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# Vicksburg Community Schools

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**Financial Report  
with Supplemental Information  
June 30, 2021**

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## Independent Auditor's Report

To the Board of Education  
Vicksburg Community Schools

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Vicksburg Community Schools (the "School District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Vicksburg Community Schools' basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

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 funds, and the aggregate remaining fund information of Vicksburg Community Schools as of June 30, 2021 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As discussed in Note 2 to the basic financial statements, as of July 1, 2020, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the Board of Education  
Vicksburg Community Schools

**Required Supplemental Information**

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

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vicksburg Community Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021 on our consideration of Vicksburg Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Vicksburg Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vicksburg Community Schools' internal control over financial reporting and compliance.



October 26, 2021

This section of the annual financial report for Vicksburg Community Schools (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

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

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

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

#### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

#### **Required Supplemental Information**

Budgetary Comparison Schedule - General Fund

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

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

#### **Other Supplemental Information**

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

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

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

# Vicksburg Community Schools

## Management's Discussion and Analysis (Continued)

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

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

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

### **Governmental Funds**

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

### **The School District as a Whole**

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 26.6	\$ 27.3
Capital assets	31.2	27.9
Total assets	57.8	55.2
<b>Deferred Outflows of Resources</b>	14.9	17.9
<b>Liabilities</b>		
Current liabilities	7.6	5.3
Noncurrent liabilities	25.9	30.2
Net pension liability	53.5	52.2
Net OPEB liability	8.3	11.3
Total liabilities	95.3	99.0
<b>Deferred Inflows of Resources</b>	9.2	8.4
<b>Net Position (Deficit)</b>		
Net investment in capital assets	17.7	15.0
Restricted	0.3	0.8
Unrestricted	(49.8)	(50.1)
Total net position (deficit)	<b>\$ (31.8)</b>	<b>\$ (34.3)</b>

# Vicksburg Community Schools

## Management's Discussion and Analysis (Continued)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(31.8) million at June 30, 2021. Net investment in capital assets totaling \$17.7 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(49.8) million) was unrestricted.

The \$(49.8) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact of the net pension and OPEB liabilities. The change in the net pension and net OPEB liabilities has a significant impact on the change in unrestricted net position from year to year.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. This standard provides guidance on the identification and reporting of fiduciary activities and required the School District to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2020 beginning net position by \$523,764, which represents the activities that used to be reported as fiduciary but are now reported as governmental under GASB 84. The governmental statement of net position at June 30, 2021 and statement of activities for the year ended June 30, 2021 include all the balances and transactions for those activities that used to be reported as fiduciary but are now reported as governmental. All school districts were required to adopt this new standard.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 0.2	\$ 0.7
Operating grants	10.6	8.3
General revenue:		
Taxes	6.2	6.1
State aid not restricted to specific purposes	19.6	19.2
Other	0.4	0.4
Total revenue	37.0	34.7
<b>Expenses</b>		
Instruction	18.9	19.5
Support services	11.5	11.3
Athletics	0.6	0.6
Food services	1.1	1.3
Community services	0.4	0.5
Debt service	0.7	0.9
Depreciation expense (unallocated)	1.8	1.8
Total expenses	35.0	35.9
<b>Change in Net Position</b>	2.0	(1.2)
<b>Net Position (Deficit) - Beginning of year (as restated) (Note 2)</b>	(33.8)	(33.1)
<b>Net Position (Deficit) - End of year</b>	<b>\$ (31.8)</b>	<b>\$ (34.3)</b>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$35.0 million. Certain activities were partially funded from those who benefited from the programs (\$0.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10.6 million). We paid for the remaining public benefit portion of our governmental activities with \$6.2 million in taxes, \$19.6 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$2.0 million. The key reason for the change in net position was the increase in revenue related to the COVID-19 funding and impact of changes to the net pension and OPEB liabilities.

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

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

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$19.1 million, which is a decrease of \$3.6 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance increased by \$1.7 million to \$4.9 million. The increase is mainly due to a combination of factors related to the COVID-19 pandemic, including aggressive cost containment due to the anticipation of significant shortfalls in state revenue that did not materialize, reduced operating costs due to a large number of students choosing virtual instruction, and the reassignment of numerous classroom teachers to virtual instruction positions, which were funded by federal grants.

The 2020 Building and Site Fund fund balance increased by \$17.2 million due to the issuance of the 2020 Building and Site Bonds.

Fund balance of our special revenue fund increased by \$0.2 million as a result of increased federal funding provided for purposes the extended summer food service program. With the adoption of GASB 84, the School District created the Student Activities special revenue fund to account for activities previously reported as fiduciary funds. The effect of the adoption was to increase July 1, 2020 beginning fund balance by \$523,764.

Combined, the fund balance of our debt service funds decreased by \$0.4 million. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can only be used to pay debt service obligations.

Combined, the fund balance of our nonmajor capital project funds decreased by \$0.2 million. The 2014 Building and Site Fund fund balance decreased by \$0.2 million due to the continued construction related to the 2014 Building and Site Series III bond. The 2014 Building and Site Bond Series I through III construction projects were considered to be substantially complete at June 30, 2020.

