

COLDWATER COMMUNITY SCHOOLS
Notes to Basic Financial Statements
June 30, 2021

8. Capital Assets

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

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

Land improvements, buildings and building improvements, vehicles, and furniture and equipment (including leased) are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	40 - 50 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 10 years
Leased furniture and equipment	3 - 7 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

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

10. Compensated Absences

Compensated absences at June 30, 2021 have been computed and recorded in the district-wide financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused sick and vacation days. At June 30, 2021, the accumulated liabilities, including salary related payments (expected to be financed by General Fund revenues), for compensated absences amounted to \$629,315.

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11. Retirement Plan

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

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

12. Postemployment Benefits Other Than Pensions

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

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

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13. Deferred Outflows/Inflows of Resources

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

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

14. Net Position

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

15. Fund Balance

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

- Nonspendable – resources that cannot be spent because they are either a) not in spendable form (inventories and prepaid amounts) or b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.

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- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes. Coldwater Community Schools’ Board of Education has delegated authority to assign fund balances for a specific purpose to the Superintendent and Director of Finance. Assigned fund balance does not lapse at year end.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

16. Interfund Activity

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

17. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

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

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.

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- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2021 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position: Governmental Activities	<u>\$ 18,018,013</u>
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Cash Equivalents and Deposits

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

1. Century Bank and Trust
2. Southern Michigan Bank and Trust
3. Chemical Bank

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

June 30, 2021 balances are detailed as follows:

Cash equivalents	\$ 14,974,804
Deposits	<u>3,043,209</u>
	<u>\$ 18,018,013</u>

Custodial Credit Risk Related to Cash Equivalents and Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's cash equivalents and deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$18,018,013 and the bank balance was \$18,328,343. Of the bank balance, \$3,393,209 was covered by federal depository insurance and \$14,935,134 was uninsured and uncollateralized.

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Investments

As of June 30, 2021, the District had no surplus funds that were classified as investments. The District's policies to minimize investment risk are as follows:

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for investment custodial credit risk. At June 30, 2021, the District had no investments that were subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy does not have specific limits on investment credit risk.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The District's investment policy does not have specific limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy does not have specific limits on concentration of credit risk.

Foreign Currency Risk

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

Note C – State School Aid/Property Taxes

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

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2020 and October 2020. The 2020-21 "Foundation Allowance" for Coldwater Community Schools was \$8,111 for 2,826 "Full Time Equivalent" students, generating \$20,187,299 in state aid payments to the District of which \$3,705,067 was paid to the District in July and August 2021 and included as "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund at June 30, 2021.

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Property taxes for the District are levied July 1 (the tax lien date) by the City of Coldwater, and December 1 by the Townships of Algansee, Batavia, Bethel, Butler, California, Coldwater, Girard, Kinderhook, Ovid, Quincy and Union, and are due 75 days after the levy date. The taxes are then collected by the City and Townships, and remitted to the District. The County of Branch, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30.

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

As Coldwater Community Schools electors had previously approved an operating millage extension (November 2013), the 18 mill non-homestead property tax was levied in the District for 2020.

The District levied 3.6 mills in 2020 for debt service purposes and .974 mills for the building and site (sinking) fund, applied on all taxable property in the District.

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

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

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

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

For the year ended June 30, 2021, the District’s property tax revenues were reduced by approximately \$863,634 under these agreements.

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Note D – Interfund Receivables/Payables and Transfers

Operating transfers between funds during the year ended June 30, 2021 were as follows:

	Transfers In	Transfers Out
Major Fund		
General Fund:		
Special Revenue Funds:		
Food Service Special Revenue Fund	\$ 15,769	\$ 2,903
Child Care Special Revenue Fund	-	120,000
Debt Service Funds:		
QZAB Debt Service Fund	-	500,000
Total Major Fund	15,769	622,903
Nonmajor Funds		
Special Revenue Funds:		
Food Service Special Revenue Fund:		
General Fund	2,903	15,769
Child Care Special Revenue Fund:		
General Fund	120,000	-
Debt Service Funds:		
QZAB Debt Service Fund:		
General Fund	500,000	-
Total Nonmajor Funds	622,903	15,769
Total All Funds	\$ 638,672	\$ 638,672

The General Fund transferred \$120,000 to the Child Care Fund, as budgeted by the Board of Education, to help cover expenditures and transferred \$2,903 to the Food Service Fund to cover 31a At-Risk allocation. The Food Service Fund transferred \$15,769 to the General Fund for indirect costs. The General Fund also transferred \$500,000 to cover debt service requirements.

