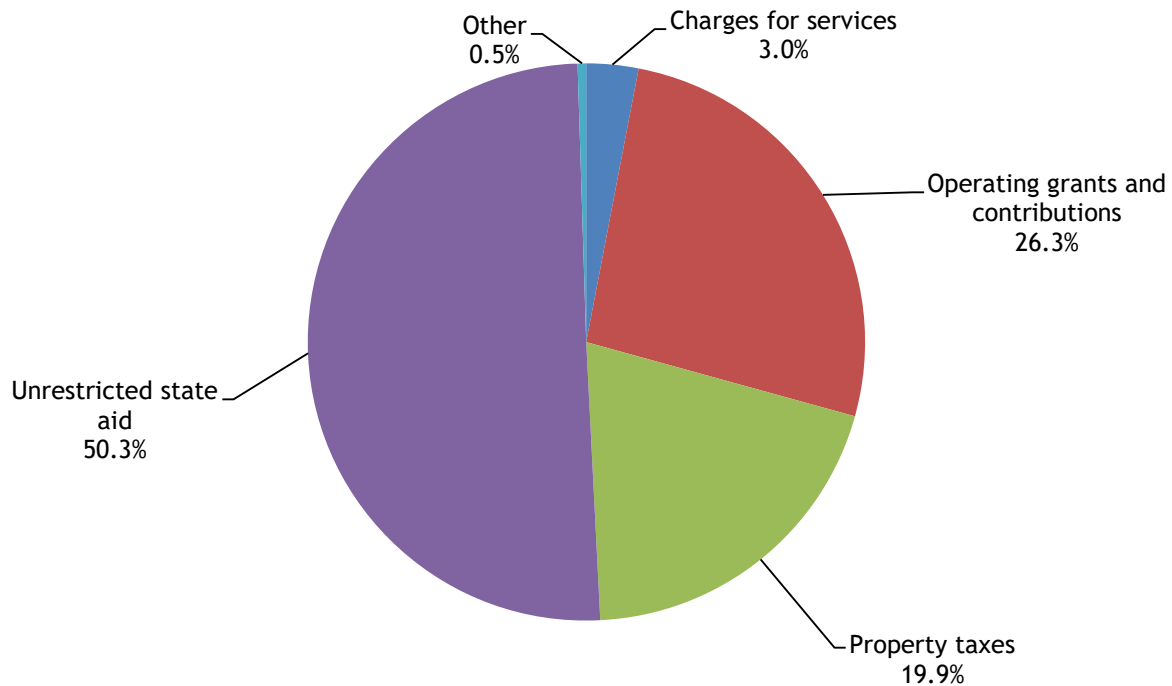
Expenses and Program Revenues - Governmental Activities



PLAINWELL COMMUNITY SCHOOLS

Management's Discussion and Analysis

Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,316,677, while the total fund balance was \$6,041,921. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 13.8% and 19.3%, respectively, of total general fund expenditures.

The fund balance of the District's general fund increased by \$229,211 from the prior year. The largest revenue source in this fund is state revenue which primarily includes state aid. Expenditures consist primarily of costs associated with instruction and related supporting activities.

PLAINWELL COMMUNITY SCHOOLS

Management's Discussion and Analysis

The fund balance of the District's 2019 capital projects fund decreased by \$6,121,950 from the prior year. The reason for the decrease was due to the expending of funds related to the District's on-going construction projects. The District maintains this fund in order to account for capital and infrastructure needs of the District.

The fund balance of the District's non bonded capital projects fund increased by \$1,397,732 from the prior year. The District maintains this fund in order to plan and account for future capital and infrastructure needs of the District.

General Fund Budgetary Highlights

Amendments to the original adopted budget are passed in order to reflect changes in information and circumstances. Some of the more significant changes between the original adopted and final amended budgets were:

- The District had originally budgeted for an anticipated decrease in State Aid. At the time of the final budget amendment, State Aid was higher than originally anticipated.
- There were grants and other revenue sources related to the COVID-19 pandemic that were not originally budgeted for.
- There were grants that were not completely expended by the end of the fiscal year. Also, there were delays in capital improvements due to supply chain issues.

In accordance with State statute, the District is prohibited from amending the budget after year-end. As the District's books are not closed for accounting purposes at that point, a certain level of estimation is required in determining actual need. The actual year end balances showed a variance in budgeted revenues of 0.61% and a variance in budgeted expenditures of -1.71% overall. While working within the restraints of state funding, the District still maintained a fund balance above the Board's set goal of 12% and maintained all critical instructional and support services and is the result of responsible budgeting and fiscal operating policies and procedures.

PLAINWELL COMMUNITY SCHOOLS

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2022 amounted to \$52,579,842 (net of accumulated depreciation). Significant additions included the on-going renovation of the Middle School. Capital assets at year-end included the following:

	Capital Assets (Net of Depreciation)	
	2022	2021
Land	\$ 854,714	\$ 854,714
Construction in progress	11,306,309	4,602,305
Buildings and improvements	38,793,748	39,996,591
Technology	470,640	588,555
Equipment and furniture	376,908	470,127
Buses and other vehicles	591,801	721,336
Outside equipment	185,722	207,317
Total capital assets, net	\$ 52,579,842	\$ 47,440,945

Additional information on the District's capital assets can be found in Note 7 of this report.

Long-term Debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$47,214,957. The District's total debt decreased by \$4,734,743 during the current fiscal year due to the scheduled debt payments.

	Long-term Debt	
	2022	2021
General obligation bonds	\$ 33,535,000	\$ 38,335,000
Unamortized bond premiums and discounts	951,326	1,068,374
School loan revolving fund	12,265,216	12,047,492
Compensated absences	463,415	498,834
Total long-term debt	\$ 47,214,957	\$ 51,949,700

Additional information on the District's long-term debt can be found in Note 8 of this report.

Factors Bearing on the District's Future

The following factors were considered in preparing the District's budget for the 2022-2023 fiscal year:

- Student Enrollment - The District uses a conservative estimate in regards to student enrollment.
- Staffing Changes - The District estimates additional costs related to increases in staffing needs.

PLAINWELL COMMUNITY SCHOOLS

Management's Discussion and Analysis

- Capital Assets - The District estimates and incorporates costs for equipment, technology and maintenance of facilities.
- The budget for the year ended June 30, 2023 was adopted in June 2022 when there was a high degree of uncertainty related to the funding and operations for districts due to the lack of a State budget. We are hoping pupil counts continue to rise as all COVID-19 restrictions have been lifted for the 2022-2023 school year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
Plainwell Community Schools
600 School Drive
Plainwell, MI 49080

BASIC FINANCIAL STATEMENTS

PLAINWELL COMMUNITY SCHOOLS

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 10,848,059
Investments	2,283,799
Receivables	6,046,272
Other assets	246,739
Capital assets not being depreciated	12,161,023
Capital assets being depreciated, net	40,418,819
Total assets	72,004,711
Deferred outflows of resources	
Deferred charge on advance bond refundings, net	653,733
Deferred pension amounts	7,432,028
Deferred other postemployment benefit amounts	2,981,139
Total deferred outflows of resources	11,066,900
Liabilities	
Accounts payable and accrued liabilities	4,885,129
Unearned revenue	1,191,150
Long-term debt:	
Due within one year	3,267,769
Due in more than one year	43,947,188
Net pension liability (due in more than one year)	34,651,419
Net other postemployment benefit liability (due in more than one year)	2,223,724
Total liabilities	90,166,379
Deferred inflows of resources	
Deferred pension amounts	11,994,221
Deferred other postemployment benefit amounts	8,565,911
Total deferred inflows of resources	20,560,132
Net position	
Net investment in capital assets	8,536,415
Restricted for:	
Food service operations	812,653
Debt service	91,401
Unrestricted (deficit)	(37,095,369)
Total net position (deficit)	\$ (27,654,900)

