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# Plymouth-Canton Community Schools

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**Financial Report  
with Supplementary Information  
June 30, 2023**

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## **Independent Auditor's Report**

To the Board of Education  
Plymouth-Canton Community Schools

### **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 Plymouth-Canton Community Schools (the "School District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

To the Board of Education  
Plymouth-Canton Community Schools

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

#### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education  
Plymouth-Canton Community Schools

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

October 5, 2023

This section of Plymouth-Canton Community Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### ***Using This Annual Report***

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Plymouth-Canton Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the Funded Projects Fund, the 2020 Capital Projects Fund, and the 2023 Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statements consist of the Internal Service Fund statements. The Internal Service Fund statements present financial information about medical benefits provided to school district employees. This report is composed of the following elements:

#### **Management's Discussion and Analysis (MD&A) (Required Supplementary Information)**

##### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

##### **Required Supplementary Information**

Budgetary Comparison Schedule for Major Fund

Budgetary Comparison Schedule - Major Special Revenue Fund

Schedules of the School District's Proportionate Share of the Net Pension and OPEB Liabilities

Schedules of Pension and OPEB Contributions

##### **Other Supplementary Information**

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

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

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

# Plymouth-Canton Community Schools

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## Management's Discussion and Analysis (Continued)

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

### ***Reporting the School District's Fund Financial Statements***

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

### **Governmental Funds**

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

### **Proprietary Funds**

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent health insurance benefits.

## Plymouth-Canton Community Schools

### Management's Discussion and Analysis (Continued)

#### The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2023 and 2022:

|                                       | Governmental Activities |            |
|---------------------------------------|-------------------------|------------|
|                                       | 2023                    | 2022       |
|                                       | (in millions)           |            |
| <b>Assets</b>                         |                         |            |
| Current and other assets              | \$ 242.5                | \$ 168.7   |
| Capital assets                        | 252.3                   | 225.8      |
| Total assets                          | 494.8                   | 394.5      |
| <b>Deferred Outflows of Resources</b> | 176.8                   | 92.7       |
| <b>Liabilities</b>                    |                         |            |
| Current liabilities                   | 39.3                    | 32.1       |
| Noncurrent liabilities                | 327.9                   | 253.4      |
| Net pension liability                 | 430.2                   | 263.1      |
| Net OPEB liability                    | 24.3                    | 17.2       |
| Total liabilities                     | 821.7                   | 565.8      |
| <b>Deferred Inflows of Resources</b>  | 83.1                    | 170.0      |
| <b>Net Position (Deficit)</b>         |                         |            |
| Net investment in capital assets      | 61.3                    | 49.6       |
| Restricted                            | 11.6                    | 7.7        |
| Unrestricted                          | (306.1)                 | (305.9)    |
| Total net position (deficit)          | \$ (233.2)              | \$ (248.6) |

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(233.2) million at June 30, 2023. Net investment in capital assets totaling \$61.3 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(306.1) million) was unrestricted and represents the accumulated results of all past years' operations.

The \$(306.1) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in net pension/OPEB liabilities will have significant impacts on the change in unrestricted net position from year to year.

## Plymouth-Canton Community Schools

### Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2023 and 2022:

|   | Governmental Activities |            |
|---|-------------------------|------------|
|   | 2023                    | 2022       |
|   | (in millions)           |            |
| <b>Revenue</b>                                    |                         |            |
| Program revenue:                                  |                         |            |
| Charges for services                              | \$ 7.5                  | \$ 4.0     |
| Operating grants                                  | 74.5                    | 75.4       |
| General revenue:                                  |                         |            |
| Taxes   | 60.9                    | 57.4       |
| State aid not restricted to specific purposes     | 119.8                   | 113.0      |
| Other   | 11.0                    | 7.2        |
| Total revenue                                     | 273.7                   | 257.0      |
| <b>Expenses</b>                                   |                         |            |
| Instruction                                       | 135.9                   | 117.7      |
| Support services                                  | 89.4                    | 81.8       |
| Athletics   | 2.3                     | 2.3        |
| Food services                                     | 6.5                     | 6.7        |
| Community services                                | 5.3                     | 4.1        |
| Debt service                                      | 6.2                     | 5.3        |
| Depreciation expense (unallocated)                | 12.7                    | 12.0       |
| Total expenses                                    | 258.3                   | 229.9      |
| <b>Change in Net Position</b>                     | 15.4                    | 27.1       |
| <b>Net Position (Deficit) - Beginning of year</b> | (248.6)                 | (275.7)    |
| <b>Net Position (Deficit) - End of year</b>       | \$ (233.2)              | \$ (248.6) |

As reported in the statement of activities, the cost of all of our governmental activities this year was \$258.3 million. Certain activities were partially funded from those who benefited from the programs (\$7.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$74.5 million). We paid for the remaining public benefit portion of our governmental activities with \$60.9 million in taxes, \$119.8 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$15.4 million. Key reasons for the change in net position were increases in operating grants and contributions and decreases in the cost of instruction due to the use of federal grants for staff salaries and benefits.

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

#### ***The School District's Funds***

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

# Plymouth-Canton Community Schools

## Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$197.4 million, which is an increase of \$67.8 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance increased by \$1.1 million to \$42.0 million. The change is mainly due to the increase of \$450 per membership student by the state Legislature, which significantly increased revenue in the School Aid Fund due to a state revenue surplus; however, there was an increase in salaries and wages due to collective bargaining agreements.

The fund balances of our special revenue funds remained consistent but were impacted by student tuition-based programming within the School District and the universal feeding program instituted during the COVID-19 pandemic by the USDA.

The combined fund balance of our debt service funds increased by \$1.6 million. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can only be used to pay debt service obligations.

The combined fund balance of our capital projects funds increased by \$64.7 million. This change was due to the issuance of the 2023 Capital Projects Fund additional proceeds of \$87.5 million netted against the continued spending of the 2020 Capital Projects Fund bond projects.

### **Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2023. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

There were significant revisions made to the 2022-2023 original budget. Budgeted revenue was increased due to a one-time 147c(2) deposit from the State of Michigan towards the Michigan Public Schools Employees' Retirement System (MPSERS) in the amount of \$11.5.

Budgeted expenditures were increased by \$18 million to account for the School District's contribution to the Michigan Public Schools Employees' Retirement System with funds deposited by the State of Michigan and the actual salary and benefits of the staff and contracted services contracts.

There were no significant variances between the General Fund final budget and actual amounts except reductions in operating costs during the pandemic due to lack of staffing through our third-party contracts for substitute teaching, paraprofessionals, custodial services, and transportation services, which created savings year over year, use of federal funds for certain positions and continued issues with the timing of receipt of goods.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

As of June 30, 2023 and 2022, the School District had \$252.3 million and \$225.8 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment.

|  | Governmental Activities |                       |
|--|-------------------------|-----------------------|
|  | 2023                    | 2022                  |
| Land   | \$ 4,297,999            | \$ 4,297,999          |
| Construction in progress                               | 33,951,812              | 5,806,991             |
| Buildings and improvements                             | 200,349,495             | 202,832,300           |
| Furniture and equipment                                | 9,276,223               | 7,585,735             |
| Buses and other vehicles                               | 4,450,121               | 5,271,089             |
|  | <u>\$ 252,325,650</u>   | <u>\$ 225,794,114</u> |
| Total capital assets - Net of accumulated depreciation |                         |                       |

## Plymouth-Canton Community Schools

### Management's Discussion and Analysis (Continued)

This year's additions of \$39.4 million included vehicles, cafeteria equipment, technology, building renovations, new school construction, and buses. Several major capital projects are planned for the 2023-2024 fiscal year. We anticipate capital additions will be comparable to this year. We present more detailed information about our capital assets in the notes to the financial statements.

#### **Debt**

At the end of this year, the School District had \$301.3 million in bonds outstanding versus \$236.6 million in the previous year, a change of 27.3 percent.

The School District's general obligation bond rating is currently Aa2. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$301.3 million is significantly below the statutorily imposed limit.

Other obligations include workers' compensation and health benefit obligations, accrued vacation pay, and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements.

#### ***Economic Factors and Next Year's Budgets and Rates***

Our elected officials and administration consider many factors when setting the School District's 2023-2024 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2023-2024 budget was adopted in June 2023 based on an estimate of students who will enroll in September 2023.

Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2023-2024 school year, we anticipate that the fall student count will exceed the estimates used in creating the initial 2023-2024 General Fund budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation. Subsequent to the close of the School District's fiscal year, the State approved an increase in base foundation from \$9,150 to \$9,608 per pupil. This alone will significantly reduce, if not eliminate, the current projected shortfall for the 2023-2024 General Fund budget.

The School District has also received several federal grants to support the additional staff salaries and benefits, specifically under the federal ESSER ARP and Section 11t funds allocations anticipated in the 2023-2024 school year to recover student learning loss, particularly among at-risk student populations, which occurred during the pandemic. We will utilize these funds to cover all allowable costs. The School District will then need to evaluate the funds' effectiveness to determine which positions will continue beyond the 2023-2024 school year.

#### ***Contacting the School District's Management***

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact us at 454 South Harvey Street, Plymouth, MI 48170.

June 30, 2023

Governmental  
Activities

**Assets**

|                                      |                    |
|--------------------------------------|--------------------|
| Cash and investments (Notes 4 and 5) | \$ 41,049,249      |
| Receivables:                         |                    |
| Property taxes receivable            | 243,435            |
| Accrued interest receivable          | 89,158             |
| Other receivables                    | 193,701            |
| Due from other governments           | 42,638,840         |
| Inventory                            | 238,531            |
| Prepaid expenses and other assets    | 169,438            |
| Restricted assets (Notes 4 and 7)    | 157,897,486        |
| Capital assets - Net (Note 8)        | <u>252,325,650</u> |
| Total assets                         | 494,845,488        |

**Deferred Outflows of Resources**

|                                      |                   |
|--------------------------------------|-------------------|
| Deferred pension costs (Note 12)     | 141,738,518       |
| Deferred OPEB costs (Note 12)        | <u>35,032,999</u> |
| Total deferred outflows of resources | 176,771,517       |

**Liabilities**

|                                     |                   |
|-------------------------------------|-------------------|
| Accounts payable                    | 9,402,259         |
| Accrued liabilities and other       | 25,262,726        |
| Unearned revenue (Note 6)           | 4,645,946         |
| Noncurrent liabilities:             |                   |
| Due within one year (Note 10)       | 24,786,297        |
| Due in more than one year (Note 10) | 303,113,372       |
| Net pension liability (Note 12)     | 430,150,738       |
| Net OPEB liability (Note 12)        | <u>24,323,732</u> |
| Total liabilities                   | 821,685,070       |

**Deferred Inflows of Resources**

|   |                   |
|---|-------------------|
| Deferred benefit on bond refunding (Note 10)  | 1,299,445         |
| Revenue in support of pension contributions made subsequent to the measurement date (Note 12) | 31,184,529        |
| Deferred pension cost reductions (Note 12)  | 1,155,236         |
| Deferred OPEB cost reductions (Note 12)   | <u>49,468,813</u> |
| Total deferred inflows of resources   | <u>83,108,023</u> |