#### ***General Fund Budgetary Highlights***

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2020-2021 General Fund original budget. Budgeted revenue was increased by \$3.4 million due to significantly higher than anticipated state aid revenue combined with significant federal funding related to the COVID-19 pandemic. Higher than anticipated budgeted expenditures were increased by \$2.4 million in response to the additional revenue described previously.



# Vicksburg Community Schools

## Management's Discussion and Analysis (Continued)

There were no significant variances between the final budget and actual amounts.

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

#### **Capital Assets**

As of June 30, 2021 and 2020, the School District had \$31.2 million and \$27.9 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$3.3 million from 2020 to 2021.

	2021	2020
Land	\$ 147,402	\$ 147,402
Construction in progress	4,210,627	165,179
Buildings and improvements	48,289,053	47,615,660
Furniture and equipment	5,598,529	5,205,144
Buses and other vehicles	2,839,241	3,032,122
Total capital assets	61,084,852	56,165,507
Less - Accumulated depreciation	29,888,374	28,310,687
Total capital assets - Net of accumulated depreciation	<b>\$ 31,196,478</b>	<b>\$ 27,854,820</b>

This year's additions of \$5.1 million included building renovations, technology, vehicles, food service equipment, and construction in progress related to the 2020 Building and Site bonds. Several major capital projects are planned for the 2021-2022 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

#### **Debt**

At the end of this year, the School District had \$23.7 million in bonds outstanding versus \$28.0 million in the previous year.

Those bonds consisted of the following:

	2021	2020
General obligation bonds	\$ 23,695,000	\$ 28,000,000

The School District's general obligation bond rating continues to be A. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding debt obligation of \$23.7 million is classified as qualified debt and is not subject to the statutorily imposed debt limit.

Other obligations include compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

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

Our elected officials and administration consider many factors when setting the School District's 2021-2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2021-2022 budget was adopted in June 2021 based on an estimate of students who will enroll in September 2021. Approximately 62.7 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2021-2022 school year, we anticipate that, while overall enrollment has increased by approximately 75 students, the blended pupil count upon which funding is based will decrease by approximately 30 students due to the State of Michigan's temporary modification to the 2020-2021 pupil count formula. This reduction in pupil count will be more than offset by an increase in the per pupil foundation allowance for 2021-2022. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation, including a foundation allowance increase of \$589 per pupil.

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

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

June 30, 2021

Governmental  
Activities

**Assets**

Cash and cash equivalents (Note 4)	\$ 6,033,442
Receivables	5,292,660
Inventories	9,783
Prepaid expenses	497,173
Restricted assets (Notes 4 and 5)	14,767,667
Capital assets: (Note 7)	
Assets not subject to depreciation	4,358,029
Assets subject to depreciation - Net	26,838,449
<b>Total assets</b>	<b>57,797,203</b>

**Deferred Outflows of Resources**

Deferred pension costs (Note 11)	11,159,551
Deferred OPEB costs (Note 11)	3,705,421
<b>Total deferred outflows of resources</b>	<b>14,864,972</b>

**Liabilities**

Accounts payable	2,143,002
Accrued liabilities and other	3,823,096
State aid anticipation note (Note 13)	1,457,146
Unearned revenue (Note 6)	212,451
Noncurrent liabilities:	
Due within one year (Note 9)	4,112,516
Due in more than one year (Note 9)	21,765,395
Net pension liability (Note 11)	53,505,344
Net OPEB liability (Note 11)	8,294,990
<b>Total liabilities</b>	<b>95,313,940</b>

**Deferred Inflows of Resources**

Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	2,013,080
Deferred pension cost reductions (Note 11)	706,103
Deferred OPEB cost reductions (Note 11)	6,443,923
<b>Total deferred inflows of resources</b>	<b>9,163,106</b>

**Net Position (Deficit)**

Net investment in capital assets	17,726,177
Restricted:	
Debt service	318,879
Capital projects	20,789
Unrestricted	(49,880,716)
<b>Total net position (deficit)</b>	<b>\$ (31,814,871)</b>

# Vicksburg Community Schools

## Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 18,921,615	\$ -	\$ 6,211,221	\$ (12,710,394)
Support services	11,583,696	414	2,922,927	(8,660,355)
Athletics	564,428	25,834	-	(538,594)
Food services	1,078,251	49,418	1,421,530	392,697
Community services	429,439	151,517	-	(277,922)
Interest	649,426	-	-	(649,426)
Other	15,388	-	-	(15,388)
Depreciation expense (unallocated) (Note 7)	1,804,568	-	-	(1,804,568)
Total primary government	<b>\$ 35,046,811</b>	<b>\$ 227,183</b>	<b>\$ 10,555,678</b>	(24,263,950)
General revenue:				
Taxes:				
Property taxes levied for general purposes				1,978,314
Property taxes levied for debt service				4,190,492
State aid not restricted to specific purposes				19,612,630
Interest and investment earnings				22,367
Penalties, interest, and other taxes				11,179
Gain on sale of capital assets				13,294
Other				435,187
Total general revenue				<u>26,263,463</u>
<b>Change in Net Position</b>				1,999,513
<b>Net Position (Deficit) - Beginning of year (as restated) (Note 2)</b>				<u>(33,814,384)</u>
<b>Net Position (Deficit) - End of year</b>				<b><u>\$ (31,814,871)</u></b>