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

PLAINWELL COMMUNITY SCHOOLS

Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 16,419,280	\$ -	\$ 8,151,129	\$ (8,268,151)
Supporting services	9,530,683	129,598	1,053,091	(8,347,994)
Food services	1,180,490	67,152	1,545,215	431,877
Community services	923,845	605,344	-	(318,501)
Student/school activity	393,603	438,096	-	44,493
Interest and fiscal charges on long-term debt	1,153,965	-	-	(1,153,965)
Unallocated depreciation	2,078,179	-	-	(2,078,179)
Total governmental activities	<u>\$ 31,680,045</u>	<u>\$ 1,240,190</u>	<u>\$ 10,749,435</u>	<u>(19,690,420)</u>
General revenues				
Property taxes - operations				2,286,673
Property taxes - debt service				5,849,370
Unrestricted state aid				20,577,490
Unrestricted investment earnings				20,370
Other revenues				<u>223,858</u>
Total general revenues				<u>28,957,761</u>
Change in net position				9,267,341
Net position, beginning of year (deficit)				<u>(36,922,241)</u>
Net position, end of year (deficit)				<u>\$ (27,654,900)</u>

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

PLAINWELL COMMUNITY SCHOOLS

Balance Sheet

Governmental Funds
June 30, 2022

	General Fund	2019 Capital Projects	Non Bonded Capital Projects
Assets			
Cash and cash equivalents	\$ 6,655,681	\$ 139,817	\$ 2,401,796
Investments	140,168	2,143,631	-
Accounts receivable	64,458	-	-
Due from other governments	5,756,020	-	-
Due from other funds	64,934	-	1,500,000
Inventory	-	-	-
Prepaid items	217,760	-	-
Total assets	\$ 12,899,021	\$ 2,283,448	\$ 3,901,796
Liabilities			
Accounts payable	\$ 220,529	\$ 226,282	\$ -
Accrued liabilities	3,902,478	-	-
Due to other funds	1,607,927	2,784	-
Unearned revenue	1,106,166	-	-
Total liabilities	6,837,100	229,066	-
Deferred inflows of resources			
Unavailable revenue	20,000	-	-
Fund balances			
Nonspendable	217,760	-	-
Restricted	-	2,054,382	-
Committed	-	-	-
Assigned	1,507,484	-	3,901,796
Unassigned	4,316,677	-	-
Total fund balances	6,041,921	2,054,382	3,901,796
Total liabilities, deferred inflows of resources and fund balances	\$ 12,899,021	\$ 2,283,448	\$ 3,901,796

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,650,765	\$ 10,848,059
-	2,283,799
2,104	66,562
223,690	5,979,710
109,007	1,673,941
28,979	28,979
-	217,760
<u>\$ 2,014,545</u>	<u>\$ 21,098,810</u>
\$ 33,428	\$ 480,239
2,689	3,905,167
63,230	1,673,941
84,984	1,191,150
<u>184,331</u>	<u>7,250,497</u>
-	20,000
28,979	246,739
1,374,798	3,429,180
426,437	426,437
-	5,409,280
-	4,316,677
<u>1,830,214</u>	<u>13,828,313</u>
<u>\$ 2,014,545</u>	<u>\$ 21,098,810</u>

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PLAINWELL COMMUNITY SCHOOLS

Reconciliation

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

Fund balances - total governmental funds	\$ 13,828,313
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets not being depreciated	12,161,023
Capital assets being depreciated, net	40,418,819

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Long-term debt payable	(45,800,216)
Compensated absences	(463,415)
Unamortized bond premiums and discounts, net	(951,326)
Unamortized deferred charge on advance bond refunding	653,733
Accrued interest on bonds payable	(499,723)

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Deferred inflows for unavailable revenue - grants	20,000
---------------------------------------------------	--------

Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(34,651,419)
Deferred outflows related to the net pension liability	7,432,028
Deferred inflows related to the net pension liability	(11,994,221)
Net other postemployment benefit liability	(2,223,724)
Deferred outflows related to the net other postemployment benefit liability	2,981,139
Deferred inflows related to the net other postemployment benefit liability	(8,565,911)

Net position of governmental activities	<u>\$ (27,654,900)</u>
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The accompanying notes are an integral part of these financial statements.

PLAINWELL COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2022

	General Fund	2019 Capital Projects	Non Bonded Capital Projects
Revenues			
Local sources	\$ 4,562,152	\$ 19,241	\$ 293
State sources	25,649,347	-	-
Federal sources	2,769,571	-	-
Total revenues	32,981,070	19,241	293
Expenditures			
Current:			
Instruction	18,864,553	-	-
Supporting services	10,793,009	-	-
Community services	985,898	-	-
Food services	-	-	-
Student/school activity	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	30
Facilities capital outlay	628,399	6,141,191	148,934
Total expenditures	31,271,859	6,141,191	148,964
Revenues over (under) expenditures	1,709,211	(6,121,950)	(148,671)
Other financing sources (uses)			
Transfers in	20,000	-	1,500,000
Transfers out	(1,500,000)	-	-
Issuance of long-term debt	-	-	-
Insurance recovery	-	-	46,403
Total other financing sources (uses)	(1,480,000)	-	1,546,403
Net change in fund balances	229,211	(6,121,950)	1,397,732
Fund balances, beginning of year	5,812,710	8,176,332	2,504,064
Fund balances, end of year	\$ 6,041,921	\$ 2,054,382	\$ 3,901,796

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,240,007	\$ 10,821,693
160,504	25,809,851
1,499,868	4,269,439
<u>7,900,379</u>	<u>40,900,983</u>
-	18,864,553
-	10,793,009
-	985,898
1,195,634	1,195,634
393,603	393,603
4,800,000	4,800,000
872,403	872,433
-	6,918,524
<u>7,261,640</u>	<u>44,823,654</u>
<u>638,739</u>	<u>(3,922,671)</u>
-	1,520,000
(20,000)	(1,520,000)
217,724	217,724
-	46,403
<u>197,724</u>	<u>264,127</u>
836,463	(3,658,544)
<u>993,751</u>	<u>17,486,857</u>
<u>\$ 1,830,214</u>	<u>\$ 13,828,313</u>

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PLAINWELL COMMUNITY SCHOOLS

Reconciliation

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

Net change in fund balances - total governmental funds \$ (3,658,544)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	7,217,076
Depreciation expense	(2,078,179)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but a reduction in long-term debt on the statement of net position.

Principal payments on long-term debt	4,800,000
Issuance of long-term debt	(217,724)
Amortization of bond premiums and discounts, net	117,048
Amortization of deferred charge on advance bond refunding	(108,955)

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 funds.

