PAW PAW PUBLIC SCHOOLS

Van Buren County, Michigan

Annual Financial Report

For the year ended June 30, 2022

Hungerford Nichols CPAs + Advisors
Where good ideas add up

PAW PAW PUBLIC SCHOOLS
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Hungerford Nichols CPAs + Advisors
Where good ideas add up

INDEPENDENT AUDITOR'S REPORT

October 19, 2022

The Board of Education
Paw Paw Public Schools

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Paw Paw Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Paw Paw Public Schools basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

Changes in Accounting Principle

As discussed in Note K to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* for the fiscal year ended June 30, 2022. Our opinion is not modified in respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2022, on our consideration of the Paw Paw Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Paw Paw Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Paw Paw Public Schools' internal control over financial reporting and compliance.

Hungerford Nichols

Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of , we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

  - *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how it has changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the District's financial health or position.

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

- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities*: The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

New Accounting Pronouncement Implemented

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. This Statement enhances the relevance and consistency of information about governments' leasing activities. See Note K for additional information.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	2022	2021
Assets		
Current assets	$ 13,127,478	$ 12,523,636
Net capital assets	43,773,355	45,137,855
Total Assets	**56,900,833**	**57,661,491**
Deferred Outflows of Resources	**9,834,323**	**12,581,616**
Liabilities		
Current liabilities	6,240,809	5,368,693
Long-term liabilities	40,880,521	44,527,808
Net pension liability	27,949,085	40,312,472
Net OPEB liability	1,804,054	6,338,750
Total Liabilities	**76,874,469**	**96,547,723**
Deferred Inflows of Resources	**15,940,576**	**4,882,311**
Net Position		
Net investment in capital assets	(24,756)	(1,676,902)
Restricted	2,281,944	1,712,300
Unrestricted (deficit)	(28,337,077)	(31,222,325)
Total Net Position	**$ (26,079,889)**	**$ (31,186,927)**

The Statement of Activities presents changes in net position from operating results:

	2022	2021
Program Revenues		
Charges for services	$ 187,642	$ 132,839
Operating grants	8,499,336	8,006,599
General Revenues		
Property taxes	6,971,264	6,290,294
State school aid, unrestricted	15,716,548	14,750,397
Earnings on deposits and investments	11,685	11,416
Other	894,674	338,926
Total Revenues	32,281,149	29,530,471
Expenses		
Instruction	15,125,774	15,226,903
Supporting services	8,115,986	9,170,654
Community services	144,687	149,778
Food service	1,463,678	1,364,456
Interest on long-term debt	1,441,054	1,508,166
Other	42,038	128,500
Depreciation - unallocated	840,894	843,272
Total Expenses	27,174,111	28,391,729
Increase in net position	5,107,038	1,138,742
Net Position, Beginning of Year	(31,186,927)	(32,325,669)
Net Position, End of Year	**$ (26,079,889)**	**$ (31,186,927)**

Financial Analysis of the District as a Whole

Total cost of all programs and services has decreased $1.2 million to $27.2 million in 2021-22. The District's expenses are predominantly related to instruction (56%) and supporting services (30%). Total revenues exceeded expenses by $5,107,038, increasing total net position from a deficit of $31,186,927 to a deficit of $26,079,889. Unrestricted net position increased by $2,885,248 to a deficit of $28,337,077 at June 30, 2022. The District's net pension liability, including deferred outflows and inflows of resources, decreased by $1,245,395 during the fiscal year. In addition, the District's net OPEB liability, including deferred outflows and inflows of resources, decreased by $1,889,168 during the fiscal year.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. As a general rule, fund balances from one fund are prohibited from being expended on expenditures of another fund.

The District utilizes one kind of fund:

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

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. ' funds are described as follows:

Major Funds

General Fund
The General Fund is the District's primary operating fund. The General Fund had total revenues of $25,198,978, other financing sources of $85,963, and total expenditures of $25,516,731. It ended the fiscal year with a fund balance of $8,055,853, down from $8,287,643 at .

Nonmajor Funds

Special Revenue Fund
The District operates three Special Revenue funds: the Food Service, Cedar Street, and Student/School Activity Fund. Total revenues of the Food Service Fund were $2,079,231, total expenditures were $1,753,561, and total other financing uses were $56,000. The ending fund balance was $712,395, up from $386,725 at . Total revenues of the Student/School Activity Fund were $294,982, and total expenditures were $190,553. The ending fund balance was $540,786, up from $436,357 at . Total revenues of the Cedar Street Fund were $49,423, and total expenditures were $71,610. The ending fund balance was $50,947, down from $73,134 at .

Debt Service Funds
The District operates twelve nonmajor Debt Service funds. Total revenues were $4,414,886, total other financing sources of $603,287, total expenditures were $4,314,922, and total other financing uses were $603,287. The ending fund balances in the Debt Service Funds totaled $1,179,989 at June 30, 2022, up from $1,080,024 at .

Capital Projects Funds
The District operates two nonmajor Capital Projects Funds; the 2014 Construction and 2017 Construction Capital Projects Funds. Total other financing uses of the 2014 Construction Capital Projects Fund were $5,386. There was no ending fund balance at June 30, 2022, closing the fund. Total revenues of the 2017 Construction Capital Projects Fund were $2, other financing sources were $5,386, and total expenditures were $24,520. Ending fund balance was a deficit of $17, down from $19,115 at June 30, 2022.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget two times after the June, 2021 adoption. Amendments were needed due to:

- Changes were adopted in December, 2021 to adjust for student enrollment, staffing adjustments, program adjustments, additional local grant awards, and anticipated revenue/expenditure changes.
- In June, 2022 changes were adopted to account for the final annual adjustments of revenue, general supplies, and expenditures anticipated at fiscal year-end. We had to make adjustments to our transportation because we received an additional bus this year due to slow productions. We also made adjustments to staffing because we were unable to fill some positions.
- The District's final amended budget for the General Fund anticipated that revenues would be less than expenditures by $360,006.

Student Enrollment

Fall Counts	Student FTE (K-12 and Alternative Programs)	FTE Change from Prior Year	Alternative Program FTE	Change from Prior Year
2021-22	2,173	45	53	10
2020-21	2,128	(36)	43	3
2019-20	2,164	7	47	2
2018-19	2,157	(37)	45	(31)
2017-18	2,194	(23)	76	(32)

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 1899-22, the District had a $76.6 million investment in a broad range of capital assets including land, school buildings, athletic facilities, administrative offices, furniture and equipment, and transportation and other vehicles. This represents an increase of $442,303 over the previous year. More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.

At June 30, 2022, the District's net investment in capital assets (after accumulated depreciation) was $43,773,355. Net capital asset additions totaled $607,539, for the fiscal year with accumulating depreciation increasing $1,972,039 leaving a decrease in net capital assets of $1,364,500. Net capital assets of the District at June 30, 2022 are detailed as follows:

Land	$ 422,434
Buildings and improvements	41,103,980
Furniture and equipment	742,308
Buses and other vehicles	1,504,633
Net Capital Assets	$ 43,773,355

Long-term Obligations

At year end, the District had $44,274,231 in general obligation bonds and other long-term debt outstanding – a net decrease of $3,098,577 from the previous year.

The District's bond rating for general obligation debt was affirmed by Standard and Poor's as AA with a stable outlook. The State limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within a District's boundaries.