# Vicksburg Community Schools

## Governmental Funds Balance Sheet

June 30, 2021

	General Fund	2020 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents (Note 4)	\$ 4,588,833	\$ -	\$ 1,444,609	\$ 6,033,442
Receivables	5,218,922	-	73,738	5,292,660
Due from other funds (Note 8)	123,332	-	24,621	147,953
Inventories	2,650	-	7,133	9,783
Prepaid expenses	497,173	-	-	497,173
Restricted assets (Notes 4 and 5)	-	14,280,355	487,312	14,767,667
	<u>\$ 10,430,910</u>	<u>\$ 14,280,355</u>	<u>\$ 2,037,413</u>	<u>\$ 26,748,678</u>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 185,931	\$ 1,937,928	\$ 19,143	\$ 2,143,002
Due to other funds (Note 8)	24,621	1,949	121,383	147,953
Accrued liabilities and other	3,639,560	-	40,672	3,680,232
State aid anticipation note	1,457,146	-	-	1,457,146
Unearned revenue (Note 6)	181,293	-	31,158	212,451
	<u>5,488,551</u>	<u>1,939,877</u>	<u>212,356</u>	<u>7,640,784</u>
Total liabilities				
<b>Fund Balances</b>				
Nonspendable:				
Inventories	2,650	-	7,133	9,783
Prepaid expenses	497,173	-	-	497,173
Restricted:				
Debt service	-	-	461,743	461,743
Capital projects	-	12,340,478	-	12,340,478
Food service	-	-	803,508	803,508
Committed - Student activities	-	-	536,544	536,544
Assigned:				
Subsequent year's budget	203,336	-	-	203,336
Capital projects	-	-	16,129	16,129
Unassigned	4,239,200	-	-	4,239,200
	<u>4,942,359</u>	<u>12,340,478</u>	<u>1,825,057</u>	<u>19,107,894</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 10,430,910</u>	<u>\$ 14,280,355</u>	<u>\$ 2,037,413</u>	<u>\$ 26,748,678</u>

# Vicksburg Community Schools

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

<b>Fund Balances Reported in Governmental Funds</b>	\$ 19,107,894
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	31,196,478
Bonds payable, accrued interest on capital appreciation bonds, and premiums on issuance of bonds are not due and payable in the current period and are not reported in the funds	(25,789,990)
Accrued interest is not due and payable in the current period and is not reported in the funds	(142,864)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(87,921)
Net pension liability and related deferred inflows and outflows	(43,051,896)
Net OPEB liability and related deferred inflows and outflows	(11,033,492)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(2,013,080)
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u>\$ (31,814,871)</u></b>

# Vicksburg Community Schools

## Governmental Funds

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

**Year Ended June 30, 2021**

	General Fund	2020 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Local sources	\$ 2,251,656	\$ 20,591	\$ 4,592,475	\$ 6,864,722
State sources	24,755,648	-	62,130	24,817,778
Federal sources	1,807,730	-	1,359,400	3,167,130
Interdistrict sources	2,466,535	-	-	2,466,535
Total revenue	31,281,569	20,591	6,014,005	37,316,165
<b>Expenditures</b>				
Current:				
Instruction	17,660,908	-	-	17,660,908
Support services	9,753,136	2,468	340,435	10,096,039
Athletics	539,406	-	-	539,406
Food services	-	-	1,038,835	1,038,835
Community services	400,617	-	-	400,617
Debt service:				
Principal	-	-	4,305,000	4,305,000
Interest	-	-	774,110	774,110
Other	-	-	15,388	15,388
Capital outlay	884,626	4,903,941	303,658	6,092,225
Total expenditures	29,238,693	4,906,409	6,777,426	40,922,528
<b>Excess of Revenue Over (Under) Expenditures</b>	2,042,876	(4,885,818)	(763,421)	(3,606,363)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	13,294	-	-	13,294
Transfers in (Note 8)	82,107	-	471,947	554,054
Transfers out (Note 8)	(471,947)	-	(82,107)	(554,054)
Total other financing (uses) sources	(376,546)	-	389,840	13,294
<b>Net Change in Fund Balances</b>	1,666,330	(4,885,818)	(373,581)	(3,593,069)
<b>Fund Balances</b> - Beginning of year (as restated) (Note 2)	3,276,029	17,226,296	2,198,638	22,700,963
<b>Fund Balances</b> - End of year	<u>\$ 4,942,359</u>	<u>\$ 12,340,478</u>	<u>\$ 1,825,057</u>	<u>\$ 19,107,894</u>

## Vicksburg Community Schools

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

Year Ended June 30, 2021

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$ (3,593,069)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	5,146,226
Depreciation expense	<u>(1,804,568)</u>
Total	3,341,658
Revenue in support of pension contributions made subsequent to the measurement date	(283,135)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	4,416,827
Interest expense is recognized in the government-wide statements as it accrues	12,857
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>(1,895,625)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 1,999,513</u></u></b>



June 30, 2021

### Note 1 - Nature of Business

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

### Note 2 - Significant Accounting Policies

#### *Accounting and Reporting Principles*

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

#### *Reporting Entity*

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

#### *Report Presentation*

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

#### *Fund Accounting*

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund type:

#### *Governmental Funds*

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

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

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

- The 2020 Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for remodeling school district buildings and acquiring new equipment. The fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds are the Food Service Fund and the Student Activities Fund. Revenue sources for the Food Service Fund include sales to customer and dedicated grants from federal sources. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest and principal and other expenditures on the School District's bond issues.
- Capital projects funds - The Building and Site Fund is a nonbonded capital project fund used to account for resources specifically designed for remodeling and improvements to facilities. The 2014 Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for remodeling school district buildings and acquiring new equipment. The fund operates until the purpose for which it was created is accomplished.