**Net Position (Deficit)**

|                                  |                                |
|----------------------------------|--------------------------------|
| Net investment in capital assets | 61,269,718                     |
| Restricted:                      |                                |
| Debt service                     | 7,855,922                      |
| Capital projects                 | 3,746,074                      |
| Unrestricted                     | <u>(306,047,802)</u>           |
| Total net position (deficit)     | <u><u>\$ (233,176,088)</u></u> |

# Plymouth-Canton Community Schools

## Statement of Activities

Year Ended June 30, 2023

| Functions/Programs   | Expenses              | Program Revenue      |                                    | Governmental                                      |
|--|-----------------------|----------------------|------------------------------------|---|
|  |                       | Charges for Services | Operating Grants and Contributions | Activities  |
|  |                       |                      |                                    | Net (Expense) Revenue and Changes in Net Position |
| Primary government - Governmental activities:                        |                       |                      |                                    |   |
| Instruction  | \$ 135,865,754        | \$ -                 | \$ 50,230,249                      | \$ (85,635,505)                                   |
| Support services   | 89,421,745            | -                    | 21,712,571                         | (67,709,174)                                      |
| Athletics  | 2,277,497             | 1,014,777            | -                                  | (1,262,720)                                       |
| Food services  | 6,451,669             | 2,910,533            | 2,599,645                          | (941,491)   |
| Community services   | 5,279,676             | 3,525,806            | -                                  | (1,753,870)                                       |
| Interest   | 5,745,975             | -                    | -                                  | (5,745,975)                                       |
| Other debt costs   | 421,842               | -                    | -                                  | (421,842)   |
| Depreciation expense (unallocated)                                   | 12,744,723            | -                    | -                                  | (12,744,723)                                      |
| Total primary government   | <u>\$ 258,208,881</u> | <u>\$ 7,451,116</u>  | <u>\$ 74,542,465</u>               | (176,215,300)                                     |
| General revenue:   |                       |                      |                                    |   |
| Taxes:   |                       |                      |                                    |   |
| Property taxes levied for general purposes                           |                       |                      |                                    | 32,079,037  |
| Property taxes levied for debt service                               |                       |                      |                                    | 28,830,766  |
| State aid not restricted to specific purposes                        |                       |                      |                                    | 119,776,586                                       |
| Federal grants and contributions not restricted to specific purposes |                       |                      |                                    | 910,586   |
| Interest and investment earnings                                     |                       |                      |                                    | 4,685,427   |
| Penalties, interest, and other taxes                                 |                       |                      |                                    | 33,986  |
| Gain on sale of capital assets                                       |                       |                      |                                    | 519,980   |
| Other  |                       |                      |                                    | 4,820,890   |
| Total general revenue  |                       |                      |                                    | <u>191,657,258</u>                                |
| Change in Net Position   |                       |                      |                                    | 15,441,958  |
| Net Position (Deficit) - Beginning of year                           |                       |                      |                                    | <u>(248,618,046)</u>                              |
| Net Position (Deficit) - End of year                                 |                       |                      |                                    | <u>\$ (233,176,088)</u>                           |

# Plymouth-Canton Community Schools

## Governmental Funds Balance Sheet

June 30, 2023

|  | General Fund         | Funded<br>Projects Fund | 2020 Capital<br>Projects Fund | 2023 Capital<br>Projects Fund | Nonmajor<br>Funds    | Total<br>Governmental<br>Funds |
|--|----------------------|-------------------------|-------------------------------|-------------------------------|----------------------|--------------------------------|
| <b>Assets</b>  |                      |                         |                               |                               |                      |                                |
| Cash and investments (Notes 4 and 5)   | \$ 24,343,387        | \$ -                    | \$ -                          | \$ -                          | \$ 11,665,392        | \$ 36,008,779                  |
| Receivables:   |                      |                         |                               |                               |                      |                                |
| Property taxes receivable  | 241,808              | -                       | -                             | -                             | 1,627                | 243,435                        |
| Accrued interest receivable  | -                    | -                       | -                             | -                             | 89,158               | 89,158                         |
| Other receivables  | 194,860              | -                       | -                             | -                             | (1,159)              | 193,701                        |
| Due from other governments   | 30,587,030           | 11,980,756              | -                             | -                             | 71,054               | 42,638,840                     |
| Due from other funds (Note 9)  | 9,548,997            | 96,594                  | -                             | -                             | 2,010,429            | 11,656,020                     |
| Inventory  | 133,153              | -                       | -                             | -                             | 105,378              | 238,531                        |
| Prepaid expenses   | 169,438              | -                       | -                             | -                             | -                    | 169,438                        |
| Restricted assets (Notes 4 and 7)  | -                    | -                       | 46,642,401                    | 100,218,279                   | 11,036,806           | 157,897,486                    |
| <b>Total assets</b>  | <b>\$ 65,218,673</b> | <b>\$ 12,077,350</b>    | <b>\$ 46,642,401</b>          | <b>\$ 100,218,279</b>         | <b>\$ 24,978,685</b> | <b>\$ 249,135,388</b>          |
| <b>Liabilities</b>   |                      |                         |                               |                               |                      |                                |
| Accounts payable   | \$ 1,553,592         | \$ 139,118              | \$ 6,731,964                  | \$ -                          | \$ 977,585           | \$ 9,402,259                   |
| Due to other funds (Note 9)  | 227,104              | 5,875,376               | 2,951,727                     | -                             | 4,437,774            | 13,491,981                     |
| Accrued liabilities and other  | 21,243,897           | 1,851,852               | -                             | -                             | 677,424              | 23,773,173                     |
| Unearned revenue (Note 6)  | 152,939              | 4,239,806               | -                             | -                             | 253,201              | 4,645,946                      |
| <b>Total liabilities</b>   | <b>23,177,532</b>    | <b>12,106,152</b>       | <b>9,683,691</b>              | <b>-</b>                      | <b>6,345,984</b>     | <b>51,313,359</b>              |
| <b>Deferred Inflows of Resources -</b>   |                      |                         |                               |                               |                      |                                |
| Unavailable revenue (Note 6)   | -                    | 450,058                 | -                             | -                             | -                    | 450,058                        |
| <b>Total liabilities and deferred inflows of resources</b>                           | <b>23,177,532</b>    | <b>12,556,210</b>       | <b>9,683,691</b>              | <b>-</b>                      | <b>6,345,984</b>     | <b>51,763,417</b>              |
| <b>Fund Balances (Deficit)</b>   |                      |                         |                               |                               |                      |                                |
| <b>Nonspendable:</b>   |                      |                         |                               |                               |                      |                                |
| Inventory  | 133,153              | -                       | -                             | -                             | 105,378              | 238,531                        |
| Prepays  | 169,438              | -                       | -                             | -                             | -                    | 169,438                        |
| <b>Restricted:</b>   |                      |                         |                               |                               |                      |                                |
| Debt service   | -                    | -                       | -                             | -                             | 9,345,475            | 9,345,475                      |
| Capital projects   | -                    | -                       | 36,958,710                    | 100,218,279                   | 2,482,426            | 139,659,415                    |
| Food service   | -                    | -                       | -                             | -                             | 2,624,313            | 2,624,313                      |
| <b>Committed:</b>  |                      |                         |                               |                               |                      |                                |
| Capital projects   | -                    | -                       | -                             | -                             | 727,129              | 727,129                        |
| Committed for community service  | -                    | -                       | -                             | -                             | 959,405              | 959,405                        |
| Committed for student activities   | -                    | -                       | -                             | -                             | 2,388,575            | 2,388,575                      |
| Assigned - Subsequent year budget shortfall  | 2,736,274            | -                       | -                             | -                             | -                    | 2,736,274                      |
| Unassigned   | 39,002,276           | (478,860)               | -                             | -                             | -                    | 38,523,416                     |
| <b>Total fund balances (deficit)</b>   | <b>42,041,141</b>    | <b>(478,860)</b>        | <b>36,958,710</b>             | <b>100,218,279</b>            | <b>18,632,701</b>    | <b>197,371,971</b>             |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b> | <b>\$ 65,218,673</b> | <b>\$ 12,077,350</b>    | <b>\$ 46,642,401</b>          | <b>\$ 100,218,279</b>         | <b>\$ 24,978,685</b> | <b>\$ 249,135,388</b>          |

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2023**

|   |                                |
|---|--------------------------------|
| <b>Fund Balances Reported in Governmental Funds</b>   | <b>\$ 197,371,971</b>          |
| Amounts reported for governmental activities in the statement of net position are different because:  |                                |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds  | 252,325,650                    |
| Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds                    | 450,058                        |
| Deferred inflows and outflows related to bond refundings are not reported in the funds  | (1,299,445)                    |
| Bonds payable, installment purchase agreements, and bond premiums are not due and payable in the current period and are not reported in the funds   | (325,669,828)                  |
| Accrued interest is not due and payable in the current period and is not reported in the funds  | (1,489,553)                    |
| Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:            |                                |
| Employee compensated absences and other employee-related obligations  | (1,160,853)                    |
| Net pension liability and related deferred inflows and outflows   | (289,567,456)                  |
| Net OPEB liability and related deferred inflows and outflows  | (38,759,546)                   |
| Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds | (31,184,529)                   |
| Internal service funds are included as part of governmental activities  | <u>5,807,443</u>               |
| <b>Net Position (Deficit) of Governmental Activities</b>  | <b><u>\$ (233,176,088)</u></b> |