The District's other obligations include early retirement incentive, severance pay, and accumulated vacation pay and sick leave. There is more detailed information about our long-term liabilities in Note F in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

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

- The voters within the District didn't approved a millage in May of 2022. Therefore, as a district will be adding additional buildings and staff to maintain them. With that being said due to inflation of construction cost we still might have to spend some general fund dollars if the projects exceed the projected budgets.

- State funding for the 2022-2023 school year, will increase from $8,700 per pupil to $9,100 per pupil. This is an increase that was across the state. Currently we have been seeing an increase in the foundation allowance but with the uncertainty of the economy it's hard to say what it will look like in the next 5 years.

- We are currently projecting our enrollment to be flat in the 2022-2023. Enrollment projections indicate an increase this year in every grade level. Higher than normal new housing start-ups and multi-family units are projected, and this growth is being monitored closely to determine the impact of projected student growth to actual student growth. The District is closely watching enrollment since we had such a large growth this year and it could be because of Covid-19. Our projection from middle cities slows a steady decline but we have been above the projected amount year over year.

- Employee retirement costs paid into the Michigan Public School Employees' Retirement System (MPSERS), controlled by the State, continues to be a cause for concern into the future. Prior year legislative groups have addressed this unfunded liability, the fact remains there are less people paying into this system and more people receiving benefits each year, as state-wide decline in students have dictated retirees are not replaced locally on a one-to-one basis. For every dollar paid to employees throughout the year, the District pays a percentage into MPSERS. Addressing the unfunded MPSERS liability is necessary; however, it does reduce the overall available funds to all districts, as this funding dedicates a portion of school aid directly to this item.

- Employment recruitment and retention is a concern. Maintaining quality support staff and substitutes at all positions is becoming difficult, for many reasons. Current wages and benefits cannot match the offerings of private sector employers, uncertainty due to Covid-19 pandemic, and the pool of available, quality workers is diminished. The District is having to increase its total employment wage/benefit package to recruit and retain staff. If the economy does not return to prior year levels, the increased wage/benefit packages may put pressure on future District's budgets.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at Paw Paw Public Schools, 119 Johnson Street, Paw Paw, Michigan 49079.

BASIC FINANCIAL STATEMENTS

PAW PAW PUBLIC SCHOOLS
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash	$ 29,756
Cash equivalents and investments (Note B)	7,759,575
Accounts receivable	90,111
Due from other governmental units (Note C)	5,144,631
Inventory	14,900
Prepaid expenses	88,505
Capital assets not being depreciated (Note E)	422,434
Capital assets being depreciated, net (Note E)	43,350,921
Total Assets	56,900,833
Deferred Outflows of Resources	
Loss on advance bond refundings, net	301,351
Deferred pension amounts	7,005,863
Deferred OPEB amounts	2,527,109
Total Deferred Outflows of Resources	9,834,323
Liabilities	
Accounts payable	193,656
Due to other governmental units	775,234
Payroll withholdings payable	270,962
Accrued interest payable	259,574
Salaries payable	1,242,237
Unearned revenue	105,436
Long-term liabilities (Note G):	
Due within one year	3,393,710
Due in more than one year	40,880,521
Net pension liability	27,949,085
Net OPEB Liability	1,804,054
Total Liabilities	76,874,469
Deferred Inflows of Resources	
Deferred pension amounts	9,181,133
Deferred OPEB amounts	6,759,443
Total Deferred Inflows of Resources	15,940,576
Net Position	
Net investment in capital assets	(24,756)
Restricted for:	
Debt service	977,816
Food service	712,395
Student/School activity	540,786
Child care	50,947
Unrestricted (deficit)	(28,337,077)
Total Net Position	$ (26,079,889)

See accompanying notes to basic financial statements.

PAW PAW PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities				
Instruction	$ 15,125,774	$ -	$ 6,194,178	$ (8,931,596)
Supporting services	8,115,986	70,831	84,695	(7,960,460)
Community services	144,687	85,874	4,000	(54,813)
Food service	1,463,678	30,937	2,048,294	615,553
Interest on long-term debt	1,441,054	-	-	(1,441,054)
Other	42,038	-	168,169	126,131
Depreciation - unallocated *	840,894	-	-	(840,894)
Total Governmental Activities	$ 27,174,111	$ 187,642	$ 8,499,336	(18,487,133)
General Revenues				
Taxes:				
Property taxes, levied for general operations				2,724,699
Property taxes, levied for debt service				4,246,565
State school aid, unrestricted				15,716,548
Interest on deposits and investments				11,685
Other				894,674
Total General Revenues				23,594,171
Change in Net Position				5,107,038
Net Position - Beginning of Year				(31,186,927)
Net Position - End of Year				$ (26,079,889)

*This amount excludes direct depreciation expenses of the various programs.

See accompanying notes to basic financial statements.

PAW PAW PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2022

	General	Nonmajor	Total
Assets			
Cash	$ 29,756	$ -	$ 29,756
Cash equivalents and investments (Note B)	5,131,291	2,628,284	7,759,575
Accounts receivable	88,874	1,237	90,111
Due from other funds (Note D)	-	22,633	22,633
Due from other governmental units (Note C)	5,139,157	5,474	5,144,631
Inventory	-	14,900	14,900
Prepaid expenditures	88,505	-	88,505
Total Assets	$ 10,477,583	$ 2,672,528	$ 13,150,111
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 115,079	$ 78,577	$ 193,656
Due to other funds (Note D)	12,193	10,440	22,633
Due to other governmental units	775,234	-	775,234
Payroll withholdings payable	267,404	3,558	270,962
Salaries payable	1,232,284	9,953	1,242,237
Unearned revenue	19,536	85,900	105,436
Total Liabilities	2,421,730	188,428	2,610,158
Fund Balances (Note A)			
Nonspendable	88,505	14,900	103,405
Restricted	-	2,526,618	2,526,618
Unassigned	7,967,348	(57,418)	7,909,930
Total Fund Balances	8,055,853	2,484,100	10,539,953
Total Liabilities and Fund Balances	$ 10,477,583	$ 2,672,528	$ 13,150,111

See accompanying notes to basic financial statements.

PAW PAW PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
June 30, 2022

Total governmental fund balances		$ 10,539,953
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $76,619,400 and accumulated depreciation is $32,846,045.		43,773,355
Bond refunding losses are not expensed but are amortized over the life of the new bond issue.		301,351
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (42,500,000)	
Bond premium, unamortized	(1,598,435)	
State school bond loan	(1,027)	
Accumulated vacation/sick leave	(174,769)	(44,274,231)
Accrued interest is not included as a liability in governmental funds.		(259,574)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(27,949,085)	
Deferred outflows	7,005,863	
Deferred inflows	(9,181,133)	(30,124,355)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(1,804,054)	
Deferred outflows	2,527,109	
Deferred inflows	(6,759,443)	(6,036,388)
Total net position - governmental activities		$ (26,079,889)

PAW PAW PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2022

	General	Nonmajor	Total
Revenues			
Local sources	$ 3,203,557	$ 4,618,061	$ 7,821,618
State sources	19,735,196	264,414	19,999,610
Federal sources	1,651,808	1,956,049	3,607,857
Interdistrict sources	608,417	-	608,417
Total Revenues	25,198,978	6,838,524	32,037,502
Expenditures			
Current:			
Instruction	16,285,203	-	16,285,203
Supporting services	9,213,232	190,593	9,403,825
Community services	18,296	71,610	89,906
Food service	-	1,697,561	1,697,561
Capital outlay	-	24,480	24,480
Debt service:			
Principal repayment	-	2,845,000	2,845,000
Interest and fiscal charges	-	1,469,922	1,469,922
Total Expenditures	25,516,731	6,299,166	31,815,897
Excess (Deficiency) of Revenues Over Expenditures	(317,753)	539,358	221,605
Other Financing Sources			
Transfer in	56,000	603,287	659,287
Transfer out	-	(659,287)	(659,287)
Sale of capital assets	29,963	-	29,963
Total Other Financing Sources	85,963	(56,000)	29,963
Net Change in Fund Balances	(231,790)	483,358	251,568
Fund Balances, Beginning of Year	8,287,643	2,000,742	10,288,385
Fund Balances, End of Year	$ 8,055,853	$ 2,484,100	$ 10,539,953

See accompanying notes to basic financial statements.