**Interfund Activity**

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

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

**Basis of Accounting**

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

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

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

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

***Specific Balances and Transactions***

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with maturities of three months or less when acquired. Investments are stated at fair value.

**Inventories and Prepaid Expenses**

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

**Restricted Assets**

The unspent bond proceeds and related interest of the bonded capital projects funds are required to be set aside for construction. In addition, the unspent property taxes levied in the debt service funds are required to be set aside for future bond principal and interest payments. These cash balances have been classified as restricted assets.

**Capital Assets**

Capital assets, which include land, buildings and improvements, furniture and equipment, and buses and other vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with initial individual costs of more than \$5,000 and estimated useful lives in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repairs and maintenance that do not add value to the value or materially extend the asset lives are not capitalized.

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

	Depreciable Life - Years
Buildings and improvements	10 to 40
Furniture and equipment	5 to 20
Buses and other vehicles	10 to 15

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

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

The School District has deferred outflows of resources related to deferred charges on refundings and deferred pension plan and OPEB costs.

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District has deferred inflows related to revenue in support of pension payments made subsequent to the measurement date and deferred pension and OPEB plan costs.

**Net Position**

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

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District can establish limitations on the use of resources through either commitments (committed fund balance) or assignments (assigned fund balance).

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

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

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

**Property Tax Revenue**

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls.

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

**Grants and Contributions**

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

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

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

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

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

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

**Use of Estimates**

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

**Adoption of New Accounting Pronouncement**

During the current year, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, student activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within a nonmajor governmental special revenue fund.

The effect of this new standard on net position/fund balance was as follows:

	Governmental Activities	Nonmajor Funds
Net position (deficit)/fund balance - June 30, 2020 - As previously reported	\$ (34,338,148)	\$ 1,674,874
Adjustment for GASB Statement No. 84 - To change fund type	523,764	523,764
Net position (deficit)/fund balance - June 30, 2020 - As restated	(33,814,384)	2,198,638

**Upcoming Accounting Pronouncement**

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District has analyzed the new standard and has determined that amounts in the financial statements will not be significantly impacted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2022.

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

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds except that the budget statement presentation is different from the basic financial statements due to capital outlay being budgeted functionally. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

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

**Note 3 - Stewardship, Compliance, and Accountability (Continued)**

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

The School District did not have significant expenditure budget variances.

***Capital Projects Fund Compliance***

The 2020 Building and Site Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

The 2014 Building and Site Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the projects for which the bonds were issued were considered complete during a prior period, and the School District has completed the required reporting to the Michigan Department of Treasury.

**Note 4 - Deposits and Investments**

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

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

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a one-day minimum investment period on the MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

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

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

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits totaling \$7,170,997 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

June 30, 2021

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

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
Michigan Liquid Asset Fund (MILAF) - Cash Management Class	\$ 9,233,164	AAAm	S&P
MILAF Plus Max Class Funds	5,047,192	AAAm	S&P
Huntington Federated Govt Obligations Fund	179,077	AAAm	S&P
Total	<u>\$ 14,459,433</u>		

**Note 5 - Restricted Assets**

At June 30, 2021, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds - 2020 Building and Site Fund	\$ 14,280,355
Bond debt service reserve - 2020 Bond Fund	257,751
Bond debt service reserve - 2014, 2016, 2018 Bond Fund	227,115
Unspent bond proceeds - 2014 Building and Site Fund	2,446
Total	<u>\$ 14,767,667</u>

**Note 6 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2021, the School District had no unavailable revenue and \$212,451 of unearned revenue, primarily related to grant and categorical aid payments received prior to meeting all eligibility requirements.



June 30, 2021

**Note 7 - Capital Assets**

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

	Balance July 1, 2020	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 147,402	\$ -	\$ -	\$ 147,402
Construction in progress	165,179	4,045,448	-	4,210,627
Subtotal	312,581	4,045,448	-	4,358,029
Capital assets being depreciated:				
Buildings and improvements	47,615,660	673,393	-	48,289,053
Furniture and equipment	5,205,144	393,385	-	5,598,529
Buses and other vehicles	3,032,122	34,000	(226,881)	2,839,241
Subtotal	55,852,926	1,100,778	(226,881)	56,726,823
Accumulated depreciation:				
Buildings and improvements	22,366,265	1,367,749	-	23,734,014
Furniture and equipment	4,036,172	217,346	-	4,253,518
Buses and other vehicles	1,908,250	219,473	(226,881)	1,900,842
Subtotal	28,310,687	1,804,568	(226,881)	29,888,374
Net capital assets being depreciated	27,542,239	(703,790)	-	26,838,449
Net governmental activities capital assets	<u>\$ 27,854,820</u>	<u>\$ 3,341,658</u>	<u>\$ -</u>	<u>\$ 31,196,478</u>