Change in the net pension liability and related deferred amounts	1,072,062
Change in the net other postemployment benefit liability and related deferred amounts	2,378,763
Change in accrued interest payable on bonds	(289,625)
Change in compensated absences payable	35,419

Change in net position of governmental activities \$ 9,267,341

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

PLAINWELL COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 4,024,537	\$ 4,270,337	\$ 4,562,152	\$ 291,815
State sources	23,488,607	25,680,237	25,649,347	(30,890)
Federal sources	1,583,716	2,831,748	2,769,571	(62,177)
Total revenues	<u>29,096,860</u>	<u>32,782,322</u>	<u>32,981,070</u>	<u>198,748</u>
Expenditures				
Current:				
Instruction	18,761,356	19,122,475	18,864,553	(257,922)
Supporting services	10,440,515	10,985,822	10,793,009	(192,813)
Community services	957,031	1,007,831	985,898	(21,933)
Debt service:				
Interest and fiscal charges	-	1,000	-	(1,000)
Facilities capital outlay	500,000	700,000	628,399	(71,601)
Total expenditures	<u>30,658,902</u>	<u>31,817,128</u>	<u>31,271,859</u>	<u>(545,269)</u>
Revenues over (under) expenditures	<u>(1,562,042)</u>	<u>965,194</u>	<u>1,709,211</u>	<u>744,017</u>
Other financing sources (uses)				
Transfers in	20,000	20,000	20,000	-
Transfers out	-	(1,000,000)	(1,500,000)	(500,000)
Total other financing sources (uses)	<u>20,000</u>	<u>(980,000)</u>	<u>(1,480,000)</u>	<u>(500,000)</u>
Net change in fund balance	<u>(1,542,042)</u>	<u>(14,806)</u>	<u>229,211</u>	<u>244,017</u>
Fund balance, beginning of year	<u>5,812,710</u>	<u>5,812,710</u>	<u>5,812,710</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,270,668</u>	<u>\$ 5,797,904</u>	<u>\$ 6,041,921</u>	<u>\$ 244,017</u>

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

NOTES TO FINANCIAL STATEMENTS

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Plainwell Community Schools (the “District”), consistently applied in the preparation of the accompanying financial statements, is as follows:

The Reporting Entity

As required by generally accepted accounting principles, these financial statements present the reporting entity of Plainwell Community Schools. The criteria identified in GAAP, including financial accountability, have been utilized in identifying the District’s reporting entity which includes no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended June 30, 2022.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

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 collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, State aid, expenditure-driven grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund - This fund is the District's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

2019 Capital Projects Fund - This fund is used to record the issuance of capital debt and the acquisition of capital assets or construction of major capital projects.

Non Bonded Capital Projects Fund - This fund is used to record the acquisition of capital assets or construction of major capital projects.

Additionally, the District reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. The District had no capital grants and contributions for the year ended June 30, 2022. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, unrestricted grants and interest income.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Property Taxes

Property taxes are recognized as revenue in the general and debt service funds on a levy year basis. The 2021 levy amounts are recognized as current property tax revenue to the extent that they are collected during the year or within 60 days after year-end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Property taxes are levied December 1 on the assessed valuation of property located in the District as of the preceding December 31, the lien date. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

Cash and Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Investments

Investments are stated at fair value. Investments also consist of participation in an external investment pool. In accordance with GASB 79, the District's shares are recorded at amortized cost, which approximates fair value.

State statutes authorize the District to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Receivables

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

Inventory and Prepaid Items

Inventories are stated at cost using the first-in, first-out method, and consist primarily of food and office supplies. USDA donated commodities in the food service fund are recorded at fair value. Inventories are recorded as assets until consumed, at which time an expenditure is recorded.

Payments to vendors for services that will benefit periods beyond a fund's fiscal year-end are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as assets until consumed, at which time an expenditure is recorded.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

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

	Years
Buildings and improvements	20-50
Land improvements	5-10
Technology	3-5
Equipment and furniture	5-10
Buses and other vehicles	5-10
Outside equipment and construction	5-40

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a period or future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows for the charge on advance refunding. This amount represents the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit liability. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded, as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

Compensated Absences

It is the District's policy to permit employees to accumulate various earned but unused vacation and sick pay benefits. These accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods, and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports deferred inflows of resources related to pension and other postemployment benefit costs in the government-wide statement of net position.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Long-term Obligations

In the government-wide financial statements long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, during the current period. The face amount of debt issued is reported as an other financing source. Discounts and premiums on debt issuances are reported as other financing uses and sources, respectively.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by the Board of Education and this authority has not been delegated. Unassigned fund balance is the residual classification for the general fund. Other governmental funds besides the general fund can only report a negative unassigned fund balance, which would occur if expenditures were to be incurred for specific purposes that exceeded the amounts restricted, committed or assigned in the fund.

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

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District. Balances outstanding at year-end are reported as due to/from other funds.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Pension and Other Postemployment Benefits

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

Use of Estimates

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

2. ACCOUNTABILITY AND BUDGETARY COMPLIANCE

Budgets and Budgetary Accounting

Budgets are adopted for general and special revenue funds as required by state law and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District considers the debt service payment schedule to be an adequate budgetary control for the debt service funds. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all required governmental funds.
5. Adoption and amendments of all budgets used by the District are governed by Public Act 621, which was followed for the year ended June 30, 2022. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget of the department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Excess of Expenditures over Appropriations in Budgetary Funds

Budgets are presented in the accompanying combining and individual fund financial statements and schedules are presented in greater detail than the legal level of compliance. During the year ended June 30, 2022, the District incurred the following expenditures in excess of the amounts appropriated.

	Final Budget	Actual	Variance
General Fund			
Pupil services	\$ 1,591,267	\$ 1,652,237	\$ 60,970
Other financing sources (uses)			
Transfers out	1,000,000	1,500,000	500,000
Student/School Activity Fund			
Current - student/school activity	370,000	393,603	23,603

3. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts. State funding represented 78% of the District's general fund revenue during the 2022 fiscal year.

4. DEPOSITS AND INVESTMENTS

The captions on the financial statements relating to cash and investments are as follows:

	Governmental Activities
Cash and cash equivalents	\$ 10,848,059
Investments	<u>2,283,799</u>
Total	<u><u>\$ 13,131,858</u></u>

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Cash and investments are comprised of the following at year-end:

Checking and savings accounts	\$ 10,846,934
Certificates of deposit (due in less than 1 year)	1,025
Investments:	
Michigan liquid asset fund plus (MILAF+)	1,010,803
Corporate fixed income	1,272,996
Cash on hand	<u>100</u>
Total	<u>\$ 13,131,858</u>

Cash and cash equivalents are comprised of deposits in various financial institutions located in Michigan. State policy limits the District's investing options to financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account.

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following investments:

	Maturity	Carrying Value	Rating
External investment pools:			
Michigan Liquid Asset Fund (MILAF):			
MILAF + Portfolio:			
Cash management class	N/A	\$ 871,109	AAAm S&P
MAX class	N/A	139,694	AAAm S&P
Corporate fixed income	7/29/2022	<u>1,272,996</u>	N/A
Total		<u>\$ 2,283,799</u>	

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

Investment and Deposit Risk

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

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District minimizes this risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. As of year-end, \$12,093,961 of the District's bank balance of \$12,646,889 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors to be in compliance with the requirements set forth in the District's investment policy. Of the external investment pools the District's custodial credit risk exposure can not be determined because they contain mutual funds which do not consist of specifically identifiable securities.