PAW PAW PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2022

Net change in fund balances - total governmental funds			$ 251,568
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period:			
	Capital outlays	$ 607,539	
	Depreciation expense	(1,972,039)	(1,364,500)
Proceeds from the sale of bonds, or loans, are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position.			
	State school bond loan		(26)
Bond refunding losses are amortized over the life of the new bond issue on the Statement of Activities.			(42,038)
Bond premium is amortized over the life of the new bond issue on the Statement of Activities.			213,710
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.			2,845,000
Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.			28,868
In the Statement of Net Position, severance pay and accumulated vacation/sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid exceeded the amounts earned.			39,893
The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.			1,245,395
The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.			1,889,168
Total change in net position - governmental activities			$ 5,107,038

See accompanying notes to basic financial statements.

PAW PAW PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2022

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Local sources	$ 2,870,915	$ 3,170,311	$ 3,203,557	$ 33,246
State sources	18,369,121	19,702,021	19,735,196	33,175
Federal sources	2,533,195	1,916,825	1,651,808	(265,017)
Interdistrict sources	626,993	546,547	608,417	61,870
Total Revenues	24,400,224	25,335,704	25,198,978	(136,726)
Expenditures				
Current:				
Instruction:				
Basic programs	12,525,502	12,890,371	12,825,540	64,831
Added needs	3,255,413	3,356,877	3,324,357	32,520
Adult/continuing education	136,000	158,400	135,306	23,094
Supporting services:				
Pupil services	704,872	855,498	772,990	82,508
Instructional staff services	848,770	633,230	607,943	25,287
General administrative services	409,914	449,369	445,611	3,758
School administrative services	1,288,689	1,548,042	1,517,627	30,415
Business services	447,740	448,709	417,344	31,365
Operation and maintenance services	2,526,994	2,310,366	2,324,792	(14,426)
Pupil transportation services	1,097,754	1,266,585	1,291,940	(25,355)
Central services	1,029,008	1,346,703	1,361,323	(14,620)
Other supporting services	383,822	474,272	473,662	610
Community services	17,798	23,288	18,296	4,992
Total Expenditures	24,672,276	25,761,710	25,516,731	244,979
Excess (Deficiency) of Revenues Over Expenditures	(272,052)	(426,006)	(317,753)	108,253
Other Financing Sources (Uses)				
Transfer in	-	56,000	56,000	-
Transfer out	(100,041)	-	-	-
Sale of capital assets	-	10,000	29,963	19,963
Total Other Financing Sources (Uses)	(100,041)	66,000	85,963	19,963
Net Change in Fund Balances	(372,093)	(360,006)	(231,790)	128,216
Fund Balances, Beginning of Year	8,287,643	8,287,643	8,287,643	-
Fund Balances, End of Year	$ 7,915,550	$ 7,927,637	$ 8,055,853	$ 128,216

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

Paw Paw Public Schools (the "District") was organized under the School Code of the State of Michigan, and services a population of approximately 2,173 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resources basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District's net position is reported in three parts: investment in capital assets, net of related debt; restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the District's major fund. Nonmajor funds are aggregated and presented in a single column.

<u>Fund Financial Statements</u> – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation allowance is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Cedar Street, and Student/School Activities Special Revenue Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan’s School Code. The Capital Projects Funds include capital project activities funded with sinking fund millage. The District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

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

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Paw Paw Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the “budget”) must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Paw Paw Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Finance Director to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventories/Prepaid Items

Inventories are valued at cost (first-in, first-out), and are accounted for using the consumption method. Inventories of the Food Service Fund consist of food, and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include land, buildings and improvements, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed $5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

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

Buildings and improvements, furniture and equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 50 years
Furniture and equipment	3 - 10 years
Buses and other vehicles	5 - 10 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

10. Accumulated Vacation and Sick Leave

Accumulated vacation/sick leave at June 30, 2022 has been computed and recorded in the district-wide financial statements of the District. Eligible District employees who retire are entitled to payments based on their age, years of service, compensation and unused vacation/sick days. At June 30, 2022, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for accumulated vacation/sick leave amounted to $174,769.

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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

12. Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three such items that qualify for reporting in this category: the deferred charge on a previous year's bond refunding, the deferred outflows of resources relating to the recognition of net pension liability on the financial statements and the deferred outflows of resources relating to the recognition of net OPEB liability on the financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

14. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

15. Fund Balance

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).

- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.

- Assigned – resources that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.

- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The following policy has been adopted by the Board of Education in order to address the implications of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Operational guidelines. The following guidelines address the classification and use of District fund balance in governmental funds:

Fund balance measures the net financial resources available to finance expenditures of future periods. Fund balance is the difference between assets and liabilities reported in a governmental fund. The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without unnecessary borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Education. It is recognized that it will not always be possible to avoid borrowing to provide cash flow.

The Board of Education delegates authority to *assign* fund balance for a specific purpose to the Superintendent and the Finance Director. Assigned Fund Balance does not lapse at year end.

Fund Balance of the District may be *committed* for a specific purpose by formal action of the Board of Education. Amendments or modification to the Committed Fund Balance must also be approved by formal action of the Board. Committed Fund Balance does not lapse at year end.

Prioritization of fund balance use: When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that the funds are to be spent in the following order: Committed Fund Balance, Assigned Fund Balance and lastly, Unassigned Fund Balance.

The Board recognizes that good fiscal management comprises the foundational support of the entire District. It is generally recommended that governments, regardless of size, maintain an unrestricted fund balance equal to two months of either general fund operating revenues or expenditures. As those two amounts can be significantly different, it is the District's policy to measure fund balance on the basis of operating expenditures.

To make the foundational support of the District as effective as possible, the Board desires to maintain, in stable economic times, a fund balance of at least 10% of the District general fund annual operating expenditures. However, the Board is cognizant of the fact that as of initial adoption of this policy, the fund balance percentage is already near this benchmark. Further, the Board is aware that significant funding challenges have been addressed in the past fiscal year and that further additional and more severe fiscal challenges are looming.

At this time, the Board intends to maintain a fund balance sufficient to avoid a determination by the state superintendent that 'probable financial stress' within the meaning of Public Act 4 of 2011 (the Local Government and School District Fiscal Responsibility Act) exists. In addition, it is the Board's intent to continue to make every effort to reduce structural inadequacies between operating revenues and expenditures as both operationally and programmatically practical to allow future fund balance growth. The Board shall annually review this provision when budgeted operating expenditures exceed budgeted operating revenues.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.

- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.

- Securities issued or guaranteed by agencies or instrumentalities of the United States government.

- United States government or Federal agency obligation repurchase agreements.

- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2022 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	$ 7,759,575

Cash Equivalents and Deposits

Depositories actively used by the District during the year are detailed as follows:

1. Huntington Bank
2. Century Bank & Trust

Cash equivalents consist of bank public funds checking and savings accounts. Deposits consist of certificates of deposit.

June 30, 2022 balances are detailed as follows:

Cash equivalents	$ 2,027,460
Deposits	1,500
	$ 2,028,960

Custodial Credit Risk Related to Bank Deposits
Custodial credit risk is the risk that in the event of bank failure, the District's bank deposits may not be returned to the District. Protection of District bank deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was $2,028,960 and the bank balance was $2,315,688. Of the bank balance, $1,426,585 was covered by federal depository insurance and $889,103 was uninsured and uncollateralized.

Investments

As of June 30, 2022, the District had the following investments:

Surplus Funds Investment Pool Accounts:	
Michigan Liquid Asset Fund Plus (MILAF+) – Cash Management	$ 412,645
Michigan Liquid Asset Fund Plus (MILAF+) – MAX Class	5,317,970
	$ 5,730,615

The Michigan Liquid Asset Fund Plus (MILAF+) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission. MILAF+ is carried at amortized cost and the Fund is rated AAAm by Standard and Poor's. The MILAF+ MAX Class requires a 14 day redemption notice.

Custodial Credit Risk Related to Investments
Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by State statute.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk but minimizes its credit risk by limiting investments to the types allowed by the State.

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

Concentration of Credit Risk
The District minimizes concentration of credit risk which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy does not limit the amount that may be invested in any one issuer.

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

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2021 and October 2021. The 2021-22 "Foundation Allowance" for Paw Paw Public Schools was $8,700 for 2,167 "Full Time Equivalent" students, generating $19,710,859 in State aid payments to the District of which $3,593,224 was paid to the District in July and August 2022 and is included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund at June 30, 2022.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the Township of Almena, Antwerp, Waverly and the Villages of Lawrence and Paw Paw, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The County of Van Buren, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Paw Paw Public Schools' electors had previously (May 2012) approved a twelve year 18 mill operating millage extension, due to Headlee rollbacks only 17.9378 mills of non-homestead property tax was levied in the District for 2021.

The District levied 8.2 mills for debt service purposes in 2021, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is subject to tax abatements granted by the County of Van Buren with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2022, the District's property tax revenues were reduced by approximately $102,266 under these agreements.

Note D – Interfund Receivables/Payables and Transfers

Amounts due from (to) other funds, representing interfund receivables and payables for year end expenditure allocations not reimbursed at June 30, 2022 are detailed as follows:

	Due From	Due To
Major Fund		
General Fund:		
Special Revenue Funds:		
Cedar Street Center Fund	$ -	$ 530
Food Service Fund	-	11,663
Total Major Fund	-	12,193
Nonmajor Funds		
Special Revenue Funds:		
Cedar Street Center Fund:		
General Fund	530	-
Food Service Fund	-	10,440
Food Service Fund:		
General Fund	11,663	-
Cedar Street Center Fund	10,440	
Total Nonmajor Funds	22,633	10,440
Total All Funds	$ 22,633	$ 22,633

Transfers between funds during the year ended June 30, 2022 were as follows:

	Transfers In	Transfers Out
Major Fund		
General Fund:		
Special Revenue Fund:		
Food Service Fund	$ 56,000	$ -
Nonmajor Funds		
Special Revenue Funds:		
Food Service Fund:		
General Fund	-	56,000
Debt Service Funds:		
1998 Debt:		
2008 Debt	18	-
2008 Debt:		
1998 Debt	-	18
2012 Debt:		
2014 Debt	-	170,256
2013 Debt:		
2014 Debt	-	276,917
2014 SBLF:		
2014 Debt	-	103,381
2014 Debt:		
2012 Debt	170,256	-
2013 Debt	276,917	-
2014 SBLF	103,381	-
2017 Debt:	3,410	-
2017 SBLF	49,305	-
2017 Debt:		
2014 Debt	-	3,410
2017 SBLF:		
2014 Debt	-	49,305
Total Nonmajor Funds	603,287	659,287
Total All Funds	$ 659,287	$ 659,287

Note E – Capital Assets

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

	Balances July 1, 2021	Additions	Deductions	Balances June 30, 2022
Capital assets not being depreciated:				
Land	$ 422,434	$ -	$ -	$ 422,434
Capital assets being depreciated:				
Buildings and improvements	68,020,441	$ -	$ -	68,020,441
Buses and other vehicles	1,987,309	286,222	165,236	2,108,295
Furniture and equipment	5,746,913	321,317	-	6,068,230
Total capital assets being depreciated	75,754,663	$ 607,539	$ 165,236	76,196,966
Less accumulated depreciation for:				
Buildings and improvements	25,462,960	$ 1,453,501	$ -	26,916,461
Buses and other vehicles	1,356,066	175,157	165,236	1,365,987
Furniture and equipment	4,220,216	343,381	-	4,563,597
Total accumulated depreciation	31,039,242	$ 1,972,039	$ 165,236	32,846,045
Total capital assets being depreciated, net	44,715,421			43,350,921
Net Capital Assets	$ 45,137,855			$ 43,773,355

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	$ 885,499
Supporting services	165,934
Community services	72,900
Food service	6,812
Multiuse, unallocated	840,894
	$ 1,972,039

Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2022 are summarized as follows:

	Debt Outstanding July 1, 2021	Debt Added	Debt Retired	Debt Outstanding June 30, 2022
General obligation bonds:				
1998	$ 3,570,000	$ -	$ 900,000	$ 2,670,000
2005	5,110,000	-	475,000	4,635,000
2006	2,000,000	-	-	2,000,000
2014	11,390,000	-	-	11,390,000
2019	6,510,000	-	140,000	6,370,000
2020	16,765,000	-	1,330,000	15,435,000
Bond premium	1,812,145	-	213,710	1,598,435
State school bond loan	1,001	26	-	1,027
Accumulated vacation/sick leave	214,662	-	39,893	174,769
	$ 47,372,808	$ 26	$ 3,098,603	$ 44,274,231

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

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
$16,225K Refunding June 1, 1998				
Annual maturities of $885K to $955K	May 1, 2025	3.00 - 5.00	$ 2,670,000	$ 895,000
$8,360K Refunding February 5, 2015:				
Annual maturities of $450K to $1,060K	May 1, 2030	1.85 - 2.05	4,635,000	450,000
$12,390K B&S November 4, 2014:				
Annual maturities of $610K to $975K	May 1, 2043	1.88 - 2.55	11,390,000	-
$6,405K Refunding November 4, 2014				
Annual maturities of $500K	May 1, 2029	2.00 - 4.00	2,000,000	-
$6,510K Refunding October 30, 2019:				
Annual maturities of $240K to $1,145K	May 1, 2030	2.20	6,370,000	240,000
$16,765K Refunding June 1, 2021:				
Annual maturities of $1,560K to $2,100K	May 1, 2031	1.30 - 4.00	15,435,000	1,560,000
Bond premium		N/A	1,598,435	213,710
Other Obligations				
State school bond loan			1,027	-
Accumulated vacation/sick leave			174,769	35,000
			$ 44,274,231	$ 3,393,710