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

**Construction Commitments**

The School District has active construction projects at year end. The projects include the 2020 bond issue and the related projects. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2020 Building and Site Capital Projects	<u>\$ 2,938,080</u>	<u>\$ 4,815,199</u>

**Note 8 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	2020 Building and Site Fund	Nonmajor Funds	
General Fund	\$ -	\$ 1,949	\$ 121,383	\$ 123,332
Nonmajor funds	24,621	-	-	24,621
Total	<u>\$ 24,621</u>	<u>\$ 1,949</u>	<u>\$ 121,383</u>	<u>\$ 147,953</u>

June 30, 2021

**Note 8 - Interfund Receivables, Payables, and Transfers (Continued)**

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor funds	\$ 471,947
Nonmajor funds	General Fund	82,107
	Total	<u>\$ 554,054</u>

The Food Service Fund transferred \$82,107 to the General Fund for reimbursement of indirect costs. The General Fund transferred \$471,947 to the 2007 Debt Fund for the purpose of making debt principal and interest payments.

**Note 9 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	\$ 28,000,000	\$ -	\$ (4,305,000)	\$ 23,695,000	\$ 3,990,000
Unamortized bond premiums	2,217,508	-	(122,518)	2,094,990	122,516
Total bonds payable	30,217,508	-	(4,427,518)	25,789,990	4,112,516
Compensated absences	75,179	12,742	-	87,921	-
Total governmental activities long-term debt	<u>\$ 30,292,687</u>	<u>\$ 12,742</u>	<u>\$ (4,427,518)</u>	<u>\$ 25,877,911</u>	<u>\$ 4,112,516</u>

June 30, 2021

**Note 9 - Long-term Debt (Continued)**

**General Obligation Bonds and Contracts**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2021 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
2014 Building & Site Bonds, Series I	\$920,000	2.15 - 2.60	November 1, 2024	\$ 3,680,000
2016 Building & Site Bonds, Series II	\$115,000 - \$750,000	1.65 - 2.30	May 1, 2026	1,825,000
2016 Refunding Bonds	\$465,000	1.30	May 1, 2022	465,000
2018 Building & Site Bonds, Series III	\$430,000 - \$1,085,000	3.00 - 4.00	May 1, 2027	3,715,000
2020 Building & Site Bonds, Series I	\$620,000 - \$1,255,000	2.50 - 4.50	May 1, 2040	14,010,000
Total governmental activities				<u>\$ 23,695,000</u>

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The net pension liability and the net OPEB liability will be liquidated from the funds from which the employees' salaries are paid, generally the General Fund.

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 3,990,000	\$ 763,140	\$ 4,753,140
2023	2,720,000	650,825	3,370,825
2024	2,295,000	574,835	2,869,835
2025	2,225,000	504,780	2,729,780
2026	1,935,000	424,740	2,359,740
2027-2031	4,030,000	1,432,950	5,462,950
2032-2036	3,600,000	713,950	4,313,950
2037-2040	2,900,000	175,125	3,075,125
Total	<u>\$ 23,695,000</u>	<u>\$ 5,240,345</u>	<u>\$ 28,935,345</u>

June 30, 2021

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries (workers' compensation); and natural disasters. The School District does not consider the cost of general liability insurance to be economically justifiable and participates in the MASB SET/SEG risk-sharing pool for liability, auto, property damage, errors and omissions, and workers' compensation risks. The School District pays an annual premium to the pool for its general insurance coverage. The pooling agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event.

The pooling agreement allows the pool to make additional assessments to make the pool self-sustaining. There have been no such assessments in any of the past three fiscal years. It is not possible to estimate the amount of possible future assessments. The MASB SET/SEG has published its own financial report for the year ended June 30, 2021, which can be obtained from the controller, MASB SET/SEG, 415 West Kalamazoo Street, Lansing, MI 48933.

The School District participates with the Western Michigan Health Insurance Pool to provide health benefits to all eligible staff members. The Western Michigan Health Insurance Pool is a self-insurance program with approximately 90 public entities pooling together to insure various groups of employees for health insurance, including medical coverage, of which hospitalization is a component, and prescription drug coverage. The pool pays the first \$600,000 of claims for each participant. These claims are paid out of a loss fund collected from member districts. Excess insurance has been purchased to cover individual and aggregate claims.

**Note 11 - Michigan Public School Employees' Retirement System*****Plan Description***

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

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

***Benefits Provided***

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

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

June 30, 2021

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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

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

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

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

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

**Contributions**

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

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

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.59%	7.57% - 8.43%

June 30, 2021

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$4,812,819, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$2,013,080 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$1,233,468, which includes the School District's contributions required for those members with a defined contribution benefit.

***Net Pension Liability***

At June 30, 2021, the School District reported a liability of \$53,505,344 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.155760 and 0.157554 percent, respectively, representing a change of (1.14) percent.

***Net OPEB Liability***

At June 30, 2021, the School District reported a liability of \$8,294,990 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.154836 and 0.157087 percent, respectively, representing a change of (1.43) percent.