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

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2022, the District's investments in corporate fixed income are considered Level 2 investments. The fair value of the District's Level 2 investments is determined primarily by a matrix pricing technique, which is used to value securities based on their relationship to benchmark quoted prices. Due to the inherent uncertainty of determining the fair value of investments that are not publicly traded, the fair value reported for these investments may differ significantly from the values that would have been used had a publicly traded market existed for such investments.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

5. RECEIVABLES AND PAYABLES

Receivables in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Accounts	\$ 66,562
Due from other governments	<u>5,979,710</u>
Totals	<u><u>\$ 6,046,272</u></u>

Accounts payable and accrued liabilities in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Accounts	\$ 480,239
Accrued liabilities	3,905,167
Interest payable on long-term debt	<u>499,723</u>
Totals	<u><u>\$ 4,885,129</u></u>

6. INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022, was as follows:

	Due from Other Funds	Due to Other Funds
Major governmental funds		
General fund	\$ 64,934	\$ 1,607,927
2019 capital projects	-	2,784
Non bonded capital projects	1,500,000	-
Nonmajor governmental funds		
Food service	11,220	38,131
Student/school activity	47,902	25,099
2013 refunding	14,082	-
2017 refunding	31,000	-
2020 refunding	<u>4,803</u>	<u>-</u>
Total	<u><u>\$ 1,673,941</u></u>	<u><u>\$ 1,673,941</u></u>

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

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

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

Transfers Out	Transfers In		Total
	General Fund	Non Bonded Capital Projects	
General fund	\$ -	\$ 1,500,000	\$ 1,500,000
Nonmajor Governmental Funds	20,000	-	20,000
Total	<u>\$ 20,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,520,000</u>

Transfers are used to: (1) to cover direct and indirect costs paid by general fund on behalf of the food service fund; and (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due. The District transferred \$1,500,000 from the general fund to the non bonded capital project fund to save for future capital and infrastructure needs of the District.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

7. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 854,714	\$ -	\$ -	\$ -	\$ 854,714
Construction in progress	4,602,305	6,704,004	-	-	11,306,309
	<u>5,457,019</u>	<u>6,704,004</u>	<u>-</u>	<u>-</u>	<u>12,161,023</u>
Capital assets, being depreciated:					
Buildings and improvements	72,980,406	448,390	(47,854)	-	73,380,942
Land improvements	650,030	-	-	-	650,030
Technology	2,211,363	11,940	(500,729)	-	1,722,574
Equipment and furniture	3,940,065	6,508	(60,247)	-	3,886,326
Buses and other vehicles	1,798,625	23,993	(214,942)	-	1,607,676
Outside equipment	992,901	22,241	(2,049)	-	1,013,093
	<u>82,573,390</u>	<u>513,072</u>	<u>(825,821)</u>	<u>-</u>	<u>82,260,641</u>
Less accumulated depreciation for:					
Buildings and improvements	(32,983,815)	(1,651,233)	47,854	-	(34,587,194)
Land improvements	(650,030)	-	-	-	(650,030)
Technology	(1,622,808)	(129,855)	500,729	-	(1,251,934)
Equipment and furniture	(3,469,938)	(99,727)	60,247	-	(3,509,418)
Buses and other vehicles	(1,077,289)	(153,528)	214,942	-	(1,015,875)
Outside equipment	(785,584)	(43,836)	2,049	-	(827,371)
	<u>(40,589,464)</u>	<u>(2,078,179)</u>	<u>825,821</u>	<u>-</u>	<u>(41,841,822)</u>
Total capital assets being depreciated, net	<u>41,983,926</u>	<u>(1,565,107)</u>	<u>-</u>	<u>-</u>	<u>40,418,819</u>
Governmental activities capital assets, net					
	<u>\$ 47,440,945</u>	<u>\$ 5,138,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,579,842</u>

Depreciation expense is reported as unallocated in the statement of activities.

At June 30, 2022, the District had outstanding commitments through construction contracts of approximately \$3,100,000.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

8. LONG-TERM DEBT

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 38,335,000	\$ -	\$ (4,800,000)	\$ 33,535,000	\$ 2,965,000
Direct borrowing -					
School loan revolving fund	12,047,492	217,724	-	12,265,216	-
Unamortized premiums					
and discounts	1,068,374	-	(117,048)	951,326	118,604
Compensated absences	498,834	192,734	(228,153)	463,415	184,165
Total governmental activities	<u>\$ 51,949,700</u>	<u>\$ 410,458</u>	<u>\$ (5,145,201)</u>	<u>\$ 47,214,957</u>	<u>\$ 3,267,769</u>

General obligation bonds

\$26,800,000 2017 Refunding serial bond due beginning in 2020
in annual installments of \$150,000 to \$2,760,000 through 2028
interest at 2.00% to 3.00%

\$ 900,000

\$18,350,000 2020 Serial bond due beginning in 2023
in annual installments of \$1,115,000 to \$3,050,000 through 2029
interest at 1.00% to 1.90%

18,350,000

\$14,455,000 2020 School building and site bond due beginning in 2022
in annual installments of \$100,000 to \$695,000 through 2050
interest at 2.00% to 5.00%

14,285,000

Total

\$ 33,535,000

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Future principal and interest payment requirements on outstanding bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 2,965,000	\$ 684,419	\$ 3,649,419
2024	3,010,000	644,969	3,654,969
2025	3,050,000	608,069	3,658,069
2026	3,095,000	559,319	3,654,319
2027	3,145,000	515,061	3,660,061
2028-2032	6,400,000	1,907,800	8,307,800
2033-2037	3,475,000	1,334,382	4,809,382
2038-2042	3,465,000	931,330	4,396,330
2043-2047	3,450,000	480,952	3,930,952
2048-2050	1,480,000	65,176	1,545,176
Totals	\$ 33,535,000	\$ 7,731,477	\$ 41,266,477

The State of Michigan school loan funds represent amounts borrowed from the State of Michigan school loan revolving fund to supplement property tax revenue for making payments on the District's general obligation bonds. Although interest accrues each year, no payment is due until such time as the District's property tax revenue is sufficient to support the debt service requirements on the general obligation bonds. Changes to the school loan funds for the year ended June 30, 2022, are as follows:

	Principal	Interest	Total
Beginning balance	\$ 12,047,492	\$ 73,074	\$ 12,120,566
Additions	217,724	312,578	530,302
Deductions	-	-	-
Ending balance	\$ 12,265,216	\$ 385,652	\$ 12,650,868

Compensated absences are expected to be liquidated by the general and food service funds.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

9. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

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

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

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

Pension Benefits Provided

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

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

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

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

Other Postemployment Benefits Provided

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

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

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

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

Contributions

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

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

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

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

For the year ended June 30, 2022, required and actual contributions from the District to the pension plan were \$4,857,510, which included \$2,200,654, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

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

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

For the year ended June 30, 2022, required and actual contributions from the District to the OPEB plan were \$1,186,694.

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

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

For the year ended June 30, 2022, required and actual contributions from the District for those members with a defined contribution benefit were \$148,283.