The annual requirements to pay principal and interest on long-term bonds outstanding are as follows:

Year Ended June 30	Principal	Interest	Total
2022	$ 3,145,000	$ 1,610,646	$ 4,755,646
2023	3,355,000	1,480,696	4,835,696
2024	3,605,000	1,343,896	4,948,896
2025	3,750,000	1,198,646	4,948,646
2026	3,885,000	836,827	4,721,827
2027	3,975,000	762,972	4,737,972
2028	4,075,000	675,710	4,750,710
2029	4,175,000	579,600	4,754,600
2030	2,025,000	474,270	2,499,270
2031	865,000	444,500	1,309,500
2032	865,000	370,338	1,235,338
2033	865,000	333,576	1,198,576
2034	865,000	303,300	1,168,300
2035	865,000	273,026	1,138,026
2036	865,000	236,262	1,101,262
2037	895,000	199,500	1,094,500
2038	925,000	165,938	1,090,938
2039	940,000	131,250	1,071,250
2040	975,000	96,000	1,071,000
2041	975,000	59,436	1,034,436
2042	610,000	22,874	632,874
	$ 42,500,000	$ 11,599,263	$ 54,099,263

Note G – Retirement Plan

Plan Description

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

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

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

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

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

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

Benefits Provided

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made, they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2017

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

Regular Retirement

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1: FAC x total years of service x 1.5%
Option 2: FAC x 30 years of service x 1.5% + FAC x years of service beyond 30 x 1.25%
Option 3: FAC x years of service as of transition date x 1.5% + FAC x years of service after transition date x 1.25%
Option 4: FAC as of transition date x years of service as of transition date x 1.5%

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

Early Retirement

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

The early pension is computed in the same manner as a regular pension but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Duty Disability Benefit

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Pension Payment Options

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount ("pop-up" provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan – For MIP and Basic members, the Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree's pension to decrease at age 62 by approximately the same amount as that person's Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

Survivor Benefit

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member's death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

Postemployment Adjustments

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of 3% of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

Contributions and Funded Status

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

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

The schedule below summarizes pension contribution rates in effect for the plan fiscal year 2021.

Pension Contribution Rates:

Plan Name	**Member**	**District**
Basic	0.0 – 4.0 %	19.78%
Member Investment Plan (MIP)	3.0 – 7.0%	19.78%
Pension Plus	3.0 – 6.4 %	16.82%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2022, inclusive of the MSPERS UAAL Stabilization, totaled $4,630,087.

MPSERS Plan Net Pension Liability (in thousands)

Total Pension Liability	$ 87,569,422
Plan Fiduciary Net Position	63,332,155
Net Pension Liability	$ 24,237,267
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.32%
Net Pension Liability as a Percentage of Covered Employee Payroll	261.49%
Total Covered Payroll	$9,269,004

Proportionate Share of Reporting Unit's Net Pension Liability

At June 30, 2022, the District reported a liability of 27,949,085 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2021 the District's proportion was 0.11805110%, which was an increase from 0.11735428% at September 30, 2020.

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

For the year ended June 30, 2022, the District recognized pension expense of $3,313,142. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 432,943	$ 164,587
Changes of assumptions	1,761,810	—
Net difference between projected and actual earnings on pension plan investments	—	8,985,541
Changes in proportion and differences between District contributions and proportionate share of contributions	423,150	31,005
District contributions subsequent to the measurement date*	4,387,960	—
Total	$ 7,005,863	$ 9,181,133

* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Year ended June 30	Amount
2023	$ (591,523)
2024	(1,449,532)
2025	(2,113,323)
2026	(2,408,852)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.80% net of investment expenses
Pension Plus Plan (Hybrid):	6.80% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers].

- Recognition period for assets in years: 5.0000.

- Full actuarial assumptions are available in the 2021 MPSERS Annual Comprehensive Financial Report found on the ORS website at (www.michigan.gov/orsschools).

Long-Term Expected Rate of Return on Investments

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

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

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

Rate of Return

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

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.8%/5.8%/5.0%	Current Single Discount Rate Assumption 6.8%/6.8%/6.0%	1% Increase 7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	$ 39,959,612	$ 27,949,085	$ 17,991,570

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2021 Annual Comprehensive Financial Report, available here: (www.michigan.gov/orsschools).

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

Payables to the pension plan totaling $595,203 at June 30, 2022 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note H – Other Postemployment Benefits

Plan Description

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

Benefits Provided

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

Retiree Healthcare Reform of 2012

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

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

Contributions and Funded Status

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2021:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.43%
Personal Healthcare Fund (PHF)	0.0 %	7.57%

Required contributions to the OPEB plan from the District were $936,225 for the year ended June 30, 2022.

Net OPEB Liability (in thousands)

Total OPEB Liability	$ 12,225,697
Plan Fiduciary Net Position	10,742,198
Net OPEB Liability	$ 1,483,499
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	87.87%
Net OPEB Liability as a Percentage of Covered Employee Payroll	16.00%
Total Covered Payroll	$ 9,269,004

Proportionate Share of Reporting Unit's Net OPEB Liability

At June 30, 2022, the District reported a liability of $1,804,054 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021 the District's proportion was 0.011819183%, which was a decrease from 0.11832059% at September 30, 2020.

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

For the year ended June 30, 2022, the District recognized an OPEB credit of $941,870. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ —	$ 5,149,543
Changes of assumptions	1,508,100	225,668
Net difference between projected and actual earnings on OPEB plan investments	—	1,359,748
Changes in proportion and differences between District contributions and proportionate share of contributions	183,846	24,484
District contributions subsequent to the measurement date*	835,163	—
Total	$ 2,527,109	$ 6,759,443

* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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

Year ended June 30	Amount
2023	$ (1,293,190)
2024	(1,197,431)
2025	(1,120,931)
2026	(1,039,139)
2027	(368,467)
Thereafter	(48,339)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65 – 5.25% Year 1 graded to 3.50% Year 15; 3.0% Year 120
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

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

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.6018 for non-university employers].

- Recognition period for assets in years: 5.0000.

- Full actuarial assumptions are available in the 2021 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Investments

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

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

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

Rate of Return

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

Discount Rate

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

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

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

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
District's proportionate share of the net OPEB liability	$ 3,352,258	$ 1,804,054	$ 490,182

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 439,092	$ 1,804,054	$ 3,339,800

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

Payables to the OPEB plan totaling $84,717 at June 30, 2022 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note I – Risk Management and Benefits

The 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 District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2021-22, and as of year ended June 30, 2022, there were no material pending claims against the District.

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of $28,279,659 and a total net position deficit of $26,079,889 as of June 30, 2022. These deficit net positions result primarily from the net pension liability of $30,124,355 and the net OPEB liability of $6,036,388 (net of deferred outflows and inflows of resources related to the pension/OPEB plan).

Note K – New Accounting Pronouncement Adopted

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* was adopted by the District during the fiscal year ending June 30, 2022. This statement enhances the relevance and consistency of information about government's leasing activities by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The net position as of July 1, 2021 was not required to be restated as a result of implementing the Statement.