# Plymouth-Canton Community Schools

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2023**

|  | General Fund         | Funded<br>Projects Fund | 2020 Capital<br>Projects Fund | 2023 Capital<br>Projects Fund | Nonmajor<br>Funds    | Total<br>Governmental<br>Funds |
|--|----------------------|-------------------------|-------------------------------|-------------------------------|----------------------|--------------------------------|
| <b>Revenue</b>   |                      |                         |                               |                               |                      |                                |
| Local sources  | \$ 36,444,407        | \$ 192,750              | \$ 2,330,002                  | \$ 520,792                    | \$ 38,413,271        | \$ 77,901,222                  |
| State sources  | 160,620,414          | 7,848,767               | -                             | -                             | 3,861,604            | 172,330,785                    |
| Federal sources  | 430,274              | 16,943,559              | -                             | -                             | 3,120,978            | 20,494,811                     |
| Interdistrict sources                                  | 11,118,941           | -                       | -                             | -                             | 4,858,374            | 15,977,315                     |
| <b>Total revenue</b>                                   | <b>208,614,036</b>   | <b>24,985,076</b>       | <b>2,330,002</b>              | <b>520,792</b>                | <b>50,254,227</b>    | <b>286,704,133</b>             |
| <b>Expenditures</b>                                    |                      |                         |                               |                               |                      |                                |
| <b>Current:</b>  |                      |                         |                               |                               |                      |                                |
| Instruction  | 124,828,046          | 14,107,912              | -                             | -                             | 4,686,011            | 143,621,969                    |
| Support services                                       | 77,834,444           | 8,394,377               | -                             | -                             | 5,647,277            | 91,876,098                     |
| Athletics  | 2,346,539            | -                       | -                             | -                             | -                    | 2,346,539                      |
| Food services  | -                    | 69,054                  | -                             | -                             | 6,563,769            | 6,632,823                      |
| Community services                                     | 856,294              | 1,765,565               | -                             | -                             | 2,896,069            | 5,517,928                      |
| <b>Debt service:</b>                                   |                      |                         |                               |                               |                      |                                |
| Principal  | -                    | -                       | -                             | -                             | 22,805,200           | 22,805,200                     |
| Interest   | 408,240              | -                       | -                             | -                             | 5,939,712            | 6,347,952                      |
| Other debt costs                                       | 2,100                | -                       | -                             | 415,291                       | 4,451                | 421,842                        |
| Capital outlay   | 1,016,638            | 481,316                 | 38,581,989                    | -                             | 98,293               | 40,178,236                     |
| <b>Total expenditures</b>                              | <b>207,292,301</b>   | <b>24,818,224</b>       | <b>38,581,989</b>             | <b>415,291</b>                | <b>48,640,782</b>    | <b>319,748,587</b>             |
| <b>Excess of Revenue Over (Under)<br/>Expenditures</b> | <b>1,321,735</b>     | <b>166,852</b>          | <b>(36,251,987)</b>           | <b>105,501</b>                | <b>1,613,445</b>     | <b>(33,044,454)</b>            |
| <b>Other Financing Sources (Uses)</b>                  |                      |                         |                               |                               |                      |                                |
| Face value of debt issued (Note 10)                    | -                    | -                       | -                             | 87,500,000                    | -                    | 87,500,000                     |
| Proceeds from sale of capital assets                   | 1,656                | -                       | -                             | -                             | 682,656              | 684,312                        |
| Premium on debt issued (Note 10)                       | -                    | -                       | -                             | 12,612,778                    | -                    | 12,612,778                     |
| Transfers in (Note 9)                                  | 243,016              | -                       | -                             | -                             | 513,350              | 756,366                        |
| Transfers out (Note 9)                                 | (472,500)            | (53,841)                | -                             | -                             | (230,025)            | (756,366)                      |
| <b>Total other financing<br/>(uses) sources</b>        | <b>(227,828)</b>     | <b>(53,841)</b>         | <b>-</b>                      | <b>100,112,778</b>            | <b>965,981</b>       | <b>100,797,090</b>             |
| <b>Net Change in Fund Balances</b>                     | <b>1,093,907</b>     | <b>113,011</b>          | <b>(36,251,987)</b>           | <b>100,218,279</b>            | <b>2,579,426</b>     | <b>67,752,636</b>              |
| <b>Fund Balances (Deficit) - Beginning of<br/>year</b> | <b>40,947,234</b>    | <b>(591,871)</b>        | <b>73,210,697</b>             | <b>-</b>                      | <b>16,053,275</b>    | <b>129,619,335</b>             |
| <b>Fund Balances (Deficit) - End of year</b>           | <b>\$ 42,041,141</b> | <b>\$ (478,860)</b>     | <b>\$ 36,958,710</b>          | <b>\$ 100,218,279</b>         | <b>\$ 18,632,701</b> | <b>\$ 197,371,971</b>          |

## Plymouth-Canton Community Schools

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

Year Ended June 30, 2023

|  |                                    |
|--|------------------------------------|
| <b>Net Change in Fund Balances Reported in Governmental Funds</b>  | <b>\$ 67,752,636</b>               |
| Amounts reported for governmental activities in the statement of activities are different because:   |                                    |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:   |                                    |
| Capitalized capital outlay   | 39,440,591                         |
| Depreciation expense   | (12,744,723)                       |
| Net book value of assets disposed of   | (164,332)                          |
| Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available   | (80,175)                           |
| Revenue in support of pension contributions made subsequent to the measurement date  | (13,493,099)                       |
| Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position   | (100,112,778)                      |
| Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds | 23,991,425                         |
| Interest expense is recognized in the government-wide statements as it accrues   | (584,248)                          |
| Some employee costs (pension, OPEB, compensated absences, and self-insurance) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds   | 9,987,155                          |
| Internal service funds are included as part of governmental activities   | <u>1,449,506</u>                   |
| <b>Change in Net Position of Governmental Activities</b>   | <b><u><u>\$ 15,441,958</u></u></b> |

## Plymouth-Canton Community Schools

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### Proprietary Fund Statement of Net Position

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**June 30, 2023**

Internal Service  
Fund

**Assets**

Current assets:

Cash and investments (Note 4)

\$ 5,040,470

Due from other funds (Note 9)

1,835,961

Total assets

6,876,431

**Liabilities - Current liabilities - Provision for claims (Notes 10 and 11)**

1,068,988

**Net Position - Unrestricted**

**\$ 5,807,443**

**Plymouth-Canton Community Schools**

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**Proprietary Fund**  
**Statement of Revenue, Expenses, and Changes in Net Position**

---

**Year Ended June 30, 2023**

|  | Internal Service<br>Fund   |
|--|----------------------------|
| <b>Operating Revenue - Charges for service</b>       | \$ 23,544,515              |
| <b>Operating Expenses - Medical benefits expense</b> | <u>22,095,009</u>          |
| <b>Change in Net Position - Operating income</b>     | 1,449,506                  |
| <b>Net Position - Beginning of year</b>              | <u>4,357,937</u>           |
| <b>Net Position - End of year</b>                    | <u><u>\$ 5,807,443</u></u> |

**Proprietary Fund  
Statement of Cash Flows**

---

**Year Ended June 30, 2023**

|  | Internal Service<br>Fund   |
|--|----------------------------|
| <b>Cash Flows from Operating Activities</b>  |                            |
| Medical benefit expenses paid  | \$ (24,002,540)            |
| Collections from other funds   | <u>23,544,515</u>          |
| <b>Net Decrease in Cash and Cash Equivalents - Net cash and cash equivalents used in operating activities</b>        | (458,025)                  |
| <b>Cash and Cash Equivalents - Beginning of year</b>   | <u>5,498,495</u>           |
| <b>Cash and Cash Equivalents - End of year</b>   | <u><u>\$ 5,040,470</u></u> |
| <b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>                                      |                            |
| Operating income   | \$ 1,449,506               |
| Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities: |                            |
| Accounts payable   | (6,671)                    |
| Due to and from other funds  | (3,869)                    |
| Medical benefits liabilities   | <u>(1,896,991)</u>         |
| Net cash and cash equivalents used in operating activities   | <u><u>\$ (458,025)</u></u> |

**Note 1 - Nature of Business**

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

**Note 2 - Significant Accounting Policies**

***Accounting and Reporting Principles***

Plymouth-Canton Community Schools follow accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

***Reporting Entity***

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, no component units are required to be reported within these financial statements.

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

***Fund Accounting***

**Governmental Funds**

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

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

**Note 2 - Significant Accounting Policies (Continued)**

- The 2020 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of funds specifically designated for remodeling, furnishing, and equipping school buildings and sites and purchasing school buses, student computing devices, classroom technology, and computer labs. The fund operates until the purposes for which it was created are accomplished.
- The 2023 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of funds specifically designated for remodeling, furnishing, and equipping school buildings and sites and purchasing school buses, student computing devices, classroom technology, and computer labs. The fund operates until the purposes for which it was created are accomplished.
- The Funded Projects Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the School District). The School District does not have any enterprise funds.

The School District's Internal Service Fund is used to finance services provided to other funds on a cost-reimbursement basis. The Internal Service Fund maintained by the School District is for medical benefits liabilities. It is funded through charges to the other funds in amounts equal to the normal estimated medical benefits expense expected to be incurred subsequent to year end and contributions from employees for their share of medical benefits.

**Interfund Activity**

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

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

**Note 2 - Significant Accounting Policies (Continued)**

***Basis of Accounting***

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

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

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

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

***Specific Balances and Transactions***

**Cash and Investments**

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments with an original maturity of greater than one year are stated at fair value, net acquisition value, or amortized cost depending on the nature of the investment.

**Inventories and Prepaid Items**

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

**Restricted Assets**

The unspent property taxes levied and mandatory deposits held in the debt service funds are required to be set aside for future bond principal and interest payments. Unspent bond proceeds and related interest of the bonded capital projects funds are required to be set aside for construction or other allowable bond purchases. These amounts have been classified as restricted assets.

**Capital Assets**

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with 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 value at the date of donation.

**Note 2 - Significant Accounting Policies (Continued)**

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

|                            | Depreciable Life -<br>Years |
|----------------------------|-----------------------------|
| Buildings and improvements | 10 to 50                    |
| Furniture and equipment    | 5 to 10                     |
| Buses and other vehicles   | 5 to 10                     |

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from federal sources for reimbursements that are not collected during the period of availability. The School District has deferred inflows of resources related to deferred benefit on debt refunding, revenue in support of pension payments made subsequent to the measurement date, and deferred pension and OPEB plan cost reductions.

**Net Position**

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

**Net Position Flow Assumption**

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

**Note 2 - Significant Accounting Policies (Continued)**

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Amounts that do not fall into any other category above are considered to be unassigned fund balance. This represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

The fund balance policy prescribes the minimum fund balance as 10 percent of expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

**Property Tax Revenue**

Property taxes are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 for 100 percent of the taxes that are due on September 14. The fund collection date is February 28, after which they are added to county delinquent tax rolls.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Note 2 - Significant Accounting Policies (Continued)**

**Grants and Contributions**

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

**Pension and Other Postemployment Benefit (OPEB) Plans**

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

**Compensated Absences (Vacation and Sick Leave)**

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

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Internal Service Fund includes charges to other funds for services. Operating expenses of the Internal Service Fund include the cost of medical benefit claims and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Use of Estimates**

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

**Upcoming Accounting Pronouncement**

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

**Note 2 - Significant Accounting Policies (Continued)**

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including October 5, 2023, which is the date the financial statements were available to be issued.

**Note 3 - Stewardship, Compliance, and Accountability**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and major special revenue funds, except that capital outlay expenditures are reported in other expenditure categories, and proceeds from the sale of capital assets are reported in local revenue. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

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

***Excess of Expenditures Over Appropriations in Budgeted Funds***

The School District did not have significant excess expenditures over appropriations budget variances.

***Deficit in Fund Balance***

The School District had a deficit in fund balance in the Funded Projects Fund of \$478,860. This deficit will be eliminated through transfers from the General Fund.

***Capital Projects Fund Compliance***

The 2019 Capital Projects, 2020 Capital Projects, and 2023 Capital Projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

The 2013 Capital Projects Fund and the 2015 Capital Projects Fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the projects for which the bonds were issued were considered complete during a prior period, and the School District has completed the required reporting to the Michigan Department of Treasury.

**Note 4 - Deposits and Investments**

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

The School District has designated 10 banks for the deposit of its funds.