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

At June 30, 2022, the District reported a liability of \$34,651,419 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was 0.14636%, which was a decrease of 0.00230% from its proportion measured as of September 30, 2020.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2022, the District recognized pension expense of \$3,781,736. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 536,765	\$ 204,056	\$ 332,709
Changes in assumptions	2,184,302	-	2,184,302
Net difference between projected and actual earnings on pension plan investments	-	11,140,320	(11,140,320)
Changes in proportion and differences between employer contributions and proportionate share of contributions	106,350	649,845	(543,495)
	<u>2,827,417</u>	<u>11,994,221</u>	<u>(9,166,804)</u>
District contributions subsequent to the measurement date	4,604,611	-	4,604,611
Total	<u><u>\$ 7,432,028</u></u>	<u><u>\$ 11,994,221</u></u>	<u><u>\$ (4,562,193)</u></u>

The \$4,604,611 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2023	\$ (1,099,910)
2024	(2,109,617)
2025	(2,876,580)
2026	<u>(3,080,697)</u>
Total	<u><u>\$ (9,166,804)</u></u>

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

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

At June 30, 2022, the District reported a liability of \$2,223,724 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was 0.14569% which was a decrease of 0.00239% from its proportion measured as of September 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(1,260,549). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 6,347,462	\$ (6,347,462)
Changes in assumptions	1,858,923	278,164	1,580,759
Net difference between projected and actual earnings on OPEB plan investments	-	1,676,061	(1,676,061)
Changes in proportion and differences between employer contributions and proportionate share of contributions	86,315	264,224	(177,909)
	1,945,238	8,565,911	(6,620,673)
District contributions subsequent to the measurement date	1,035,901	-	1,035,901
Total	\$ 2,981,139	\$ 8,565,911	\$ (5,584,772)

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

The \$1,035,901 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	\$ (1,697,284)
2024	(1,564,565)
2025	(1,449,487)
2026	(1,363,730)
2027	(482,330)
Thereafter	<u>(63,277)</u>
Total	<u>\$ (6,620,673)</u>

Actuarial Assumptions

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

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Other OPEB assumptions:

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

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

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Long-term Expected Return on Pension Plan Assets

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

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

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Long-term Expected Return on OPEB Plan Assets

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

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

Rate of Return

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

Discount Rate

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

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

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

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
District's proportionate share of the net pension liability	\$ 49,542,132	\$ 34,651,419	\$ 22,306,041

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

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

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net OPEB liability	\$ 4,132,081	\$ 2,223,724	\$ 604,211

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

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

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

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net OPEB liability	\$ 541,237	\$ 2,223,724	\$ 4,116,725

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2022, the District reported a payable of \$1,029,926 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022.

Payable to the OPEB Plan

At June 30, 2022, the District reported a payable of \$154,217 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

10. FUND BALANCES - GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	2019 Capital Projects	Non Bonded Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable					
Inventory	\$ -	\$ -	\$ -	\$ 28,979	\$ 28,979
Prepaid items	217,760	-	-	-	217,760
	<u>217,760</u>	<u>-</u>	<u>-</u>	<u>28,979</u>	<u>246,739</u>
Restricted					
Capital projects	-	2,054,382	-	-	2,054,382
Debt service	-	-	-	591,124	591,124
Food service program	-	-	-	783,674	783,674
	<u>-</u>	<u>2,054,382</u>	<u>-</u>	<u>1,374,798</u>	<u>3,429,180</u>
Committed					
Student/school activity	-	-	-	426,437	426,437
Assigned					
Next fiscal year					
budget appropriations	1,507,484	-	-	-	1,507,484
Future capital projects	-	-	3,901,796	-	3,901,796
	<u>1,507,484</u>	<u>-</u>	<u>3,901,796</u>	<u>-</u>	<u>5,409,280</u>
Unassigned	<u>4,316,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,316,677</u>
Total fund balances - governmental funds	<u>\$ 6,041,921</u>	<u>\$ 2,054,382</u>	<u>\$ 3,901,796</u>	<u>\$ 1,830,214</u>	<u>\$ 13,828,313</u>

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

11. NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental Activities
Capital assets:	
Capital assets not being depreciated	\$ 12,161,023
Capital assets being depreciated, net	<u>40,418,819</u>
	<u>52,579,842</u>
Related debt:	
General obligation bonds	33,535,000
Unexpended bond proceeds	(2,054,382)
Unamortized premiums and discounts on bonds payable, net	951,326
School loan revolving fund	12,265,216
Deferred charge on advance bond refundings, net	<u>(653,733)</u>
	<u>44,043,427</u>
Net investment in capital assets	<u><u>\$ 8,536,415</u></u>

12. CONTINGENCIES

Federal Grant Programs

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

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. During the year ended June 30, 2022, the District carried commercial insurance and participated in a public entity risk pool. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

PLAINWELL COMMUNITY SCHOOLS

Notes to Financial Statements

13. TAX ABATEMENTS

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. Property taxes abated on behalf of the District in fiscal year 2022 amounted to \$290,132.

14. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the District to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the District has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately \$2,425,000 was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the District.

15. BONDED CONSTRUCTION COSTS

2019 Capital Projects Fund Compliance

The 2019 Capital Projects Fund includes capital project activities funded with proceeds from the 2019 building and site bonds. For these activities, the District has complied with the applicable provisions of §1351a of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

16. SUBSEQUENT EVENT

In August 2022, the District issued 2022 school building and site bonds, Series II, in the amount of \$24,235,000. The bonds bear interest between 4.00% and 5.00%, and final payment is due May 1, 2052.



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REQUIRED SUPPLEMENTARY INFORMATION

PLAINWELL COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,				
	2022	2021	2020	2019	2018
District's proportionate share of the net pension liability	\$ 34,651,419	\$ 51,067,275	\$ 49,376,036	\$ 44,465,880	\$ 38,267,144
District's proportion of the net pension liability	0.14636%	0.14866%	0.14910%	0.14791%	0.14767%
District's covered payroll	\$ 13,170,625	\$ 13,112,297	\$ 13,089,131	\$ 12,664,125	\$ 12,355,673
District's proportionate share of the net pension liability as a percentage of its covered payroll	263.10%	389.46%	377.23%	351.12%	309.71%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%

See notes to required supplementary information.

Year Ended June 30,		
2017	2016	2015
\$ 34,716,883	\$ 36,580,917	\$ 30,410,995
0.14662%	0.14214%	0.13807%
\$ 12,419,361	\$ 11,899,404	\$ 11,990,360
279.54%	307.42%	253.63%
63.27%	63.17%	66.20%

PLAINWELL COMMUNITY SCHOOLS

Required Supplementary Information

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

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 4,857,510	\$ 4,451,871	\$ 4,086,310	\$ 3,967,591	\$ 4,043,416
Contributions in relation to the statutorily required contribution	<u>(4,857,510)</u>	<u>(4,451,871)</u>	<u>(4,086,310)</u>	<u>(3,967,591)</u>	<u>(4,043,416)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,057,258	\$ 13,431,095	\$ 13,225,195	\$ 13,125,956	\$ 12,637,984
Contributions as a percentage of covered payroll	34.56%	33.15%	30.90%	30.23%	31.99%

See notes to required supplementary information.

Year Ended June 30,		
2017	2016	2015
\$ 3,910,088	\$ 3,710,013	\$ 3,583,027
<u>(3,910,088)</u>	<u>(3,710,013)</u>	<u>(3,583,027)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,354,171	\$ 11,969,777	\$ 12,108,157
31.65%	30.99%	29.59%

PLAINWELL COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30,				
	2022	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 2,223,724	\$ 7,933,193	\$ 10,764,789	\$ 11,832,363	\$ 13,113,486
District's proportion of the net OPEB liability	0.14569%	0.14808%	0.14997%	0.14885%	0.14808%
District's covered payroll	\$ 13,170,625	\$ 13,112,297	\$ 13,089,131	\$ 12,664,125	\$ 12,355,673
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.88%	60.50%	82.24%	93.43%	106.13%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

PLAINWELL COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 1,186,694	\$ 1,161,044	\$ 1,052,888	\$ 1,067,884	\$ 940,606
Contributions in relation to the statutorily required contributions	<u>(1,186,694)</u>	<u>(1,161,044)</u>	<u>(1,052,888)</u>	<u>(1,067,884)</u>	<u>(940,606)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,057,258	\$ 13,431,095	\$ 13,225,195	\$ 13,125,956	\$ 12,637,984
Contributions as a percentage of covered payroll	8.44%	8.64%	7.96%	8.14%	7.44%

See notes to required supplementary information.