REQUIRED SUPPLEMENTARY INFORMATION

PAW PAW PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
District's proportion of the net pension liability	0.11805110%	0.11735428%	0.11661422%
District's proportionate share of the net pension liability	$ 27,949,085	$ 40,312,472	$ 38,618,709
District's covered-employee payroll	$ 11,834,538	$ 10,460,483	$ 9,736,946
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	236.17%	385.38%	396.62%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.08%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
0.11530662%	0.11396533%	0.11501532%	0.11162589%	0.11283498%
$ 34,663,252	$ 29,533,262	$ 28,695,381	$ 27,264,644	$ 24,853,600
$ 10,214,663	$ 9,341,935	$ 9,823,404	$ 9,374,298	$ 9,578,027
339.35%	316.14%	292.11%	290.84%	259.49%
62.12%	63.96%	63.27%	63.17%	66.20%

PAW PAW PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
District's proportion of the net OPEB liability	0.11819183%	0.11832059%	0.11663793%
District's proportionate share of the net OPEB liability	$ 1,804,054	$ 6,338,750	$ 8,371,977
District's covered-employee payroll	$ 11,834,538	$ 10,460,483	$ 9,736,946
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.24%	60.60%	85.98%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.67%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018
0.11689410%	0.11403056%
$ 9,291,856	$ 10,097,943
$ 10,214,663	$ 9,341,935
90.97%	108.09%
43.10%	36.53%

PAW PAW PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District Pension Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	$ 4,630,087	$ 3,575,003	$ 3,225,904
Contributions in relation to the contractually required contribution	4,630,087	3,575,003	3,225,904
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 11,834,538	$ 10,460,483	$ 10,488,031
Contributions as a percentage of covered employee payroll	39.12%	34.18%	30.76%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
$ 3,528,714	$ 2,912,669	$ 2,582,729	$ 2,153,408	$ 2,030,221
3,528,714	2,912,669	2,582,729	2,153,408	2,030,221
$ -	$ -	$ -	$ -	$ -
$ 9,672,019	$ 9,904,646	$ 9,823,404	$ 9,374,298	$ 9,242,726
36.48%	29.41%	26.29%	22.97%	21.97%

PAW PAW PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District OPEB Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	$ 936,225	$ 849,266	$ 818,614
Contributions in relation to the contractually required contribution	936,225	849,266	818,614
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 11,834,538	$ 10,460,483	$ 10,488,031
Contributions as a percentage of covered employee payroll	7.91%	8.12%	7.81%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018
$ 768,318	$ 867,341
768,318	867,341
$ -	$ -
$ 9,672,019	$ 9,904,646
7.94%	8.76%

Note A - Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 1899-22.

Changes of assumptions: There were no changes of benefit assumptions in 1899-22.

Note B - Net OPEB Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 1899-22.

Changes of assumptions: There were no changes of benefit assumptions in 1899-22.

SUPPLEMENTARY INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

PAW PAW PUBLIC SCHOOLS
General Fund
Schedule of Revenues - Budget to Actual
For the years ended June 30, 2022
With Comparative Actual Revenues for the year ended June 30, 2020

	2021 Budget	2021 Actual	2021 Variance	2020 Actual
Local sources:				
Property taxes:				
Current property taxes		$ 2,724,699		$ 2,406,232
Earnings on investments and deposits		11,520		4,828
Revenue from student activities:				
Athletics admissions		54,016		15,259
Dues and fees		14,915		33,770
Other local revenue:				
Transportation fees		1,900		-
Rental of school facilities		40,462		37,545
Donations		65,278		150,767
Miscellaneous		290,767		51,517
		398,407		239,829
Total local sources	$ 3,170,311	3,203,557	$ 33,246	2,699,918
State sources:				
State aid		19,735,196		18,548,882
Total state sources	19,702,021	19,735,196	33,175	18,548,882
Federal sources:				
Title I, Part A		329,448		439,821
Title II, Part A		68,173		74,230
Title IV, Part A		32,325		34,853
WIOA - Adult Education		57,819		52,584
Education stabilization fund		1,162,413		610,387
Coronavirus relief funds		-		836,948
Medicaid - school based		1,630		753
Total federal sources	1,916,825	1,651,808	(265,017)	2,049,576
Interdistrict sources:				
Special education		532,638		475,861
Medicaid fee for service		75,779		77,790
Total interdistrict sources	546,547	608,417	61,870	553,651
Total Revenues	$ 25,335,704	$ 25,198,978	$ (136,726)	$ 23,852,027

PAW PAW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2022 and 2021

	2022 Budget	2022 Actual	2022 Variance	2021 Actual
Current:				
Instruction:				
Basic programs:				
Elementary		$ 5,454,800		$ 4,926,563
Middle school		2,780,790		2,525,035
High school		4,341,795		3,733,077
Early childhood		-		2
Alternative education		248,155		94,977
Total basic programs	$12,890,371	12,825,540	$ 64,831	11,279,654
Added needs:				
Special education		2,208,746		1,840,572
Compensatory education		1,115,611		1,029,710
Total added needs	3,356,877	3,324,357	32,520	2,870,282
Adult and continuing education:				
Basic		109,427		103,433
Secondary		25,879		25,878
Total adult and secondary education:	158,400	135,306	23,094	129,311
Total instruction	16,405,648	16,285,203	120,445	14,279,247
Supporting services:				
Pupil services:				
Truancy/absenteeism services		6,772		-
Guidance services		509,178		527,167
Physical therapist services		96,355		-
Social work services		160,685		216,498
Total pupil services	855,498	772,990	82,508	743,665
Instructional staff services:				
Professional staff development		504,234		444,337
Educational media services		66,279		60,318
Instruction related technology		322		38,367
Academic student assessment		37,108		32,766
Total instructional staff services	633,230	607,943	25,287	575,788
General administrative services:				
Board of education:		82,338		43,421
Executive administration:		363,273		340,996
Total general administrative services	449,369	445,611	3,758	384,417

(Continued)

PAW PAW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2022 and 2021

School administrative services:				
Office of the principal		$ 1,345,462		$ 1,270,171
Other school administrative services		172,165		5,500
Total school administrative services	$ 1,548,042	1,517,627	$ 30,415	1,275,671
Business services:				
Fiscal services		351,145		343,991
Internal services		23,934		22,444
Other business services		42,265		65,589
Total business services	448,709	417,344	31,365	432,024
Operation and maintenance services:				
Operation and maintenance	2,310,366	2,324,792	(14,426)	2,041,908
Pupil transportation services:				
Pupil transportation	1,266,585	1,291,940	(25,355)	863,314
Central services:				
Planning, research, development, and evaluation		3,340		4,559
Communication services		225,307		210,829
Staff/personnel services		150,832		138,060
Technology services		981,844		1,454,438
Total central services	1,346,703	1,361,323	(14,620)	1,807,886
Other supporting services:				
Athletics		374,630		289,086
Other		99,032		79,162
Total other supporting services	474,272	473,662	610	368,248
Total supporting services	9,332,774	9,213,232	119,542	8,492,921
Community services:				
Non-public school pupil	23,288	18,296	4,992	25,002
Total Expenditures	$ 25,761,710	$ 25,516,731	$ 244,979	$ 22,797,170