June 30, 2021

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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

For 2021, the School District recognized pension expense of \$7,931,600, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, the School 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	\$ 817,518	\$ (114,199)
Changes in assumptions	5,928,908	-
Net difference between projected and actual earnings on pension plan investments	224,806	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	139,209	(591,904)
The School District's contributions to the plan subsequent to the measurement date	4,049,110	-
	<u>4,049,110</u>	<u>-</u>
Total	<u>\$ 11,159,551</u>	<u>\$ (706,103)</u>

The \$2,013,080 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2022	\$ 3,066,896
2023	2,020,819
2024	1,010,695
2025	305,928
Total	<u>\$ 6,404,338</u>

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

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

For the year ended June 30, 2021, the School District recognized OPEB recovery of \$283,597.

June 30, 2021

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

At June 30, 2021, the School 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	\$ -	\$ (6,180,543)
Changes in assumptions	2,735,023	-
Net difference between projected and actual earnings on OPEB plan investments	69,231	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	21,700	(263,380)
Employer contributions to the plan subsequent to the measurement date	879,467	-
Total	<u>\$ 3,705,421</u>	<u>\$ (6,443,923)</u>

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

Years Ending	Amount
2022	\$ (971,102)
2023	(874,643)
2024	(725,891)
2025	(584,560)
2026	(461,773)
Total	<u>\$ (3,617,969)</u>

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2020 are based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.0%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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



June 30, 2021

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

Significant assumption changes since the prior measurement date, September 30, 2019, for the OPEB plan include a reduction in the health care cost trend rate of 0.50 percentage points, and the actual per person health benefit costs were lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2019.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2020 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.60 %
Private equity pools	16.00	9.30
International equity pools	15.00	7.40
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	4.90
Absolute return pools	9.00	3.20
Real return/opportunistic pools	12.50	6.60
Short-term investment pools	2.00	(0.10)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.1 percent.

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 69,253,591	\$ 53,505,344	\$ 40,453,557

June 30, 2021

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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

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

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 10,655,857	\$ 8,294,990	\$ 6,307,337

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

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

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 6,231,234	\$ 8,294,990	\$ 10,642,257

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

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

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

At June 30, 2021, the School District reported a payable of \$773,405 and \$175,898 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

**Note 12 - Tax Abatements**

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

For the fiscal year ended June 30, 2021, the School District's property tax revenue was reduced by \$0 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received \$0 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the debt service millages. There are no abatements granted by the School District.

**Note 13 - Short-term Debt**

***State Aid Anticipation Note***

The School District has direct borrowings from Century Bank and Trust (the "Lender") to provide sufficient resources before receiving its scheduled state aid. This liability is recorded as a fund liability in the General Fund.

During the year, the School District issued \$1,433,000 in a state aid anticipation note (the "note") with an outstanding balance of \$1,433,000 at June 30, 2021. The current note bears interest at 0.7 percent and is due on August 20, 2021. At June 30, 2021, the School District has accrued interest of \$24,146 on this note. The note was paid in full subsequent to year end.

In the event of default, the notes are fully collateralized by the School District's future state aid funding, and the Lender has the authority to intercept state aid payments at its discretion. In the event that all or a portion of the required payments at maturity are not made, a penalty interest rate will go into effect that could exceed 0.7 percent, and interest becomes due on demand. If the Lender has reason to believe that the School District will be unable to fulfill the required repayments, the Lender has the sole discretion to accelerate the principal and interest repayments.

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## Required Supplemental Information

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# Vicksburg Community Schools

## Required Supplemental Information Budgetary Comparison Schedule General Fund

**Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 2,485,226	\$ 2,214,726	\$ 2,251,656	\$ 36,930
State sources	22,058,743	24,641,429	24,755,648	114,219
Federal sources	432,300	1,538,201	1,807,730	269,529
Interdistrict sources	2,446,072	2,426,815	2,466,535	39,720
Total revenue	27,422,341	30,821,171	31,281,569	460,398
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	13,464,243	14,627,349	14,506,988	(120,361)
Added needs	3,165,839	3,157,857	3,160,930	3,073
Support services:				
Pupil	1,421,978	1,422,368	1,415,827	(6,541)
Instructional staff	1,244,447	1,182,533	1,154,955	(27,578)
General administration	532,564	575,148	554,201	(20,947)
School administration	1,707,312	1,856,769	1,816,711	(40,058)
Business	489,321	522,734	516,648	(6,086)
Operations and maintenance	2,145,586	3,040,538	2,961,737	(78,801)
Pupil transportation services	1,399,085	1,275,681	1,182,754	(92,927)
Central	651,990	1,067,646	1,024,779	(42,867)
Athletics	579,502	511,520	539,406	27,886
Community services	448,936	413,545	403,757	(9,788)
Total expenditures	27,250,803	29,653,688	29,238,693	(414,995)
<b>Excess of Revenue Over Expenditures</b>	171,538	1,167,483	2,042,876	875,393
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	13,294	13,294	-
Transfers in	76,410	75,000	82,107	7,107
Transfers out	(472,025)	(471,947)	(471,947)	-
Total other financing uses	(395,615)	(383,653)	(376,546)	7,107
<b>Net Change in Fund Balance</b>	(224,077)	783,830	1,666,330	882,500
<b>Fund Balance - Beginning of year</b>	3,276,029	3,276,029	3,276,029	-
<b>Fund Balance - End of year</b>	<u>\$ 3,051,952</u>	<u>\$ 4,059,859</u>	<u>\$ 4,942,359</u>	<u>\$ 882,500</u>