**Note 4 - Deposits and Investments (Continued)**

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except the MILAF MAX Class funds, which may not be redeemed for at least 14 calendar days, with the exception of direct investment of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount redeemed.

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

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District's deposit balance of \$31,329,778 included bank deposits of \$30,829,778 (certificates of deposit, money market funds, and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School District's investment policy states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business. At June 30, 2023, the School District does not have investments with custodial credit risk.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy minimizes interest rate risk by requiring the School District to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

June 30, 2023

**Note 4 - Deposits and Investments (Continued)**

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices.

| Investment  | Fair Value            | Average Maturity (Years) | Rating (S&P's Unless Otherwise Noted) |
|---|-----------------------|--------------------------|---------------------------------------|
| <b>Primary Government</b>                           |                       |                          |                                       |
| U.S. Treasury securities                            | \$ 48,176,261         | 0.79 - 2.63              | AA+                                   |
| Money market mutual funds*                          | 408,940               | N/A                      | AAAm                                  |
| Commercial money market*                            | 277,663               | N/A                      | AAAm                                  |
| Michigan Liquid Asset Fund - MAX Class*             | 14,428,409            | N/A                      | AAAm                                  |
| Michigan Liquid Asset Fund - Cash Management Class* | 72,134,086            | N/A                      | AAAm                                  |
| Michigan Liquid Asset Fund - TERM**                 | 29,550,000            | 0.15 - 0.97              | Fitch - AA+                           |
| Freddie Mac Notes**                                 | 1,738,234             | 2.06                     | AA+                                   |
| NATIXIS NY Branch*                                  | 2,860,763             | 0.67                     | AA+                                   |
| <b>Total</b>  | <b>\$ 169,574,356</b> |                          |                                       |

\*Securities are valued at amortized cost rather than fair value.

\*\*Security is valued at NAV rather than fair value.

**Concentration of Credit Risk**

The School District places no limit on the amount it may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the School District's investments are invested in the following at June 30, 2023:

| Investments   | Percentage of Investments |
|---|---------------------------|
| Michigan Liquid Asset Fund - MAX Class*             | 8.51 %                    |
| Michigan Liquid Asset Fund - Cash Management Class* | 42.54                     |

**Foreign Currency Risk**

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

**Note 5 - Fair Value Measurements**

The School 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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

**Note 5 - Fair Value Measurements (Continued)**

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The School District has the following recurring fair value measurements as of June 30, 2023:

- U.S. Treasury securities of \$48,176,261 are valued using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals (Level 2 inputs).
- Mortgage-backed securities (Freddie Mac Note) of \$1,738,234 is valued using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals (Level 2 inputs).

**Investments in Entities that Calculate Net Asset Value per Share**

The School District holds shares or interests in the Michigan Liquid Asset Fund Term Series where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

At June 30, 2023, net asset value of the School District’s investment in the MILAF Term Series was \$29,550,000. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date set upon initiation of investment. Early redemptions are permitted; however, an early redemption fee would apply.

**Note 6 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2023, the School District had \$450,058 of unavailable revenue related to grant funds spent but money yet to be received and had \$4,645,946 of unearned revenue primarily related to community service programs and grant and categorical aid payments received prior to meeting all eligibility requirements.

**Note 7 - Restricted Assets**

At June 30, 2023, restricted assets are composed of the following:

| Description  | Governmental<br>Activities |
|--|----------------------------|
| Unspent bond proceeds and related interest   | \$ 102,211,477             |
| Unspent property taxes levied for debt service, including amounts due from other funds | 50,066,758                 |
| Funds set aside for future principal payments  | <u>5,619,251</u>           |
| Total  | <u>\$ 157,897,486</u>      |

June 30, 2023

**Note 8 - Capital Assets**

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

|   | Balance<br>July 1, 2022 | Reclassifications  | Additions            | Disposals and<br>Adjustments | Balance<br>June 30, 2023 |
|---|-------------------------|--------------------|----------------------|------------------------------|--------------------------|
| <b>Capital assets not being depreciated:</b>      |                         |                    |                      |                              |                          |
| Land  | \$ 4,297,999            | \$ -               | \$ -                 | \$ -                         | \$ 4,297,999             |
| Construction in progress                          | 5,806,991               | (7,686,735)        | 35,831,556           | -                            | 33,951,812               |
| <b>Subtotal</b>                                   | <b>10,104,990</b>       | <b>(7,686,735)</b> | <b>35,831,556</b>    | <b>-</b>                     | <b>38,249,811</b>        |
| <b>Capital assets being depreciated:</b>          |                         |                    |                      |                              |                          |
| Buildings and improvements                        | 355,273,054             | 7,686,735          | -                    | (216,894)                    | 362,742,895              |
| Furniture and equipment                           | 25,185,400              | -                  | 3,405,765            | (88,746)                     | 28,502,419               |
| Buses and other vehicles                          | 24,132,636              | -                  | 203,270              | (1,351,924)                  | 22,983,982               |
| <b>Subtotal</b>                                   | <b>404,591,090</b>      | <b>7,686,735</b>   | <b>3,609,035</b>     | <b>(1,657,564)</b>           | <b>414,229,296</b>       |
| <b>Accumulated depreciation:</b>                  |                         |                    |                      |                              |                          |
| Buildings and improvements                        | 152,440,754             | -                  | 10,076,133           | (123,487)                    | 162,393,400              |
| Furniture and equipment                           | 17,599,665              | -                  | 1,644,352            | (17,821)                     | 19,226,196               |
| Buses and other vehicles                          | 18,861,547              | -                  | 1,024,238            | (1,351,924)                  | 18,533,861               |
| <b>Subtotal</b>                                   | <b>188,901,966</b>      | <b>-</b>           | <b>12,744,723</b>    | <b>(1,493,232)</b>           | <b>200,153,457</b>       |
| <b>Net capital assets being depreciated</b>       | <b>215,689,124</b>      | <b>7,686,735</b>   | <b>(9,135,688)</b>   | <b>(164,332)</b>             | <b>214,075,839</b>       |
| <b>Net governmental activities capital assets</b> | <b>\$ 225,794,114</b>   | <b>\$ -</b>        | <b>\$ 26,695,868</b> | <b>\$ (164,332)</b>          | <b>\$ 252,325,650</b>    |

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

**Capital Commitments**

The School District has active capital improvement projects at year end. At June 30, 2023, the School District's commitments related to ongoing projects are as follows:

|                            | Spent to Date | Remaining<br>Commitment |
|----------------------------|---------------|-------------------------|
| 2020 Capital Projects Fund | \$ 73,867,058 | \$ 33,665,791           |
| 2019 Capital Projects Fund | 4,845,611     | 2,012,000               |

**Note 9 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

| Fund Due To                 | Fund Due From     |                               |                         |                                   | Total                |
|-----------------------------|-------------------|-------------------------------|-------------------------|-----------------------------------|----------------------|
|                             | General Fund      | 2020 Capital<br>Projects Fund | Funded Projects<br>Fund | Nonmajor<br>Governmental<br>Funds |                      |
| General Fund                | \$ -              | \$ 2,951,727                  | \$ 5,875,376            | \$ 721,894                        | \$ 9,548,997         |
| Funded Projects Fund        | 96,594            | -                             | -                       | -                                 | 96,594               |
| Nonmajor governmental funds | 130,510           | -                             | -                       | 1,879,919                         | 2,010,429            |
| Internal Service Fund       | -                 | -                             | -                       | 1,835,961                         | 1,835,961            |
| <b>Total</b>                | <b>\$ 227,104</b> | <b>\$ 2,951,727</b>           | <b>\$ 5,875,376</b>     | <b>\$ 4,437,774</b>               | <b>\$ 13,491,981</b> |

**Note 9 - Interfund Receivables, Payables, and Transfers (Continued)**

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

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

| Paying Fund (Transfer Out)  | Receiving Fund (Transfer In)      | Amount            |
|-----------------------------|-----------------------------------|-------------------|
| General Fund                | Nonmajor governmental funds       | \$ 472,500        |
| Funded Projects Fund        | General Fund                      | 18,111            |
|                             | Nonmajor governmental funds       | 35,730            |
| Nonmajor governmental funds | General Fund                      | 224,905           |
|                             | Nonmajor governmental funds       | <u>5,120</u>      |
|                             | Total nonmajor governmental funds | <u>230,025</u>    |
|                             | Total                             | <u>\$ 756,366</u> |

Transfers from the General Fund provided funding for debt service payments. Funds from the Funded Projects Fund were transferred to the Food Services Fund to cover costs related to the breakfast and lunch programs.

**Note 10 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

**Governmental Activities**

|   | Beginning<br>Balance  | Additions             | Reductions             | Ending Balance        | Due within<br>One Year |
|---|-----------------------|-----------------------|------------------------|-----------------------|------------------------|
| Bonds and notes payable:  |                       |                       |                        |                       |                        |
| Other debt - General obligation<br>bonds payable                                  | \$ 236,635,000        | \$ 87,500,000         | \$ (22,805,000)        | \$ 301,330,000        | \$ 22,020,000          |
| Unamortized bond premiums   | <u>12,730,388</u>     | <u>12,612,778</u>     | <u>(1,003,338)</u>     | <u>24,339,828</u>     | <u>1,581,224</u>       |
| Total bonds and notes<br>payable  | 249,365,388           | 100,112,778           | (23,808,338)           | 325,669,828           | 23,601,224             |
| Employee-related obligations  | 1,107,634             | 53,219                | -                      | 1,160,853             | 116,085                |
| Employee medical benefits -<br>Recorded in the Internal Service<br>Fund (Note 11) | <u>2,965,979</u>      | <u>23,984,908</u>     | <u>(25,881,899)</u>    | <u>1,068,988</u>      | <u>1,068,988</u>       |
| Total governmental<br>activities long-term debt                                   | <u>\$ 253,439,001</u> | <u>\$ 124,150,905</u> | <u>\$ (49,690,237)</u> | <u>\$ 327,899,669</u> | <u>\$ 24,786,297</u>   |

The School District had deferred inflows of \$1,299,445 related to deferred benefit on bond refundings at June 30, 2023.