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NONMAJOR GOVERNMENTAL FUNDS

PAW PAW PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	Special Revenue			Debt Service
Assets	Food Service	Student/School Activity	Cedar Street	1998
Cash	$ -	$ -	$ -	$ -
Cash equivalents and investments	762,015	539,563	146,730	(52,009)
Accounts receivable	4	1,237	-	-
Due from other funds	22,103	-	530	-
Due from other governmental units	5,474	-	-	-
Inventory	14,900	-	-	-
Total Assets	$ 804,496	$ 540,800	$ 147,260	$ (52,009)
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 78,590	$ 14	$ (27)	$ -
Due to other funds	-	-	10,440	-
Payroll witholdings payable	3,558	-	-	-
Salaries payable	9,953	-	-	-
Unearned revenue	-	-	85,900	-
Total Liabilities	92,101	14	96,313	-
Fund Balances				
Nonspendable	14,900	-	-	-
Restricted	697,495	540,786	50,947	-
Unassigned				(52,009)
Total Fund Balances	712,395	540,786	50,947	(52,009)
Total Liabilities and Fund Balances	$ 804,496	$ 540,800	$ 147,260	$ (52,009)

Debt Service						
2008	2012	2013	2014 SBLF	2014 Nontax	2014	2015
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	647	2,065	-	654,221	330,577	28,500
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ -	$ 647	$ 2,065	$ -	$ 654,221	$ 330,577	$ 28,500
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	647	2,065	-	654,221	330,577	28,500
-	-	-	-	-	-	-
-	647	2,065	-	654,221	330,577	28,500
$ -	$ 647	$ 2,065	$ -	$ 654,221	$ 330,577	$ 28,500

PAW PAW PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds (Continued)
June 30, 2022

	Debt Service			
Assets	2017	2017 SBLF	2019	2021 SBLF
Cash	$ -	$ -	$ -	$ -
Cash equivalents and investments	-	-	(5,392)	221,380
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Inventory	-	-	-	-
Total Assets	$ -	$ -	$ (5,392)	$ 221,380
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Payroll witholdings payable	-	-	-	-
Salaries payable	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	221,380
Unassigned	-	-	(5,392)	-
Total Fund Balances	-	-	(5,392)	221,380
Total Liabilities and Fund Balances	$ -	$ -	$ (5,392)	$ 221,380

Capital Projects 2014 Construction	Capital Projects 2017 Consruction	Total
$ -	$ -	$ -
-	(13)	2,628,284
-	(4)	1,237
-	-	22,633
-	-	5,474
-	-	14,900
$ -	$ (17)	$2,672,528

$ -	$ -	$ 78,577
-	-	10,440
-	-	3,558
-	-	9,953
-	-	85,900
-	-	188,428
-	-	14,900
-	-	2,526,618
-	(17)	(57,418)
-	(17)	2,484,100
$ -	$ (17)	$2,672,528

PAW PAW PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2022

	Special Revenue			Debt Service
Revenues	Food Service	Student/School Activity	Cedar Street	1998
Local sources:				
Property taxes	$ -	$ -	$ -	$ 983,829
Earnings on deposits and investments	-	-	11	-
Food sales	30,937	-	-	-
Other local sources	-	294,982	45,412	-
Total local sources	30,937	294,982	45,423	983,829
State sources	96,245	-	-	38,965
Federal sources	1,952,049	-	4,000	-
Total Revenues	2,079,231	294,982	49,423	1,022,794
Expenditures				
Current:				
Food service	1,697,561	-	-	-
Supporting services	-	190,553	-	-
Community services	-	-	71,610	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	900,000
Interest and fiscal charges	-	-	-	179,250
Total Expenditures	1,697,561	190,553	71,610	1,079,250
Excess (Deficiency) of Revenues Over Expenditures	381,670	104,429	(22,187)	(56,456)
Other Financing Sources (Uses)				
Transfers in	-	-	-	18
Transfers out	(56,000)	-	-	-
Other transactions	-	-	-	-
Total Other Financing Sources (Uses)	(56,000)	-	-	18
Net Change in Fund Balances	325,670	104,429	(22,187)	(56,438)
Fund Balances, Beginning of Year	386,725	436,357	73,134	4,429
Fund Balances, End of Year	$ 712,395	$ 540,786	$ 50,947	$ (52,009)

Debt Service						
2008	2012	2013	2014 SBLF	2014 Nontax	2014	2015
$ -	$ -	$ 1	$ -	$ 5,112	$ 533,131	$ 621,109
-	-	112	-	-	12	25
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	113	-	5,112	533,143	621,134
-	-	-	-	202	21,122	24,603
-	-	-	-	-	-	-
-	-	113	-	5,314	554,265	645,737
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	475,000
-	-	180	-	80,250	444,750	204,400
-	-	180	-	80,250	444,750	679,400
-	-	(67)	-	(74,936)	109,515	(33,663)
-	-	-	-	-	603,269	-
(18)	(170,256)	(276,917)	(103,381)	-	-	-
-	-	-	-	-	-	-
(18)	(170,256)	(276,917)	(103,381)	-	603,269	-
(18)	(170,256)	(276,984)	(103,381)	(74,936)	712,784	(33,663)
18	170,903	279,049	103,381	729,157	(382,207)	62,163
$ -	$ 647	$ 2,065	$ -	$ 654,221	$ 330,577	$ 28,500

PAW PAW PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds (Continued)
For the year ended June 30, 2022

	Debt Service			
Revenues	2017	2017 SBLF	2019	2021 SBLF
Local sources:				
Property taxes	$ 41	$ 2,052	$ 222,401	$1,878,889
Earnings on deposits and investments	-	-	1	2
Food sales	-	-	-	-
Other local sources	-	-	-	-
Total local sources	41	2,052	222,402	1,878,891
State sources	-	-	8,812	74,465
Federal sources	-	-	-	-
Total Revenues	41	2,052	231,214	1,953,356
Expenditures				
Current:				
Food service	-	-	-	-
Supporting services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	140,000	1,330,000
Interest and fiscal charges	-	-	153,145	407,947
Total Expenditures	-	-	293,145	1,737,947
Excess (Deficiency) of Revenues Over Expenditures	41	2,052	(61,931)	215,409
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(3,410)	(49,305)	-	-
Other transactions	-	-	-	-
Total Other Financing Sources (Uses)	(3,410)	(49,305)	-	-
Net Change in Fund Balances	(3,369)	(47,253)	(61,931)	215,409
Fund Balances, Beginning of Year	3,369	47,253	56,539	5,971
Fund Balances, End of Year	$ -	$ -	$ (5,392)	$ 221,380

Capital Projects 2014 Construction	Capital Projects 2017 Construction	Total
$ -	$ -	$4,246,565
-	2	165
-	-	30,937
-	-	340,394
-	2	4,618,061
-	-	264,414
-	-	1,956,049
-	2	6,838,524
-	-	1,697,561
-	40	190,593
-	-	71,610
-	24,480	24,480
-	-	2,845,000
-	-	1,469,922
-	24,520	6,299,166
-	(24,518)	539,358
-	-	603,287
-	-	(659,287)
(5,386)	5,386	-
(5,386)	5,386	(56,000)
(5,386)	(19,132)	483,358
5,386	19,115	2,000,742
$ -	$ (17)	$2,484,100