PLAINWELL COMMUNITY SCHOOLS

Notes to Required Supplementary Information

Pension Information

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

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

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

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

OPEB Information

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

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

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

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

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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GENERAL FUND

PLAINWELL COMMUNITY SCHOOLS

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources:				
Property taxes	\$ 2,228,916	\$ 2,286,648	\$ 2,286,673	\$ 25
Tuition	56,200	28,278	28,548	270
Earnings on investments	500	80	290	210
Athletics	36,450	79,858	80,775	917
Other local revenues	1,702,471	1,875,473	2,165,866	290,393
Total local sources	4,024,537	4,270,337	4,562,152	291,815
State sources:				
State aid - unrestricted	18,910,416	20,583,309	20,577,490	(5,819)
Grants - restricted	4,578,191	5,096,928	5,071,857	(25,071)
Total state sources	23,488,607	25,680,237	25,649,347	(30,890)
Federal sources - grants	1,583,716	2,831,748	2,769,571	(62,177)
Total revenues	29,096,860	32,782,322	32,981,070	198,748
Expenditures				
Current:				
Instruction:				
Basic programs:				
Elementary:				
Salaries	3,539,198	3,584,860	3,580,874	(3,986)
Employee benefits	2,686,968	2,691,692	2,690,325	(1,367)
Purchased services	315,653	249,228	232,671	(16,557)
Supplies and materials	172,499	202,300	194,033	(8,267)
Capital outlay	129,386	43,455	40,333	(3,122)
Other	5,055	5,055	2,368	(2,687)
Total elementary	6,848,759	6,776,590	6,740,604	(35,986)
Middle school:				
Salaries	1,726,752	1,736,017	1,731,844	(4,173)
Employee benefits	1,366,222	1,421,216	1,416,452	(4,764)
Purchased services	125,411	144,442	139,425	(5,017)
Supplies and materials	127,654	119,963	112,338	(7,625)
Capital outlay	85,784	86,626	85,548	(1,078)
Other	3,000	3,000	2,765	(235)
Total middle school	3,434,823	3,511,264	3,488,372	(22,892)

continued...

PLAINWELL COMMUNITY SCHOOLS

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Instruction (continued):				
Basic programs (concluded):				
High school:				
Salaries	\$ 2,475,536	\$ 2,503,122	\$ 2,479,204	\$ (23,918)
Employee benefits	1,805,516	1,868,805	1,852,621	(16,184)
Purchased services	321,849	315,761	293,348	(22,413)
Supplies and materials	126,211	123,449	115,222	(8,227)
Capital outlay	201,348	206,100	191,895	(14,205)
Other	11,900	7,900	14,685	6,785
Total high school	4,942,360	5,025,137	4,946,975	(78,162)
Pre-school:				
Purchased services	28,980	35,636	32,309	(3,327)
Supplies and materials	1,200	1,000	1,112	112
Total pre-school	30,180	36,636	33,421	(3,215)
Summer school:				
Salaries	90,750	138,834	151,998	13,164
Employee benefits	35,000	70,254	74,859	4,605
Purchased services	4,000	42,050	42,124	74
Total summer school	129,750	251,138	268,981	17,843
Total basic programs	15,385,872	15,600,765	15,478,353	(122,412)
Added needs:				
Special education:				
Salaries	1,244,321	1,188,720	1,185,471	(3,249)
Employee benefits	1,000,634	969,995	965,521	(4,474)
Purchased services	54,750	24,450	15,027	(9,423)
Supplies and materials	9,950	13,200	9,639	(3,561)
Total special education	2,309,655	2,196,365	2,175,658	(20,707)
Compensatory education:				
Salaries	445,106	606,935	582,897	(24,038)
Employee benefits	247,004	319,455	314,834	(4,621)
Purchased services	8,000	37,700	37,441	(259)
Supplies and materials	30,551	2,607	2,333	(274)
Total compensatory education	730,661	966,697	937,505	(29,192)
Total added needs	3,040,316	3,163,062	3,113,163	(49,899)

continued...

PLAINWELL COMMUNITY SCHOOLS

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Instruction (concluded):				
Adult and continuing education:				
Basic:				
Salaries	\$ 53,820	\$ 71,647	\$ 54,465	\$ (17,182)
Employee benefits	18,840	18,566	17,226	(1,340)
Purchased services	77,032	99,907	71,205	(28,702)
Supplies and materials	18,668	17,761	13,067	(4,694)
Total basic	168,360	207,881	155,963	(51,918)
Secondary:				
Salaries	35,245	54,416	44,994	(9,422)
Employee benefits	22,849	18,456	16,065	(2,391)
Purchased services	68,494	66,958	43,259	(23,699)
Supplies and materials	40,220	10,937	12,756	1,819
Total secondary	166,808	150,767	117,074	(33,693)
Total adult and continuing education	335,168	358,648	273,037	(85,611)
Total instruction	18,761,356	19,122,475	18,864,553	(257,922)
Supporting services:				
Pupil services:				
Guidance services:				
Salaries	372,796	334,518	332,528	(1,990)
Employee benefits	273,457	223,019	220,824	(2,195)
Purchased services	50,581	49,239	123,074	73,835
Total guidance services	696,834	606,776	676,426	69,650
Health services:				
Salaries	45,789	48,067	48,067	-
Employee benefits	29,735	44,021	43,840	(181)
Supplies and materials	1,000	500	516	16
Total health services	76,524	92,588	92,423	(165)
Psychological services:				
Salaries	72,614	73,609	73,609	-
Employee benefits	58,585	60,955	61,441	486
Supplies and materials	2,500	2,000	2,600	600
Total psychological services	133,699	136,564	137,650	1,086

continued...

PLAINWELL COMMUNITY SCHOOLS

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Supporting services (continued):				
Pupil services (concluded):				
Speech services:				
Salaries	\$ 83,613	\$ 93,017	\$ 93,017	\$ -
Employee benefits	55,444	59,565	59,358	(207)
Purchased services	131,169	80,500	83,021	2,521
Supplies and materials	1,500	1,500	841	(659)
Total speech services	271,726	234,582	236,237	1,655
Social work services:				
Salaries	173,331	204,648	199,875	(4,773)
Employee benefits	117,185	138,587	132,917	(5,670)
Purchased services	78,000	-	-	-
Supplies and materials	750	500	349	(151)
Total social work	369,266	343,735	333,141	(10,594)
Other pupil services:				
Salaries	-	102,216	102,499	283
Employee benefits	-	74,806	73,861	(945)
Total other pupil services	-	177,022	176,360	(662)
Total pupil services	1,548,049	1,591,267	1,652,237	60,970
Instructional staff:				
Improvement of instruction:				
Salaries	134,467	141,109	138,261	(2,848)
Employee benefits	82,130	88,895	81,008	(7,887)
Purchased services	20,985	31,248	30,028	(1,220)
Supplies and materials	940	1,200	923	(277)
Total improvement of instruction	238,522	262,452	250,220	(12,232)
Educational media services:				
Salaries	64,500	52,293	50,113	(2,180)
Employee benefits	32,160	27,977	27,695	(282)
Purchased services	14,556	11,270	5,994	(5,276)
Supplies and materials	13,936	9,981	7,622	(2,359)
Other	1,865	1,515	1,294	(221)
Total educational media services	127,017	103,036	92,718	(10,318)
Supervision and direction of instructional staff:				
Salaries	165,422	197,026	195,825	(1,201)
Employee benefits	127,561	153,012	150,842	(2,170)
Purchased services	12,772	12,000	12,004	4
Total supervision and direction of instructional staff	305,755	362,038	358,671	(3,367)

continued...