**Note 10 - Long-term Debt (Continued)**

**General Obligation Bonds and Contracts**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2023 are as follows:

|   | Remaining Annual Installments | Interest Rates (Percent) | Maturing on May 1 | Outstanding           |
|---|-------------------------------|--------------------------|-------------------|-----------------------|
| <b>Governmental Activities</b>  |                               |                          |                   |                       |
| \$7,560,000 qualified general obligation serial and term bonds (2010) | \$7,560,000                   | 5.400                    | 2027              | \$ 7,560,000          |
| \$38,720,000 nonqualified general obligation serial bonds (2015)      | \$1,150,000 - \$2,725,000     | 3.000 - 4.000            | 2035              | 26,425,000            |
| \$26,655,000 qualified general obligation serial bonds (2017)         | \$1,605,000 - \$2,165,000     | 5.000                    | 2031              | 15,305,000            |
| \$6,035,000 qualified general obligation serial bonds (2019)          | \$300,000                     | 4.000                    | 2025              | 600,000               |
| \$100,000,000 nonqualified general obligation serial bonds (2020)     | \$5,475,000 - \$6,325,000     | 3.00                     | 2040              | 87,525,000            |
| \$85,850,000 qualified general obligation serial bonds (2021)         | \$5,540,000 - \$9,345,000     | 0.110 - 2.090            | 2033              | 76,415,000            |
| \$87,500,000 nonqualified general obligation serial bonds (2023)      | \$2,900,000 - \$6,525,000     | 5.00                     | 2043              | 87,500,000            |
| Total governmental activities   |                               |                          |                   | <u>\$ 301,330,000</u> |

\*Interest is partially subsidized, up to 4.80 percent

**Other Long-term Liabilities**

Other long-term obligations outstanding at June 30, 2023 are as follows:

|                                  |                     |
|----------------------------------|---------------------|
| Severance benefits at retirement | \$ 676,700          |
| Workers' compensation claims     | 70,033              |
| Compensated absences obligation  | 414,120             |
| Total governmental activities    | <u>\$ 1,160,853</u> |

The compensated absences obligation as of June 30, 2023 is attributable to the governmental activities and will be liquidated primarily by the General Fund.

Severance benefits at retirement included in long-term obligations as of June 30, 2023 consist of two components and will be liquidated primarily by the General Fund. Employees who qualify for a retirement allowance receive a retirement payment of \$100 per year of service to the School District. This sum is paid upon retirement, provided the employee has been employed by the School District for at least 10 years and has made application for Michigan Public School Employees' Retirement System benefits for which they must be eligible. The second component is voluntary retirement compensation. If an employee qualifies, an amount of \$7,500 is paid to the employee.

**Note 10 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

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

| Years Ending<br>June 30 | Governmental Activities |                      |                          | Total - Net           |
|-------------------------|-------------------------|----------------------|--------------------------|-----------------------|
|                         | Principal               | Interest             | Maximum Interest Subsidy |                       |
| 2024                    | \$ 22,020,000           | \$ 5,689,533         | \$ (353,602)             | \$ 27,355,931         |
| 2025                    | 23,050,000              | 5,357,399            | (353,602)                | 28,053,797            |
| 2026                    | 24,610,000              | 5,002,139            | (353,602)                | 29,258,537            |
| 2027                    | 26,970,000              | 4,615,861            | (353,602)                | 31,232,259            |
| 2028                    | 19,925,000              | 3,841,251            | -                        | 23,766,251            |
| 2029-2033               | 72,165,000              | 11,256,608           | -                        | 83,421,608            |
| 2034-2038               | 51,615,000              | 5,390,564            | -                        | 57,005,564            |
| 2039-2040               | 60,975,000              | 6,079,250            | -                        | 67,054,250            |
| <b>Total</b>            | <b>\$ 301,330,000</b>   | <b>\$ 47,232,605</b> | <b>\$ (1,414,408)</b>    | <b>\$ 347,148,197</b> |

**Note 11 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District is partially insured for employee medical benefits and for workers' compensation claims. The School District participates in the SET-SEG shared-risk pool program for claims relating to property loss, torts, and errors and omissions. The School District does not purchase any commercial insurance.

The SET-SEG shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The School District estimates the liability for employee medical benefit and workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

|   | Employee Medical Benefits |                     | Workers' Compensation |                  |
|---|---------------------------|---------------------|-----------------------|------------------|
|   | 2023                      | 2022                | 2023                  | 2022             |
| Estimated liability - Beginning of year                   | \$ 2,965,979              | \$ 2,662,667        | \$ 87,802             | \$ 35,763        |
| Estimated claims incurred, including changes in estimates | (25,881,899)              | 22,524,494          | (194,501)             | (233,632)        |
| Claim payments  | 23,984,908                | (22,221,182)        | 176,732               | 285,671          |
| Estimated liability - End of year                         | <u>\$ 1,068,988</u>       | <u>\$ 2,965,979</u> | <u>\$ 70,033</u>      | <u>\$ 87,802</u> |

**Note 12 - Michigan Public School Employees' Retirement System**

***Plan Description***

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

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

***Benefits Provided***

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

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

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

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

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

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

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

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

**Contributions**

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

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

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

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

The ranges of rates are as follows:

|                                      | Pension         | OPEB          |
|--------------------------------------|-----------------|---------------|
| October 1, 2021 - September 30, 2022 | 13.73% - 20.14% | 7.23% - 8.09% |
| October 1, 2022 - September 30, 2023 | 13.75% - 20.16% | 7.21% - 8.07% |

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2023 were \$54,626,591, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2023, the School District's required and actual pension contributions include an allocation of \$19,707,258 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as \$11,477,270 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2023 were \$10,639,462, which includes the School District's contributions required for those members with a defined contribution benefit.

June 30, 2023

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

***Net Pension Liability***

At June 30, 2023, the School District reported a liability of \$430,150,738 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District's proportion was 1.14 and 1.11 percent, respectively, representing a change of 2.90 percent.

***Net OPEB Liability***

At June 30, 2023, the School District reported a liability of \$24,323,732 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District's proportion was 1.14 and 1.13 percent, respectively, representing a change of 2.08 percent.

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

For 2023, the School District recognized pension expense of \$59,497,638, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience  | \$ 4,303,009                         | \$ (961,771)                        |
| Changes in assumptions   | 73,915,311                           | -                                   |
| Net difference between projected and actual earnings on pension plan investments   | 1,008,704                            | -                                   |
| Changes in proportion and differences between the School District's contributions and proportionate share of contributions | 14,408,442                           | (193,465)                           |
| The School District's contributions to the plan subsequent to the measurement date   | 48,103,052                           | -                                   |
|  | <u>48,103,052</u>                    | <u>-</u>                            |
| Total  | <u>\$ 141,738,518</u>                | <u>\$ (1,155,236)</u>               |

The \$31,184,529 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Years Ending | Amount               |
|--------------|----------------------|
| 2024         | \$ 28,452,479        |
| 2025         | 21,278,047           |
| 2026         | 17,189,734           |
| 2027         | 25,559,970           |
|              | <u>25,559,970</u>    |
| Total        | <u>\$ 92,480,230</u> |

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

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

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

For the year ended June 30, 2023, the School District recognized OPEB recovery of \$7,749,044.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience  | \$ -                                 | \$ (47,640,873)                     |
| Changes in assumptions   | 21,680,523                           | (1,765,352)                         |
| Net difference between projected and actual earnings on OPEB plan investments                                    | 1,901,091                            | -                                   |
| Changes in proportionate share or difference between amount contributed and proportionate share of contributions | 4,635,578                            | (62,588)                            |
| Employer contributions to the plan subsequent to the measurement date  | 6,815,807                            | -                                   |
|  | <u>6,815,807</u>                     | <u>-</u>                            |
| Total  | <u>\$ 35,032,999</u>                 | <u>\$ (49,468,813)</u>              |

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

| Years Ending | Amount                 |
|--------------|------------------------|
| 2024         | \$ (7,661,208)         |
| 2025         | (7,026,558)            |
| 2026         | (6,379,529)            |
| 2027         | (56,885)               |
| 2028         | (181,629)              |
| Thereafter   | <u>54,188</u>          |
| Total        | <u>\$ (21,251,621)</u> |

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2022 are based on the results of an actuarial valuation as of September 30, 2021 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

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

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

Significant assumption changes since the prior measurement date, September 30, 2021, for the pension and OPEB plans include a decrease in the discount rate used in September 30, 2022 measurement date by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. The investment rate of return used in September 30, 2022 measurement date decreased by 0.80 percentage points in the OPEB plan. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2020.

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

**Discount Rate**

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2022 depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

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

| Asset Class                          | Target Allocation | Long-term<br>Expected Real<br>Rate of Return |
|--------------------------------------|-------------------|--|
| Domestic equity pools                | 25.00 %           | 5.10 %                                       |
| Private equity pools                 | 16.00             | 8.70   |
| International equity pools           | 15.00             | 6.70   |
| Fixed-income pools                   | 13.00             | (0.20)                                       |
| Real estate and infrastructure pools | 10.00             | 5.30   |
| Absolute return pools                | 9.00              | 2.70   |
| Real return/opportunistic pools      | 10.00             | 5.80   |
| Short-term investment pools          | 2.00              | (0.50)                                       |
| Total                                | 100.00 %          |  |

Long-term rates of return are net of administrative expense and inflation of 2.2 percent.

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

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|  | 1 Percentage<br>Point Decrease<br>(5.00%) | Current Discount<br>Rate<br>(6.00%) | 1 Percentage<br>Point Increase<br>(7.00%) |
|--|---|-------------------------------------|---|
| Net pension liability of the School District | \$ 567,639,172                            | \$ 430,150,738                      | \$ 316,854,076                            |

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

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

|   | 1 Percentage<br>Point Decrease<br>5.00% | Current Discount<br>Rate<br>6.00% | 1 Percentage<br>Point Increase<br>7.00% |
|---|---|-----------------------------------|---|
| Net OPEB liability of the School District | \$ 40,800,722                           | \$ 24,323,732                     | \$ 10,448,064                           |

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

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

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

|   | 1 Percentage<br>Point Decrease | Current Rate  | 1 Percentage<br>Point Increase |
|---|--------------------------------|---------------|--------------------------------|
| Net OPEB liability of the School District | \$ 10,185,616                  | \$ 24,323,732 | \$ 40,194,049                  |

***Pension Plan and OPEB Plan Fiduciary Net Position***

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

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2023, the School District reported a payable of \$8,201,186 and \$1,018,722 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2023.