PAW PAW PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Local sources	$ 10,276	$ 30,937	$ 20,661
State sources	94,338	96,245	1,907
Federal sources	1,932,809	1,952,049	19,240
Total Revenues	2,037,423	2,079,231	41,808
Expenditures			
Current:			
Food service	1,858,538	1,697,561	160,977
Excess of Revenues over Exenditures	178,885	381,670	202,785
Other Financing Uses			
Transfer out	-	(56,000)	(56,000)
Net Change in Fund Balances	178,885	325,670	146,785
Fund Balances, Beginning of Year	386,725	386,725	-
Fund Balances, End of Year	$ 565,610	$ 712,395	$ 146,785

PAW PAW PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Local sources	$ 240,000	$ 294,982	$ 54,982
Expenditures			
Current:			
Other supporting services	180,000	190,553	(10,553)
Net Change in Fund Balance	60,000	104,429	(44,429)
Fund Balance, Beginning of Year	436,357	436,357	-
Fund Balance, End of Year	$ 496,357	$ 540,786	$ (44,429)

PAW PAW PUBLIC SCHOOLS
Cedar Street Special Reveue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Local sources	$ 41,010	$ 45,423	$ 4,413
Federal sources	4,000	4,000	-
Total Revenues	45,010	49,423	4,413
Expenditures			
Current:			
Community services	65,100	71,610	(6,510)
Net Change in Fund Balance	(20,090)	(22,187)	2,097
Fund Balance, Beginning of Year	73,134	73,134	-
Fund Balance, End of Year	$ 53,044	$ 50,947	$ 2,097

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<u>OTHER INFORMATION</u>

PAW PAW PUBLIC SCHOOLS
Summary of Principal and Interest Requirements to Maturity
1998 Serial Bonds
For the year ended June 30, 2022

Year	November 1 Interest	May 1 Principal	May 1 Interest	May 1 Total	Total Requirement
2023	$ 66,750	$ 895,000	$ 66,750	$ 961,750	$ 1,028,500
2024	44,375	890,000	44,375	934,375	978,750
2025	22,125	885,000	22,125	907,125	929,250
Totals	$ 133,250	$ 2,670,000	$ 133,250	$ 2,803,250	$ 2,936,500

PAW PAW PUBLIC SCHOOLS
Summary of Principal and Interest Requirements to Maturity
2015 Refudning of 2005 Bonds
For the year ended June 30, 2022

Year	November 1 Interest	May 1 Principal	May 1 Interest	May 1 Total	Total Requirement
2023	$ 92,700	$ 450,000	$ 92,700	$ 542,700	$ 635,400
2024	83,700	450,000	83,700	533,700	617,400
2025	74,700	450,000	74,700	524,700	599,400
2026	65,700	575,000	65,700	640,700	706,400
2027	54,200	550,000	54,200	604,200	658,400
2028	43,200	550,000	43,200	593,200	636,400
2029	32,200	550,000	32,200	582,200	614,400
2030	21,200	1,060,000	21,200	1,081,200	1,102,400
Totals	$ 467,600	$ 4,635,000	$ 467,600	$ 5,102,600	$ 5,570,200

PAW PAW PUBLIC SCHOOLS
Summary of Principal and Interest Requirements to Maturity
2014 Refunding of 2006 Bonds
For the year ended June 30, 2022

Year	November 1 Interest	May 1 Principal	May 1 Interest	May 1 Total	Total Requirement
2023	$ 40,000	$ -	$ 40,000	$ 40,000	$ 80,000
2024	40,000	-	40,000	40,000	80,000
2025	40,000	-	40,000	40,000	80,000
2026	40,000	500,000	40,000	540,000	580,000
2027	30,000	500,000	30,000	530,000	560,000
2028	20,000	500,000	20,000	520,000	540,000
2029	10,000	500,000	10,000	510,000	520,000
Totals	$ 220,000	$ 2,000,000	$ 220,000	$ 2,220,000	$ 2,440,000

PAW PAW PUBLIC SCHOOLS
Summary of Principal and Interest Requirements to Maturity
2014 Serial Bonds
For the year ended June 30, 2022

Year	November 1 Interest	May 1 Principal	May 1 Interest	May 1 Total	Total Requirement
2023	$ 222,250	$ -	$ 222,250	$ 222,250	$ 444,500
2024	222,250	-	222,250	222,250	444,500
2025	222,250	-	222,250	222,250	444,500
2026	222,250	-	222,250	222,250	444,500
2027	222,250	-	222,250	222,250	444,500
2028	222,250	-	222,250	222,250	444,500
2029	222,250	-	222,250	222,250	444,500
2030	222,250	-	222,250	222,250	444,500
2031	222,250	880,000	222,250	1,102,250	1,324,500
2032	222,250	865,000	222,250	1,087,250	1,309,500
2033	185,169	865,000	185,169	1,050,169	1,235,338
2034	166,787	865,000	166,787	1,031,787	1,198,574
2035	151,650	865,000	151,650	1,016,650	1,168,300
2036	136,513	865,000	136,513	1,001,513	1,138,026
2037	118,131	865,000	118,131	983,131	1,101,262
2038	99,750	895,000	99,750	994,750	1,094,500
2039	82,969	925,000	82,969	1,007,969	1,090,938
2040	65,625	940,000	65,625	1,005,625	1,071,250
2041	48,000	975,000	48,000	1,023,000	1,071,000
2042	29,719	975,000	29,719	1,004,719	1,034,438
2043	11,437	610,000	11,437	621,437	632,874
Totals	$ 3,318,250	$11,390,000	$ 3,318,250	$14,708,250	$18,026,500

PAW PAW PUBLIC SCHOOLS
Summary of Principal and Interest Requirements to Maturity
2019 Refunding Bonds
For the year ended June 30, 2022

Year	November 1 Interest	May 1 Principal	May 1 Interest	May 1 Total	Total Requirement
2023	$ 74,922	$ 240,000	$ 74,923	$ 314,923	$ 389,845
2024	72,522	315,000	72,523	387,523	460,045
2025	69,372	390,000	69,373	459,373	528,745
2026	65,472	715,000	65,473	780,473	845,945
2027	57,786	800,000	57,786	857,786	915,572
2028	48,786	860,000	48,787	908,787	957,573
2029	38,466	925,000	38,466	963,466	1,001,932
2030	27,135	980,000	27,135	1,007,135	1,034,270
2031	14,885	1,145,000	14,885	1,159,885	1,174,770
Totals	$ 469,346	$ 6,370,000	$ 469,351	$ 6,839,351	$ 7,308,697

PAW PAW PUBLIC SCHOOLS
Summary of Principal and Interest Requirements to Maturity
2021 SBLF Refunding Bonds
For the year ended June 30, 2022

Year	November 1 Interest	May 1 Principal	May 1 Interest	May 1 Total	Total Requirement
2023	$ 308,700	$ 1,560,000	$ 308,700	$ 1,868,700	$ 2,177,400
2024	277,500	1,700,000	277,500	1,977,500	2,255,000
2025	243,500	1,880,000	243,500	2,123,500	2,367,000
2026	205,900	1,960,000	205,900	2,165,900	2,371,800
2027	54,177	2,035,000	54,178	2,089,178	2,143,355
2028	47,250	2,065,000	47,250	2,112,250	2,159,500
2029	34,939	2,100,000	34,939	2,134,939	2,169,878
2030	19,215	2,135,000	19,215	2,154,215	2,173,430
Totals	$ 1,191,181	$15,435,000	$ 1,191,182	$16,626,182	$17,817,363