PLAINWELL COMMUNITY SCHOOLS

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Supporting services (continued):				
Instructional (concluded):				
Academic student assessment:				
Supplies and materials	\$ 3,280	\$ 3,708	\$ 2,313	\$ (1,395)
Total instructional staff	674,574	731,234	703,922	(27,312)
General administration:				
Board of Education:				
Purchased services	83,420	74,482	66,568	(7,914)
Other	20,501	6,991	11,535	4,544
Total board of education	103,921	81,473	78,103	(3,370)
Executive administration:				
Salaries	248,151	255,726	255,384	(342)
Employee benefits	167,548	192,074	194,234	2,160
Purchased services	8,300	11,231	11,571	340
Supplies and materials	6,000	6,500	3,366	(3,134)
Other	8,000	11,372	14,742	3,370
Total executive administration	437,999	476,903	479,297	2,394
Total general administration	541,920	558,376	557,400	(976)
School administration:				
Office of the Principal:				
Salaries	1,002,200	966,358	975,727	9,369
Employee benefits	670,453	675,359	677,754	2,395
Purchased services	56,640	27,654	21,861	(5,793)
Supplies and materials	16,200	18,500	15,674	(2,826)
Other	11,844	11,180	11,189	9
Total office of the principal	1,757,337	1,699,051	1,702,205	3,154
Other administration:				
Salaries	6,500	25,701	-	(25,701)
Employee benefits	1,820	7,453	-	(7,453)
Supplies and materials	2,360	1,820	637	(1,183)
Total other administration	10,680	34,974	637	(34,337)
Total school administration	1,768,017	1,734,025	1,702,842	(31,183)

continued...

PLAINWELL COMMUNITY SCHOOLS

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Supporting services (continued):				
Business:				
Fiscal services:				
Salaries	\$ 201,043	\$ 212,879	\$ 211,006	\$ (1,873)
Employee benefits	161,559	153,436	153,108	(328)
Purchased services	49,550	43,500	42,496	(1,004)
Supplies and materials	5,500	8,100	13,045	4,945
Other	13,000	13,000	9,870	(3,130)
Total fiscal services	430,652	430,915	429,525	(1,390)
Other:				
Other	5,000	17,500	14,967	(2,533)
Total business	435,652	448,415	444,492	(3,923)
Operating and buildings services:				
Salaries	620,261	616,100	607,570	(8,530)
Employee benefits	521,384	509,158	512,486	3,328
Purchased services	1,633,398	1,760,152	1,760,911	759
Security services	78,852	97,050	22,917	(74,133)
Supplies and materials	209,000	298,500	335,547	37,047
Capital outlay	90,097	44,528	53,653	9,125
Other	4,000	4,000	4,938	938
Total operating and buildings services	3,156,992	3,329,488	3,298,022	(31,466)
Pupil transportation:				
Salaries	315,000	346,040	321,324	(24,716)
Employee benefits	271,214	261,428	253,751	(7,677)
Purchased services	222,361	214,149	197,156	(16,993)
Capital outlay	30,000	30,000	26,492	(3,508)
Other	6,000	7,500	5,274	(2,226)
Total pupil transportation	844,575	859,117	803,997	(55,120)
Central services:				
Communication services:				
Salaries	62,020	66,313	63,891	(2,422)
Employee benefits	53,766	58,705	57,969	(736)
Purchased services	47,400	43,300	34,584	(8,716)
Supplies and materials	23,000	18,500	16,915	(1,585)
Other	125	125	125	-
Total communication services	186,311	186,943	173,484	(13,459)

continued...

PLAINWELL COMMUNITY SCHOOLS

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Supporting services (concluded):				
Staff/personnel services:				
Purchased services	\$ 1,448	\$ 118,880	\$ 118,621	\$ (259)
Support services technology:				
Salaries	-	634	633	(1)
Employee benefits	-	112	112	-
Purchased services	398,500	470,100	460,782	(9,318)
Supplies and materials	40,000	55,000	51,880	(3,120)
Capital outlay	150,000	155,000	108,375	(46,625)
Total support services technology	588,500	680,846	621,782	(59,064)
Total central services	776,259	986,669	913,887	(72,782)
Athletic activities:				
Salaries	164,734	233,776	231,435	(2,341)
Employee benefits	76,520	135,434	134,395	(1,039)
Purchased services	378,973	295,771	275,784	(19,987)
Supplies and materials	52,750	58,250	55,003	(3,247)
Capital outlay	21,500	24,000	19,593	(4,407)
Total athletic activities	694,477	747,231	716,210	(31,021)
Total supporting services	10,440,515	10,985,822	10,793,009	(192,813)
Community services:				
Direction:				
Salaries	107,430	108,214	106,547	(1,667)
Employee benefits	71,668	75,164	74,597	(567)
Purchased services	5,850	2,150	648	(1,502)
Supplies and materials	1,500	1,500	542	(958)
Other	6,500	6,000	4,469	(1,531)
Total direction	192,948	193,028	186,803	(6,225)
Community programs:				
Salaries	85,500	81,167	75,407	(5,760)
Employee benefits	48,662	44,320	43,183	(1,137)
Purchased services	36,635	26,100	17,000	(9,100)
Supplies and materials	16,100	16,100	15,413	(687)
Other	1,500	1,000	165	(835)
Total community programs	188,397	168,687	151,168	(17,519)

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PLAINWELL COMMUNITY SCHOOLS

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Custody and care of children:				
Salaries	\$ 127,000	\$ 166,017	\$ 168,792	\$ 2,775
Employee benefits	73,811	70,630	69,554	(1,076)
Purchased services	262,500	317,816	324,344	6,528
Supplies and materials	60,909	73,000	74,057	1,057
Total custody and care of children	<u>524,220</u>	<u>627,463</u>	<u>636,747</u>	<u>9,284</u>
Drivers Education:				
Salaries	27,949	12,420	7,564	(4,856)
Employee benefits	10,067	2,933	1,283	(1,650)
Purchased services	11,500	2,000	681	(1,319)
Supplies and materials	1,950	1,300	1,652	352
Total drivers education	<u>51,466</u>	<u>18,653</u>	<u>11,180</u>	<u>(7,473)</u>
Total community services	<u>957,031</u>	<u>1,007,831</u>	<u>985,898</u>	<u>(21,933)</u>
Facilities capital outlay	<u>500,000</u>	<u>700,000</u>	<u>628,399</u>	<u>(71,601)</u>
Total expenditures	<u>30,658,902</u>	<u>31,817,128</u>	<u>31,271,859</u>	<u>(545,269)</u>
Revenues over (under) expenditures	<u>(1,562,042)</u>	<u>965,194</u>	<u>1,709,211</u>	<u>744,017</u>
Other financing sources (uses)				
Transfers in	20,000	20,000	20,000	-
Transfers out	-	(1,000,000)	(1,500,000)	(500,000)
Total other financing sources (uses)	<u>20,000</u>	<u>(980,000)</u>	<u>(1,480,000)</u>	<u>(500,000)</u>
Net change in fund balance	<u>(1,542,042)</u>	<u>(14,806)</u>	<u>229,211</u>	<u>244,017</u>
Fund balance, beginning of year	<u>5,812,710</u>	<u>5,812,710</u>	<u>5,812,710</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,270,668</u>	<u>\$ 5,797,904</u>	<u>\$ 6,041,921</u>	<u>\$ 244,017</u>

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PLAINWELL COMMUNITY SCHOOLS

Nonmajor Governmental Funds

Special Revenue Funds

Food Service Fund - This fund is used to account for the revenue and expenditures of the school lunch program. Revenues consist of sales of food and federal and state government subsidies.