**Note 13 - Tax Abatements**

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

For the fiscal year ended June 30, 2023, the School District's property tax revenue was reduced by approximately \$799,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately \$640,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

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## Required Supplementary Information

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# Plymouth-Canton Community Schools

## Required Supplementary Information Budgetary Comparison Schedule General Fund

**Year Ended June 30, 2023**

|  | Original Budget | Final Budget  | Actual        | Over (Under)<br>Final Budget |
|--|-----------------|---------------|---------------|------------------------------|
| <b>Revenue</b>                                     |                 |               |               |                              |
| Local sources                                      | \$ 33,221,210   | \$ 36,420,840 | \$ 36,444,407 | \$ 23,567                    |
| State sources                                      | 144,520,308     | 161,116,523   | 160,620,414   | (496,109)                    |
| Federal sources                                    | 392,206         | 418,957       | 430,274       | 11,317                       |
| Other sources                                      | 10,183,523      | 10,899,205    | 11,118,941    | 219,736                      |
| Total revenue                                      | 188,317,247     | 208,855,525   | 208,614,036   | (241,489)                    |
| <b>Expenditures</b>                                |                 |               |               |                              |
| Current:   |                 |               |               |                              |
| Instruction:                                       |                 |               |               |                              |
| Basic programs                                     | 98,602,447      | 110,209,420   | 108,727,696   | (1,481,724)                  |
| Added needs  | 16,267,769      | 16,467,700    | 16,429,375    | (38,325)                     |
| Support services:                                  |                 |               |               |                              |
| Pupil  | 16,337,813      | 16,092,753    | 15,725,434    | (367,319)                    |
| Instructional staff                                | 12,364,873      | 15,626,236    | 15,252,919    | (373,317)                    |
| General administration                             | 959,455         | 1,198,336     | 1,142,336     | (56,000)                     |
| School administration                              | 12,055,907      | 12,684,290    | 12,085,583    | (598,707)                    |
| Business   | 2,045,770       | 2,021,699     | 1,914,315     | (107,384)                    |
| Operations and maintenance                         | 17,528,919      | 19,448,208    | 18,598,494    | (849,714)                    |
| Pupil transportation services                      | 9,528,178       | 9,554,948     | 9,124,088     | (430,860)                    |
| Central  | 4,203,350       | 4,578,847     | 4,548,616     | (30,231)                     |
| Facility improvements and other                    | 198,130         | 137,055       | 103,807       | (33,248)                     |
| Athletics  | 2,389,081       | 2,785,060     | 2,372,357     | (412,703)                    |
| Community services                                 | 822,901         | 888,642       | 856,941       | (31,701)                     |
| Debt service                                       | 537,716         | 410,340       | 410,340       | -                            |
| Total expenditures                                 | 193,842,309     | 212,103,534   | 207,292,301   | (4,811,233)                  |
| <b>Excess of Revenue (Under) Over Expenditures</b> | (5,525,062)     | (3,248,009)   | 1,321,735     | 4,569,744                    |
| <b>Other Financing Sources (Uses)</b>              |                 |               |               |                              |
| Proceeds from sale of capital assets               | -               | -             | 1,656         | 1,656                        |
| Transfers in                                       | 144,842         | 69,272        | 243,016       | 173,744                      |
| Transfers out                                      | (472,500)       | (472,500)     | (472,500)     | -                            |
| Total other financing uses                         | (327,658)       | (403,228)     | (227,828)     | 175,400                      |
| <b>Net Change in Fund Balance</b>                  | (5,852,720)     | (3,651,237)   | 1,093,907     | 4,745,144                    |
| <b>Fund Balance - Beginning of year</b>            | 40,947,234      | 40,947,234    | 40,947,234    | -                            |
| <b>Fund Balance - End of year</b>                  | \$ 35,094,514   | \$ 37,295,997 | \$ 42,041,141 | \$ 4,745,144                 |

**Plymouth-Canton Community Schools**

**Required Supplementary Information**  
**Budgetary Comparison Schedule - Major Special Revenue Fund**  
**Funded Projects Fund**

**Year Ended June 30, 2023**

|   | Original Budget            | Final Budget              | Actual                     | Over (Under)<br>Final Budget |
|---|----------------------------|---------------------------|----------------------------|------------------------------|
| <b>Revenue</b>                                    |                            |                           |                            |                              |
| Local sources                                     | \$ 261,564                 | \$ 189,641                | \$ 192,750                 | \$ 3,109                     |
| State sources                                     | 5,807,297                  | 12,534,197                | 7,848,767                  | (4,685,430)                  |
| Federal sources                                   | 17,075,385                 | 17,194,572                | 16,943,559                 | (251,013)                    |
| Interdistrict sources                             | 621,184                    | 2,292,773                 | -                          | (2,292,773)                  |
| Total revenue                                     | <u>23,765,430</u>          | <u>32,211,183</u>         | <u>24,985,076</u>          | <u>(7,226,107)</u>           |
| <b>Expenditures</b>                               | <u>23,765,430</u>          | <u>31,680,953</u>         | <u>24,818,224</u>          | <u>(6,862,729)</u>           |
| <b>Excess of Revenue Over Expenditures</b>        | -                          | 530,230                   | 166,852                    | (363,378)                    |
| <b>Other Financing Uses - Transfers out</b>       | -                          | -                         | (53,841)                   | (53,841)                     |
| <b>Net Change in Fund Balance</b>                 | -                          | 530,230                   | 113,011                    | (417,219)                    |
| <b>Fund Balance (Deficit) - Beginning of year</b> | <u>(591,871)</u>           | <u>(591,871)</u>          | <u>(591,871)</u>           | <u>-</u>                     |
| <b>Fund Balance (Deficit) - End of year</b>       | <u><u>\$ (591,871)</u></u> | <u><u>\$ (61,641)</u></u> | <u><u>\$ (478,860)</u></u> | <u><u>\$ (417,219)</u></u>   |

## Plymouth-Canton Community Schools

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

|   | Last Nine Plan Years          |                |                |                |                |                |                |                |                |  |
|---|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|   | Plan Years Ended September 30 |                |                |                |                |                |                |                |                |  |
|   | 2022                          | 2021           | 2020           | 2019           | 2018           | 2017           | 2016           | 2015           | 2014           |  |
| School District's proportion of the net pension liability   | 1.14375 %                     | 1.11130 %      | 1.08590 %      | 1.06158 %      | 1.04147 %      | 1.02015 %      | 1.01284 %      | 1.03480 %      | 1.07377 %      |  |
| School District's proportionate share of the net pension liability  | \$ 430,150,738                | \$ 263,105,652 | \$ 373,017,411 | \$ 351,560,054 | \$ 313,086,036 | \$ 264,365,285 | \$ 252,694,704 | \$ 252,749,097 | \$ 236,512,593 |  |
| School District's covered payroll   | \$ 111,341,594                | \$ 101,407,249 | \$ 97,023,828  | \$ 93,055,398  | \$ 89,792,682  | \$ 86,072,934  | \$ 84,658,411  | \$ 86,306,925  | \$ 92,104,586  |  |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | 386.33 %                      | 259.45 %       | 384.46 %       | 377.80 %       | 348.68 %       | 307.14 %       | 298.49 %       | 292.85 %       | 256.79 %       |  |
| Plan fiduciary net position as a percentage of total pension liability                                    | 60.77 %                       | 72.32 %        | 59.49 %        | 60.08 %        | 62.12 %        | 63.96 %        | 63.01 %        | 62.92 %        | 66.15 %        |  |

## Plymouth-Canton Community Schools

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

|  | <b>Last Nine Fiscal Years<br/>Years Ended June 30</b> |                       |                      |                      |                      |                      |                      |                      |                      |
|--|---|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2023  | 2022                  | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
| Statutorily required contribution<br>Contributions in relation to the<br>statutorily required contribution | \$ 53,736,911   | \$ 39,496,049         | \$ 32,717,110        | \$ 29,229,021        | \$ 27,573,689        | \$ 26,208,885        | \$ 23,952,714        | \$ 23,809,029        | \$ 17,195,497        |
| <b>Contribution Deficiency</b>   | <b>\$ -</b>   | <b>\$ -</b>           | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>School District's Covered Payroll</b>   | <b>\$ 112,972,604</b>                                 | <b>\$ 109,803,525</b> | <b>\$ 99,437,876</b> | <b>\$ 96,600,216</b> | <b>\$ 91,876,986</b> | <b>\$ 89,202,051</b> | <b>\$ 85,357,679</b> | <b>\$ 84,661,542</b> | <b>\$ 88,080,405</b> |
| <b>Contributions as a Percentage of<br/>Covered Payroll</b>  | <b>47.57 %</b>  | <b>35.97 %</b>        | <b>32.90 %</b>       | <b>30.26 %</b>       | <b>30.01 %</b>       | <b>29.38 %</b>       | <b>28.06 %</b>       | <b>28.12 %</b>       | <b>19.52 %</b>       |

**Plymouth-Canton Community Schools**

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

|  | Last Six Plan Years           |                |               |               |               |               |
|--|-------------------------------|----------------|---------------|---------------|---------------|---------------|
|  | Plan Years Ended September 30 |                |               |               |               |               |
|  | 2022                          | 2021           | 2020          | 2019          | 2018          | 2017          |
| School District's proportion of the net OPEB liability   | 1.14840 %                     | 1.12499 %      | 1.09675 %     | 1.06635 %     | 1.05578 %     | 1.01971 %     |
| School District's proportionate share of the net OPEB liability  | \$ 24,323,732                 | \$ 17,171,536  | \$ 58,755,900 | \$ 76,540,207 | \$ 83,923,058 | \$ 90,300,113 |
| School District's covered payroll  | \$ 111,341,594                | \$ 101,407,249 | \$ 97,023,828 | \$ 93,055,398 | \$ 89,792,682 | \$ 86,072,934 |
| School District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 21.85 %                       | 16.93 %        | 60.56 %       | 82.25 %       | 93.46 %       | 104.91 %      |
| Plan fiduciary net position as a percentage of total OPEB liability                                    | 83.09 %                       | 88.87 %        | 59.76 %       | 48.67 %       | 43.10 %       | 36.53 %       |

## Plymouth-Canton Community Schools

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

|  | <b>Last Six Fiscal Years</b> |                       |                      |                      |                      |                      |
|--|------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
|  | <b>Years Ended June 30</b>   |                       |                      |                      |                      |                      |
|  | 2023                         | 2022                  | 2021                 | 2020                 | 2019                 | 2018                 |
| Statutorily required contribution                                  | \$ 9,093,391                 | \$ 8,948,109          | \$ 8,161,960         | \$ 7,694,530         | \$ 7,172,244         | \$ 6,415,190         |
| Contributions in relation to the statutorily required contribution | 9,093,391                    | 8,948,109             | 8,161,960            | 7,694,530            | 7,172,244            | 6,415,190            |
| <b>Contribution Deficiency</b>                                     | <b>\$ -</b>                  | <b>\$ -</b>           | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>School District's Covered Payroll</b>                           | <b>\$ 112,972,604</b>        | <b>\$ 109,803,525</b> | <b>\$ 99,437,876</b> | <b>\$ 96,600,216</b> | <b>\$ 91,876,986</b> | <b>\$ 89,202,051</b> |
| <b>Contributions as a Percentage of Covered Payroll</b>            | <b>8.05 %</b>                | <b>8.15 %</b>         | <b>8.21 %</b>        | <b>7.97 %</b>        | <b>7.81 %</b>        | <b>7.19 %</b>        |

June 30, 2023

### ***Budgetary Comparison Schedule - General Fund***

1 - Capital outlay expenditures are included in the functional categories to which they relate in accordance with the adopted budget of the School District. Capital outlay is presented separately on the statement of revenue, expenditures, and changes in fund balances.

2 - Proceeds from the sale of capital assets are included in local revenue in accordance with the adopted budget of the School District. Proceeds are presented separately on the statement of revenue, expenditures, and changes in fund balances.

3 - Transfers to debt funds to fund principal payments are included in debt service in accordance with the adopted budget of the School District. These transfers are presented as transfers out within other financing uses on the statement of revenue, expenditures, and changes in fund balances.