**Vicksburg Community Schools**

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

	<b>Last Seven Plan Years</b>						
	<b>Plan Years Ended September 30</b>						
	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.15576 %	0.15755 %	0.15844 %	0.15801 %	0.15422 %	0.15163 %	0.14356 %
School District's proportionate share of the net pension liability	\$ 53,505,344	\$ 52,176,644	\$ 47,629,263	\$ 40,945,958	\$ 38,476,546	\$ 37,034,886	\$ 31,620,785
School District's covered payroll	\$ 13,730,198	\$ 13,727,538	\$ 13,491,193	\$ 13,353,753	\$ 13,166,315	\$ 12,692,135	\$ 12,601,034
School District's proportionate share of the net pension liability as a percentage of its covered payroll	389.69 %	380.09 %	353.04 %	306.63 %	292.23 %	291.79 %	250.94 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

**Vicksburg Community Schools**

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

	<b>Last Seven Fiscal Years</b>						
	<b>Years Ended June 30</b>						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 4,715,618	\$ 4,327,975	\$ 4,226,449	\$ 4,063,482	\$ 3,678,708	\$ 2,300,371	\$ 2,131,936
Contributions in relation to the statutorily required contribution	4,715,618	4,327,975	4,226,449	4,063,482	3,678,708	2,300,371	2,131,936
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 13,995,787</b>	<b>\$ 13,711,294</b>	<b>\$ 13,740,138</b>	<b>\$ 13,415,426</b>	<b>\$ 13,130,947</b>	<b>\$ 12,746,056</b>	<b>\$ 12,220,047</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>33.69 %</b>	<b>31.57 %</b>	<b>30.76 %</b>	<b>30.29 %</b>	<b>28.02 %</b>	<b>18.05 %</b>	<b>17.45 %</b>

## Vicksburg Community Schools

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

	Last Four Plan Years			
	Plan Years Ended September 30			
	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.15484 %	0.15709 %	0.15829 %	0.15812 %
School District's proportionate share of the net OPEB liability	\$ 8,294,990	\$ 11,275,313	\$ 12,582,557	\$ 14,002,597
School District's covered payroll	\$ 13,730,198	\$ 13,727,538	\$ 13,491,193	\$ 13,353,753
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.41 %	82.14 %	93.26 %	104.86 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %



## Vicksburg Community Schools

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

	<b>Last Four Fiscal Years Years Ended June 30</b>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,161,440	\$ 1,101,785	\$ 1,079,291	\$ 968,959
Contributions in relation to the statutorily required contribution	<u>1,161,440</u>	<u>1,101,785</u>	<u>1,079,291</u>	<u>968,959</u>
<b>Contribution Deficiency</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>School District's Covered Payroll</b>	\$ 13,995,787	\$ 13,711,294	\$ 13,740,138	\$ 13,415,426
<b>Contributions as a Percentage of Covered Payroll</b>	8.30 %	8.04 %	7.86 %	7.22 %

June 30, 2021

### ***Pension Information***

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

### **Benefit Changes**

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

### **Changes in Assumptions**

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

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

### ***OPEB Information***

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

### **Benefit Changes**

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

### **Changes in Assumptions**

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

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to the actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

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## Other Supplemental Information

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# Vicksburg Community Schools

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

**June 30, 2021**

	Special Revenue Fund		Debt Service Funds			Capital Project Funds		Total
	Food Service	Student Activities	2016 Refunding Bonds	2014, 2016, 2018 Building and Site Bonds	2020 Building and Site Bonds	Building and Site	2014 Building and Site	
<b>Assets</b>								
Cash and cash equivalents	\$ 885,111	\$ 543,369	\$ -	\$ -	\$ -	\$ 16,129	\$ -	\$ 1,444,609
Receivables	72,173	865	-	308	392	-	-	73,738
Due from other funds	11,783	12,838	-	-	-	-	-	24,621
Inventories	7,133	-	-	-	-	-	-	7,133
Restricted assets	-	-	-	227,115	257,751	-	2,446	487,312
Total assets	<b>\$ 976,200</b>	<b>\$ 557,072</b>	<b>\$ -</b>	<b>\$ 227,423</b>	<b>\$ 258,143</b>	<b>\$ 16,129</b>	<b>\$ 2,446</b>	<b>\$ 2,037,413</b>
<b>Liabilities</b>								
Accounts payable	\$ 2,417	\$ 16,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,143
Due to other funds	91,312	3,802	-	10,477	13,346	-	2,446	121,383
Accrued liabilities and other	40,672	-	-	-	-	-	-	40,672
Unearned revenue	31,158	-	-	-	-	-	-	31,158
Total liabilities	165,559	20,528	-	10,477	13,346	-	2,446	212,356
<b>Fund Balances</b>								
Nonspendable - Inventories	7,133	-	-	-	-	-	-	7,133
Restricted:								
Debt service	-	-	-	216,946	244,797	-	-	461,743
Food service	803,508	-	-	-	-	-	-	803,508
Committed - Student activities	-	536,544	-	-	-	-	-	536,544
Assigned - Capital improvements	-	-	-	-	-	16,129	-	16,129
Total fund balances	810,641	536,544	-	216,946	244,797	16,129	-	1,825,057
Total liabilities and fund balances	<b>\$ 976,200</b>	<b>\$ 557,072</b>	<b>\$ -</b>	<b>\$ 227,423</b>	<b>\$ 258,143</b>	<b>\$ 16,129</b>	<b>\$ 2,446</b>	<b>\$ 2,037,413</b>