Student/School Activity Fund - This fund is used to account for the revenue and expenditures of the student and school activity accounts.

Debt Service Funds

2012 Refunding Debt Service Fund - This fund accounts for payments on the 2012 Refunding bonds issued for refunding of the 2002 Bonds.

2013 Refunding Debt Service Fund - This fund accounts for payments on the 2013 Refunding bonds issued for refunding of the school bond loan fund.

2015 Refunding Debt Service Fund - This fund accounts for payments on the 2015 Refunding bonds issued for refunding of the 2005 Bonds.

2017 Refunding Debt Service Fund - This fund accounts for payments on the 2017 Refunding bonds issued for refunding of the 2007 Bonds.

2020 Refunding Debt Service Fund - This fund accounts for payments on the 2020 Refunding bonds issued for refunding of the school bond loan fund.

PLAINWELL COMMUNITY SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2022

	Special Revenue		Debt Service		
	Food Service	Student/School Activity	2012 Refunding	2013 Refunding	2015 Refunding
Assets					
Cash and cash equivalents	\$ 704,388	\$ 405,138	\$ -	\$ 197,086	\$ -
Accounts receivable	2,104	-	-	-	-
Due from other governments	223,690	-	-	-	-
Due from other funds	11,220	47,902	-	14,082	-
Inventory	28,979	-	-	-	-
Total assets	<u>\$ 970,381</u>	<u>\$ 453,040</u>	<u>\$ -</u>	<u>\$ 211,168</u>	<u>\$ -</u>
Liabilities					
Accounts payable	\$ 31,924	\$ 1,504	\$ -	\$ -	\$ -
Accrued liabilities	2,689	-	-	-	-
Due to other funds	38,131	25,099	-	-	-
Unearned revenue	84,984	-	-	-	-
Total liabilities	<u>157,728</u>	<u>26,603</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	28,979	-	-	-	-
Restricted	783,674	-	-	211,168	-
Committed	-	426,437	-	-	-
Total fund balances	<u>812,653</u>	<u>426,437</u>	<u>-</u>	<u>211,168</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 970,381</u>	<u>\$ 453,040</u>	<u>\$ -</u>	<u>\$ 211,168</u>	<u>\$ -</u>



Debt Service		
2017 Refunding	2020 Refunding	Total
\$ 292,250	\$ 51,903	\$ 1,650,765
-	-	2,104
-	-	223,690
31,000	4,803	109,007
-	-	28,979
<hr/>		
\$ 323,250	\$ 56,706	2,014,545
<hr/>		
\$ -	\$ -	33,428
-	-	2,689
-	-	63,230
-	-	84,984
<hr/>		
-	-	184,331
<hr/>		
-	-	28,979
323,250	56,706	1,374,798
-	-	426,437
<hr/>		
323,250	56,706	1,830,214
<hr/>		
\$ 323,250	\$ 56,706	\$ 2,014,545
<hr/>		

PLAINWELL COMMUNITY SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2022

	Special Revenue		Debt Service		
	Food Service	Student/School Activity	2012 Refunding	2013 Refunding	2015 Refunding
Revenues					
Local sources	\$ 67,620	\$ 438,096	\$ -	\$ 2,081,480	\$ -
State sources	45,347	-	-	41,882	-
Federal sources	1,499,868	-	-	-	-
Total revenues	<u>1,612,835</u>	<u>438,096</u>	<u>-</u>	<u>2,123,362</u>	<u>-</u>
Expenditures					
Current:					
Food services	1,195,634	-	-	-	-
Student/school activity	-	393,603	-	-	-
Debt service:					
Principal	-	-	-	1,870,000	-
Interest and fiscal charges	-	-	-	68,387	-
Total expenditures	<u>1,195,634</u>	<u>393,603</u>	<u>-</u>	<u>1,938,387</u>	<u>-</u>
Revenues over (under) expenditures	<u>417,201</u>	<u>44,493</u>	<u>-</u>	<u>184,975</u>	<u>-</u>
Other financing sources (uses)					
Transfers out	(20,000)	-	-	-	-
Issuance of long-term debt	-	-	-	20,410	-
Total other financing sources (uses)	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>20,410</u>	<u>-</u>
Net change in fund balances	<u>397,201</u>	<u>44,493</u>	<u>-</u>	<u>205,385</u>	<u>-</u>
Fund balances, beginning of year	<u>415,452</u>	<u>381,944</u>	<u>-</u>	<u>5,783</u>	<u>-</u>
Fund balances, end of year	<u>\$ 812,653</u>	<u>\$ 426,437</u>	<u>\$ -</u>	<u>\$ 211,168</u>	<u>\$ -</u>



Debt Service		
2017 Refunding	2020 Refunding	Total
\$ 3,100,044	\$ 552,767	\$ 6,240,007
62,174	11,101	160,504
-	-	1,499,868
3,162,218	563,868	7,900,379
-	-	1,195,634
-	-	393,603
2,760,000	170,000	4,800,000
133,893	670,123	872,403
2,893,893	840,123	7,261,640
268,325	(276,255)	638,739
-	-	(20,000)
37,494	159,820	217,724
37,494	159,820	197,724
305,819	(116,435)	836,463
17,431	173,141	993,751
\$ 323,250	\$ 56,706	\$ 1,830,214

PLAINWELL COMMUNITY SCHOOLS

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Food Service Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources:				
Lunch sales	\$ 410,531	\$ 65,811	\$ 67,152	\$ 1,341
Other	467	467	468	1
Total local sources	410,998	66,278	67,620	1,342
State sources - State School Aid	38,736	31,941	45,347	13,406
Federal sources:				
Federal aid received through the State	598,592	1,431,135	1,420,340	(10,795)
USDA donated commodities	48,907	48,907	79,528	30,621
Total federal sources	647,499	1,480,042	1,499,868	19,826
Total revenues	1,097,233	1,578,261	1,612,835	34,574
Expenditures				
Current - food services	1,109,334	1,280,067	1,195,634	(84,433)
Revenues over (under) expenditures	(12,101)	298,194	417,201	119,007
Other financing uses				
Transfers out	(20,000)	(20,000)	(20,000)	-
Net change in fund balance	(32,101)	278,194	397,201	119,007
Fund balance, beginning of year	415,452	415,452	415,452	-
Fund balance, end of year	\$ 383,351	\$ 693,646	\$ 812,653	\$ 119,007

PLAINWELL COMMUNITY SCHOOLS

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Student/School Activity Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources:				
Student/school activity grants and fees	\$ 375,000	\$ 340,000	\$ 438,096	\$ 98,096
Expenditures				
Current - student/school activity	375,000	370,000	393,603	23,603
Net change in fund balance	-	(30,000)	44,493	74,493
Fund balance, beginning of year	381,944	381,944	381,944	-
Fund balance, end of year	<u>\$ 381,944</u>	<u>\$ 351,944</u>	<u>\$ 426,437</u>	<u>\$ 74,493</u>