### ***Pension Information***

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

The required contributions for the year ended June 30, 2023 include a one-time contribution of \$11,477,270, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

### **Benefit Changes**

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

### **Changes in Assumptions**

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

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

### ***OPEB Information***

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

### **Benefit Changes**

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

June 30, 2023

#### **Changes in Assumptions**

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

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members over 65. In addition, actual per person health benefit costs being lower than projected. This reduced the plan's total OPEB liability by an additional \$1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

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## Other Supplementary Information

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# Plymouth-Canton Community Schools

## Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

**June 30, 2023**

|  | Special Revenue Funds |                     |                     |                     | Debt Service Funds  |               |                   |                   | Total Debt Service Funds |                   |                             |                     |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------|-------------------|-------------------|--------------------------|-------------------|-----------------------------|---------------------|
|  | Food Services         | Community Services  | Act 18              | Student Activities  | 2010 OSCB           | 2013 Series A | 2015 Series B     | 2017 Refunding    |                          | 2019 Refunding    | 2020 School Building & Site | 2021 Refunding      |
| <b>Assets</b>                              |                       |                     |                     |                     |                     |               |                   |                   |                          |                   |                             |                     |
| Cash and investments                       | \$ 2,013,176          | \$ 1,191,988        | \$ 1,425,735        | \$ 6,756,830        | \$ -                | \$ -          | \$ -              | \$ -              | \$ -                     | \$ -              | \$ -                        | \$ -                |
| Receivables:                               |                       |                     |                     |                     |                     |               |                   |                   |                          |                   |                             |                     |
| Property taxes receivable                  | -                     | -                   | -                   | -                   | -                   | -             | 107               | 407               | 32                       | 436               | 645                         | 1,627               |
| Accrued interest receivable                | 1,785                 | (2,944)             | -                   | -                   | 89,158              | -             | -                 | -                 | -                        | -                 | -                           | 89,158              |
| Other receivables                          | 71,054                | -                   | -                   | -                   | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| Due from other governments                 | 758,531               | -                   | 72,695              | -                   | -                   | 13,887        | -                 | 52,851            | 4,157                    | 56,516            | 83,671                      | 211,082             |
| Due from other funds                       | 105,378               | -                   | -                   | -                   | -                   | -             | -                 | 857,593           | 67,440                   | 916,858           | 1,357,383                   | 9,043,608           |
| Inventory                                  | -                     | -                   | -                   | -                   | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| Restricted assets                          | -                     | -                   | -                   | -                   | 5,619,251           | -             | 225,283           | -                 | -                        | -                 | -                           | -                   |
| <b>Total assets</b>                        | <b>\$ 2,949,924</b>   | <b>\$ 1,189,044</b> | <b>\$ 1,498,430</b> | <b>\$ 6,756,830</b> | <b>\$ 5,708,409</b> | <b>\$ -</b>   | <b>\$ 239,277</b> | <b>\$ 910,651</b> | <b>\$ 71,629</b>         | <b>\$ 973,810</b> | <b>\$ 1,441,699</b>         | <b>\$ 9,345,475</b> |
| <b>Liabilities</b>                         |                       |                     |                     |                     |                     |               |                   |                   |                          |                   |                             |                     |
| Accounts payable                           | \$ 11,298             | \$ 18,175           | \$ 918,685          | \$ -                | \$ -                | \$ -          | \$ -              | \$ -              | \$ -                     | \$ -              | \$ -                        | \$ -                |
| Due to other funds                         | 22,628                | 75,051              | 579,745             | 4,368,255           | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| Accrued liabilities and other              | 186,307               | 66,894              | -                   | -                   | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| Unearned revenue                           | -                     | -                   | -                   | -                   | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| <b>Total liabilities</b>                   | <b>220,233</b>        | <b>229,639</b>      | <b>1,498,430</b>    | <b>4,368,255</b>    | <b>-</b>            | <b>-</b>      | <b>-</b>          | <b>-</b>          | <b>-</b>                 | <b>-</b>          | <b>-</b>                    | <b>-</b>            |
| <b>Fund Balances</b>                       |                       |                     |                     |                     |                     |               |                   |                   |                          |                   |                             |                     |
| Nonspendable - Inventory                   | 105,378               | -                   | -                   | -                   | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| Restricted:                                |                       |                     |                     |                     |                     |               |                   |                   |                          |                   |                             |                     |
| Debt service                               | -                     | -                   | -                   | -                   | 5,708,409           | -             | 239,277           | 910,651           | 71,629                   | 973,810           | 1,441,699                   | 9,345,475           |
| Capital projects                           | -                     | -                   | -                   | -                   | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| Food service                               | 2,624,313             | -                   | -                   | -                   | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| Committed:                                 |                       |                     |                     |                     |                     |               |                   |                   |                          |                   |                             |                     |
| Capital projects                           | -                     | -                   | -                   | -                   | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| Committed for community service            | -                     | 959,405             | -                   | -                   | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| Committed for student activities           | -                     | -                   | -                   | 2,388,575           | -                   | -             | -                 | -                 | -                        | -                 | -                           | -                   |
| <b>Total fund balances</b>                 | <b>2,729,691</b>      | <b>959,405</b>      | <b>-</b>            | <b>2,388,575</b>    | <b>5,708,409</b>    | <b>-</b>      | <b>239,277</b>    | <b>910,651</b>    | <b>71,629</b>            | <b>973,810</b>    | <b>1,441,699</b>            | <b>9,345,475</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 2,949,924</b>   | <b>\$ 1,189,044</b> | <b>\$ 1,498,430</b> | <b>\$ 6,756,830</b> | <b>\$ 5,708,409</b> | <b>\$ -</b>   | <b>\$ 239,277</b> | <b>\$ 910,651</b> | <b>\$ 71,629</b>         | <b>\$ 973,810</b> | <b>\$ 1,441,699</b>         | <b>\$ 9,345,475</b> |

# Plymouth-Canton Community Schools

## Other Supplementary Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds

June 30, 2023

|  | Capital Improvements | Capital Project Funds |                       | 2019 Capital Projects | Total                |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------------|
|  |                      | 2013 Capital Projects | 2015 Capital Projects |                       |                      |
| <b>Assets</b>                              |                      |                       |                       |                       |                      |
| Cash and investments                       | \$ 277,663           | \$ -                  | \$ -                  | \$ -                  | \$ 277,663           |
| Receivables:                               |                      |                       |                       |                       |                      |
| Property taxes receivable                  | -                    | -                     | -                     | -                     | 1,627                |
| Accrued interest receivable                | -                    | -                     | -                     | -                     | 88,188               |
| Other receivables                          | -                    | -                     | -                     | -                     | (1,189)              |
| Due from other governments                 | 449,466              | 49,574                | 469,081               | -                     | 71,054               |
| Due from other funds                       | -                    | -                     | -                     | -                     | 2,010,429            |
| Inventory                                  | -                    | -                     | -                     | -                     | 105,378              |
| Restricted assets                          | -                    | 266,304               | 141,269               | 1,585,625             | 11,036,806           |
| <b>Total assets</b>                        | <b>\$ 727,129</b>    | <b>\$ 315,878</b>     | <b>\$ 610,350</b>     | <b>\$ 1,585,625</b>   | <b>\$ 24,976,685</b> |
| <b>Liabilities</b>                         |                      |                       |                       |                       |                      |
| Accounts payable                           | \$ -                 | \$ 21,351             | \$ 8,076              | \$ -                  | \$ 977,585           |
| Due to other funds                         | -                    | -                     | -                     | -                     | 4,437,774            |
| Accrued liabilities and other              | -                    | -                     | -                     | -                     | 677,424              |
| Unearned revenue                           | -                    | -                     | -                     | -                     | 253,201              |
| <b>Total liabilities</b>                   | <b>-</b>             | <b>21,351</b>         | <b>8,076</b>          | <b>-</b>              | <b>6,345,984</b>     |
| <b>Fund Balances</b>                       |                      |                       |                       |                       |                      |
| Nonspendable - Inventory                   | -                    | -                     | -                     | -                     | 105,378              |
| Restricted:                                |                      |                       |                       |                       |                      |
| Debt service                               | -                    | -                     | -                     | -                     | 9,345,475            |
| Capital projects                           | -                    | 294,527               | 602,274               | 1,585,625             | 2,482,426            |
| Food service                               | -                    | -                     | -                     | -                     | 2,624,313            |
| Committed:                                 |                      |                       |                       |                       |                      |
| Capital projects                           | 727,129              | -                     | -                     | -                     | 727,129              |
| Committed for community service            | -                    | -                     | -                     | -                     | 959,405              |
| Committed for student activities           | -                    | -                     | -                     | -                     | 2,388,575            |
| <b>Total fund balances</b>                 | <b>727,129</b>       | <b>294,527</b>        | <b>602,274</b>        | <b>1,585,625</b>      | <b>18,632,701</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 727,129</b>    | <b>\$ 315,878</b>     | <b>\$ 610,350</b>     | <b>\$ 1,585,625</b>   | <b>\$ 24,976,685</b> |