# Vicksburg Community Schools

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

**Year Ended June 30, 2021**

	Special Revenue Fund		Debt Service Funds			Capital Project Funds		Total
	Food Service	Student Activities	2016 Refunding Bonds	2014, 2016, 2018 Building and Site Bonds	2020 Building and Site Bonds	Building and Site	2014 Building and Site	
<b>Revenue</b>								
Local sources	\$ 54,394	\$ 339,235	\$ -	\$ 1,873,872	\$ 2,324,947	\$ 4	\$ 23	\$ 4,592,475
State sources	62,130	-	-	-	-	-	-	62,130
Federal sources	1,359,400	-	-	-	-	-	-	1,359,400
<b>Total revenue</b>	<b>1,475,924</b>	<b>339,235</b>	<b>-</b>	<b>1,873,872</b>	<b>2,324,947</b>	<b>4</b>	<b>23</b>	<b>6,014,005</b>
<b>Expenditures</b>								
Current:								
Support services	-	326,455	-	-	13,847	60	73	340,435
Food services	1,038,835	-	-	-	-	-	-	1,038,835
Debt service:								
Principal	-	-	460,000	2,275,000	1,570,000	-	-	4,305,000
Interest	-	-	11,947	265,860	496,303	-	-	774,110
Other	-	-	-	15,388	-	-	-	15,388
Capital outlay	150,696	-	-	-	-	-	152,962	303,658
<b>Total expenditures</b>	<b>1,189,531</b>	<b>326,455</b>	<b>471,947</b>	<b>2,556,248</b>	<b>2,080,150</b>	<b>60</b>	<b>153,035</b>	<b>6,777,426</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>286,393</b>	<b>12,780</b>	<b>(471,947)</b>	<b>(682,376)</b>	<b>244,797</b>	<b>(56)</b>	<b>(153,012)</b>	<b>(763,421)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	-	471,947	-	-	-	-	471,947
Transfers out	(82,107)	-	-	-	-	-	-	(82,107)
<b>Total other financing (uses) sources</b>	<b>(82,107)</b>	<b>-</b>	<b>471,947</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389,840</b>
<b>Net Change in Fund Balances</b>	<b>204,286</b>	<b>12,780</b>	<b>-</b>	<b>(682,376)</b>	<b>244,797</b>	<b>(56)</b>	<b>(153,012)</b>	<b>(373,581)</b>
<b>Fund Balances - Beginning of year (as restated) (Note 2)</b>	<b>606,355</b>	<b>523,764</b>	<b>-</b>	<b>899,322</b>	<b>-</b>	<b>16,185</b>	<b>153,012</b>	<b>2,198,638</b>
<b>Fund Balances - End of year</b>	<b>\$ 810,641</b>	<b>\$ 536,544</b>	<b>\$ -</b>	<b>\$ 216,946</b>	<b>\$ 244,797</b>	<b>\$ 16,129</b>	<b>\$ -</b>	<b>\$ 1,825,057</b>

# Vicksburg Community Schools

## Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2021

Years Ending June 30	2014 General	2016 General	2016 Refunding	2018 General	2020 General	Total
	Obligation	Obligation	Bonds	Obligation	Obligation	
	Principal	Principal	Principal	Principal	Principal	
2022	\$ 920,000	\$ 750,000	\$ 465,000	\$ 600,000	\$ 1,255,000	\$ 3,990,000
2023	920,000	580,000	-	600,000	620,000	2,720,000
2024	920,000	250,000	-	500,000	625,000	2,295,000
2025	920,000	115,000	-	500,000	690,000	2,225,000
2026	-	130,000	-	1,085,000	720,000	1,935,000
2027	-	-	-	430,000	720,000	1,150,000
2028	-	-	-	-	720,000	720,000
2029	-	-	-	-	720,000	720,000
2030	-	-	-	-	720,000	720,000
2031	-	-	-	-	720,000	720,000
2032	-	-	-	-	720,000	720,000
2033	-	-	-	-	720,000	720,000
2034	-	-	-	-	720,000	720,000
2035	-	-	-	-	720,000	720,000
2036	-	-	-	-	720,000	720,000
2037	-	-	-	-	725,000	725,000
2038	-	-	-	-	725,000	725,000
2039	-	-	-	-	725,000	725,000
2040	-	-	-	-	725,000	725,000
Total remaining payments	<b>\$ 3,680,000</b>	<b>\$ 1,825,000</b>	<b>\$ 465,000</b>	<b>\$ 3,715,000</b>	<b>\$ 14,010,000</b>	<b>\$ 23,695,000</b>
Principal payments due	November 1	May 1 and November 1	May 1	May 1 and November 1	May 1 and November 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1	May 1 and November 1	May 1 and November 1	
Interest rate	2.15% to 2.60%	1.65% to 2.30%	1.30%	3.00% to 4.00%	2.50% to 4.50%	
Original issue	<b>\$ 6,535,000</b>	<b>\$ 4,650,000</b>	<b>\$ 1,560,000</b>	<b>\$ 4,185,000</b>	<b>\$ 15,580,000</b>	