# Plymouth-Canton Community Schools

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

**Year Ended June 30, 2023**

|  | Special Revenue Funds |                    |                  | Student Activities  | Debt Service Funds  |                  |                   |                                | Total Debt Service Funds |
|--|-----------------------|--------------------|------------------|---------------------|---------------------|------------------|-------------------|--------------------------------|--------------------------|
|  | Food Services         | Community Services | Act 18           |                     | 2010 OSCB           | 2013 Series A    | 2015 Series B     | 2017 Refunding Building & Site |                          |
| <b>Revenue</b>                                     |                       |                    |                  |                     |                     |                  |                   |                                |                          |
| Local sources                                      | \$ 2,954,617          | \$ 3,580,948       | \$ -             | \$ 2,427,149        | \$ 34,390           | \$ 2,713,109     | \$ 2,053,164      | \$ 7,626,036                   | \$ 9,165,840             |
| State sources                                      | 336,114               | 996                | 3,010,323        | -                   | -                   | 47,561           | 35,992            | 6,427                          | 160,678                  |
| Federal sources                                    | 3,120,978             | -                  | 4,858,374        | -                   | -                   | -                | -                 | 133,685                        | 514,171                  |
| Interdistrict sources                              | -                     | -                  | -                | -                   | -                   | -                | -                 | -                              | -                        |
| <b>Total revenue</b>                               | <b>6,411,709</b>      | <b>3,581,944</b>   | <b>7,868,697</b> | <b>2,427,149</b>    | <b>34,390</b>       | <b>2,760,670</b> | <b>2,089,156</b>  | <b>7,759,721</b>               | <b>9,326,518</b>         |
| <b>Expenditures</b>                                |                       |                    |                  |                     |                     |                  |                   |                                |                          |
| Current:   |                       |                    |                  |                     |                     |                  |                   |                                |                          |
| Instruction  | -                     | 227,371            | 4,458,640        | -                   | -                   | -                | -                 | -                              | -                        |
| Support services                                   | -                     | 1,301              | 3,410,057        | 2,225,165           | -                   | -                | -                 | -                              | -                        |
| Food services                                      | 6,563,593             | 176                | -                | -                   | -                   | -                | -                 | -                              | -                        |
| Community services                                 | 428                   | 2,895,641          | -                | -                   | -                   | -                | -                 | -                              | -                        |
| Debt service:                                      |                       |                    |                  |                     |                     |                  |                   |                                |                          |
| Principal  | -                     | -                  | -                | -                   | -                   | 2,975,200        | 1,100,000         | 300,000                        | 7,485,000                |
| Interest   | -                     | -                  | -                | -                   | -                   | 148,750          | 938,125           | 36,000                         | 976,587                  |
| Other debt costs                                   | -                     | -                  | -                | -                   | -                   | 1,250            | 1,749             | 301                            | 351                      |
| Capital outlay                                     | 73,890                | 6,821              | -                | -                   | -                   | -                | -                 | -                              | -                        |
| <b>Total expenditures</b>                          | <b>6,637,911</b>      | <b>3,131,310</b>   | <b>7,868,697</b> | <b>2,225,165</b>    | <b>-</b>            | <b>3,125,200</b> | <b>2,039,874</b>  | <b>7,673,051</b>               | <b>8,461,938</b>         |
| <b>Excess of Revenue (Under) Over Expenditures</b> | <b>(226,202)</b>      | <b>450,634</b>     | <b>-</b>         | <b>201,984</b>      | <b>34,390</b>       | <b>(364,530)</b> | <b>49,282</b>     | <b>86,670</b>                  | <b>864,580</b>           |
| <b>Other Financing Sources (Uses)</b>              |                       |                    |                  |                     |                     |                  |                   |                                |                          |
| Proceeds from sale of capital assets               | -                     | -                  | -                | -                   | -                   | -                | -                 | -                              | -                        |
| Transfers in                                       | 35,730                | -                  | -                | -                   | 472,500             | 5,120            | -                 | -                              | 477,620                  |
| Transfers out                                      | -                     | (224,905)          | -                | -                   | -                   | -                | (5,120)           | -                              | (5,120)                  |
| <b>Total other financing sources (uses)</b>        | <b>35,730</b>         | <b>(224,905)</b>   | <b>-</b>         | <b>-</b>            | <b>472,500</b>      | <b>5,120</b>     | <b>(5,120)</b>    | <b>-</b>                       | <b>472,500</b>           |
| <b>Net Change in Fund Balances</b>                 | <b>(190,472)</b>      | <b>225,729</b>     | <b>-</b>         | <b>201,984</b>      | <b>506,890</b>      | <b>(369,410)</b> | <b>44,162</b>     | <b>432,044</b>                 | <b>864,580</b>           |
| <b>Fund Balances - Beginning of year</b>           | <b>2,920,163</b>      | <b>733,676</b>     | <b>-</b>         | <b>2,186,591</b>    | <b>5,201,519</b>    | <b>359,410</b>   | <b>195,115</b>    | <b>478,507</b>                 | <b>577,119</b>           |
| <b>Fund Balances - End of year</b>                 | <b>\$ 2,729,691</b>   | <b>\$ 959,405</b>  | <b>\$ -</b>      | <b>\$ 2,388,575</b> | <b>\$ 5,708,409</b> | <b>\$ -</b>      | <b>\$ 239,277</b> | <b>\$ 910,651</b>              | <b>\$ 1,441,699</b>      |

# Plymouth-Canton Community Schools

## Other Supplementary Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds

**Year Ended June 30, 2023**

|  | Capital Improvements | 2013 Capital Projects | 2015 Capital Projects | 2019 Capital Projects | Total                |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| <b>Revenue</b>                                     |                      |                       |                       |                       |                      |
| Local sources                                      | \$ 4,609             | \$ 8,716              | \$ 4,624              | \$ 58,217             | \$ 36,413,271        |
| State sources                                      | -                    | -                     | -                     | -                     | 3,861,604            |
| Federal sources                                    | -                    | -                     | -                     | -                     | 3,120,978            |
| Interdistrict sources                              | -                    | -                     | -                     | -                     | 4,858,374            |
| <b>Total revenue</b>                               | <b>4,609</b>         | <b>8,716</b>          | <b>4,624</b>          | <b>58,217</b>         | <b>50,254,227</b>    |
| <b>Expenditures</b>                                |                      |                       |                       |                       |                      |
| Current:   |                      |                       |                       |                       |                      |
| Instruction  | -                    | -                     | -                     | -                     | 4,685,011            |
| Support services                                   | 3,254                | 4,900                 | 2,600                 | -                     | 5,647,277            |
| Food services                                      | -                    | -                     | -                     | -                     | 6,563,789            |
| Community services                                 | -                    | -                     | -                     | -                     | 2,896,069            |
| Debt service:                                      |                      |                       |                       |                       |                      |
| Principal  | -                    | -                     | -                     | -                     | 22,805,200           |
| Interest   | -                    | -                     | -                     | -                     | 5,939,712            |
| Other debt costs                                   | -                    | -                     | -                     | -                     | 4,451                |
| Capital outlay                                     | -                    | -                     | 17,582                | -                     | 96,293               |
| <b>Total expenditures</b>                          | <b>3,254</b>         | <b>4,900</b>          | <b>20,182</b>         | <b>-</b>              | <b>48,640,782</b>    |
| <b>Excess of Revenue (Under) Over Expenditures</b> | <b>1,355</b>         | <b>3,816</b>          | <b>(15,558)</b>       | <b>58,217</b>         | <b>1,613,445</b>     |
| <b>Other Financing Sources (Uses)</b>              |                      |                       |                       |                       |                      |
| Proceeds from sale of capital assets               | 500,000              | 182,656               | -                     | -                     | 682,656              |
| Transfers in                                       | -                    | -                     | -                     | -                     | 513,350              |
| Transfers out                                      | -                    | -                     | -                     | -                     | (230,025)            |
| <b>Total other financing sources (uses)</b>        | <b>500,000</b>       | <b>182,656</b>        | <b>-</b>              | <b>-</b>              | <b>965,981</b>       |
| <b>Net Change in Fund Balances</b>                 | <b>501,355</b>       | <b>186,472</b>        | <b>(15,558)</b>       | <b>58,217</b>         | <b>2,579,426</b>     |
| <b>Fund Balances - Beginning of year</b>           | <b>225,774</b>       | <b>108,055</b>        | <b>617,832</b>        | <b>1,527,408</b>      | <b>16,053,275</b>    |
| <b>Fund Balances - End of year</b>                 | <b>\$ 727,129</b>    | <b>\$ 294,527</b>     | <b>\$ 602,274</b>     | <b>\$ 1,585,625</b>   | <b>\$ 18,632,701</b> |

# Plymouth-Canton Community Schools

## Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2023

| Years Ending<br>June 30         | 2010 Bond           | 2015 Bond             | 2017 Bond            | 2019 Bond           | 2020 Bond             | 2021 Bond             | 2023 Bond            | Total                 |
|---------------------------------|---------------------|-----------------------|----------------------|---------------------|-----------------------|-----------------------|----------------------|-----------------------|
|                                 | Principal           | Principal             | Principal            | Principal           | Principal             | Principal             | Principal            |                       |
| 2024                            | \$ -                | \$ 1,150,000          | \$ 1,605,000         | \$ 300,000          | \$ 5,475,000          | \$ 8,865,000          | \$ 4,625,000         | \$ 22,020,000         |
| 2025                            | -                   | 1,200,000             | 1,700,000            | 300,000             | 5,475,000             | 9,050,000             | 5,325,000            | 23,050,000            |
| 2026                            | -                   | 1,250,000             | 1,790,000            | -                   | 6,350,000             | 8,695,000             | 6,525,000            | 24,610,000            |
| 2027                            | 7,560,000           | 2,300,000             | 1,880,000            | -                   | 3,275,000             | 9,205,000             | 2,750,000            | 26,970,000            |
| 2028                            | -                   | 2,375,000             | 1,965,000            | -                   | 3,400,000             | 9,285,000             | 2,900,000            | 19,925,000            |
| 2029                            | -                   | 2,425,000             | 2,055,000            | -                   | 3,600,000             | 9,345,000             | 3,025,000            | 20,450,000            |
| 2030                            | -                   | 2,500,000             | 2,145,000            | -                   | 3,950,000             | 9,465,000             | 3,175,000            | 17,235,000            |
| 2031                            | -                   | 2,550,000             | 2,165,000            | -                   | 4,200,000             | 9,480,000             | 3,350,000            | 17,745,000            |
| 2032                            | -                   | 2,600,000             | -                    | -                   | 5,150,000             | 9,485,000             | 3,500,000            | 16,735,000            |
| 2033                            | -                   | 2,650,000             | -                    | -                   | 5,300,000             | 9,485,000             | 3,500,000            | 16,735,000            |
| 2034                            | -                   | 2,700,000             | -                    | -                   | 5,450,000             | 9,485,000             | 3,675,000            | 17,165,000            |
| 2035                            | -                   | 2,725,000             | -                    | -                   | 5,600,000             | -                     | 3,875,000            | 12,025,000            |
| 2036                            | -                   | -                     | -                    | -                   | 5,750,000             | -                     | 4,075,000            | 12,400,000            |
| 2037                            | -                   | -                     | -                    | -                   | 5,900,000             | -                     | 4,275,000            | 10,025,000            |
| 2038                            | -                   | -                     | -                    | -                   | 6,075,000             | -                     | 4,475,000            | 10,375,000            |
| 2039                            | -                   | -                     | -                    | -                   | 6,250,000             | -                     | 4,700,000            | 10,775,000            |
| 2040                            | -                   | -                     | -                    | -                   | 6,325,000             | -                     | 4,950,000            | 11,200,000            |
| 2041                            | -                   | -                     | -                    | -                   | -                     | -                     | 5,175,000            | 11,500,000            |
| 2042                            | -                   | -                     | -                    | -                   | -                     | -                     | 5,450,000            | 5,450,000             |
| 2043                            | -                   | -                     | -                    | -                   | -                     | -                     | 5,700,000            | 5,700,000             |
|                                 |                     |                       |                      |                     |                       |                       | 5,975,000            | 5,975,000             |
| <b>Total remaining payments</b> | <b>\$ 7,560,000</b> | <b>\$ 26,425,000</b>  | <b>\$ 15,305,000</b> | <b>\$ 600,000</b>   | <b>\$ 87,525,000</b>  | <b>\$ 76,415,000</b>  | <b>\$ 87,500,000</b> | <b>\$ 301,330,000</b> |
| <b>Interest rate</b>            | <b>5.40%</b>        | <b>3.00% to 4.00%</b> | <b>5.00%</b>         | <b>4.00%</b>        | <b>3.00%</b>          | <b>0.11% to 2.09%</b> | <b>5.00%</b>         |                       |
| <b>Original issue</b>           | <b>\$ 7,560,000</b> | <b>\$ 38,720,000</b>  | <b>\$ 26,655,000</b> | <b>\$ 6,035,000</b> | <b>\$ 100,000,000</b> | <b>\$ 85,850,000</b>  | <b>\$ 87,500,000</b> | <b>\$ 417,320,000</b> |

Principal payments for the bond issues are due on May 1 of each year.  
Interest payments for the bond issues are due on May 1 and November 1 of each year.