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Note E – Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balances July 1, 2020	Additions	Deductions	Adjustments	Balances June 30, 2021
Capital assets not being depreciated:					
Land	\$ 865,134	\$ -	\$ 8,500	\$ -	\$ 856,634
Construction in progress	11,291,010	12,680,320	19,104,786	-	4,866,544
Total capital assets not being depreciated	<u>12,156,144</u>	<u>\$ 12,680,320</u>	<u>\$ 19,113,286</u>	<u>\$ -</u>	<u>5,723,178</u>
Capital assets being depreciated:					
Land improvements	7,028,990	\$ -	\$ 335,593	\$ 86,181	6,779,578
Buildings and improvements	45,397,446	19,322,338	1,805,556	646,395	62,267,833
Furniture and equipment	2,948,168	28,102	15,960	560,214	3,520,524
Leased furniture and equipment	-	33,564	-	-	33,564
Vehicles	2,559,814	449,946	-	-	3,009,760
Total capital assets being depreciated	<u>57,934,418</u>	<u>\$ 19,833,950</u>	<u>\$ 2,157,109</u>	<u>\$ -</u>	<u>75,611,259</u>
Less accumulated depreciation for:					
Land improvements	3,549,442	\$ 375,761	\$ 297,541	\$ -	3,627,662
Buildings and improvements	20,453,925	1,221,675	1,087,551	276,219	20,311,830
Furniture and equipment	2,855,552	121,645	15,960	276,219	3,237,456
Vehicles	2,014,242	161,826	-	-	2,176,068
Total accumulated depreciation	<u>28,873,161</u>	<u>\$ 1,880,907</u>	<u>\$ 1,401,052</u>	<u>\$ -</u>	<u>29,353,016</u>
Total capital assets being depreciated, net	<u>29,061,257</u>				<u>46,258,243</u>
Net Capital Assets	<u>\$ 41,217,401</u>				<u>\$ 51,981,421</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 1,609,677
Supporting services	219,666
Food service	51,564
	<u>\$ 1,880,907</u>

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Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2021 are summarized as follows:

	Debt Payable July 1, 2020	Debt Added	Debt Retired	Adjustments	Debt Payable June 30, 2021
General obligation bonds:					
March 17, 2009 refunding bonds	\$ 2,070,000	\$ -	\$ 2,070,000	\$ -	\$ -
December 11, 2014 refunding bond	990,000	-	990,000	-	-
July 1, 2015 QZAB	6,000,000	-	-	-	6,000,000
March 1, 2017 refunding bonds	475,000	-	475,000	-	-
February 13, 2018 School Building and Site	25,545,000	-	150,000	-	25,395,000
February 22, 2021 refunding bonds		1,680,000	-	-	1,680,000
Bond premium	3,660,525	-	140,789	-	3,519,736
Capital lease	37,079	33,564	21,444	-	49,199
Installment purchase agreements	583,085	-	493,336	-	89,749
Compensated absences	1,032,866	110,263	90,629	(423,185)	629,315
	<u>\$ 40,393,555</u>	<u>\$ 1,823,827</u>	<u>\$ 4,431,198</u>	<u>\$ 423,185</u>	<u>\$ 37,362,999</u>

On February 22, 2021 the District issued \$1,680,000 in general obligation bonds to advance refund \$1,810,000 of outstanding 2009 refunding general obligation bonds. The true interest cost of the refunding bonds was 2.366891% resulting in a total net present value savings of \$62,691 or 3.463575%. The net proceeds of \$1,680,000 after bond issuance costs of \$38,400 were deposited with an escrow agent and used to retire the outstanding obligations described above. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. The final payment of outstanding principal and interest was made on April 29, 2021 from the escrow account. This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done for the fiscal year end June 30, 2021.

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Long-term obligations outstanding at June 30, 2021 is comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$6,000K QZAB Building Site July 1, 2015: Principal due in full on final maturity date	July 1, 2027	0.00	\$ 6,000,000	\$ -
\$25,615K School Building and Site February Principal maturities from \$250K to \$1,360K	May 1, 2047	5.00	25,395,000	250,000
\$25,615K School Building and Site February Principal maturities from \$250K to \$1,360K Bond Premium	May 1, 2022	0.25	1,680,000 3,519,736	1,680,000 140,789
Capital Lease				
\$62,738 Copier Lease November 1, 2016: Annual maturity of \$3,325	Nov. 1, 2021	20.0	3,325	3,325
\$34,135 Copier Lease July 1, 2018: Annual maturities of \$569 to \$6,827	July 1, 2023	34.0	14,223	6,827
\$14,838 Copier Lease, March 1, 2021 Annual maturities of \$2,972 to \$4,229	March, 1 2026	19.28	13,907	2,972
\$2,582 Copier Lease, March 1, 2021 Annual maturities of \$461 to \$774	March, 1 2026	29.56	2,442	461
\$8,882 Copier Lease, March 1, 2021 Annual maturities of \$1,395 to \$2,792	March, 1 2026	14.61	8,473	1,395
\$7,262 Copier Lease, March 1, 2021 Annual maturities of \$1,397 to \$2,110	March, 1 2026	22.89	6,829	1,397
Installment Purchase Agreements				
\$161K bus replacement July 30, 2015	July 9, 2021	1.25	27,738	27,738
\$182K bus replacement October 31, 2016	October 31, 2022	1.24	62,011	30,814
Other Obligations				
Compensated absences			629,315	20,000
			<u>\$ 37,362,999</u>	<u>\$ 2,165,718</u>

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

Year Ended June 30	Principal	Interest	Total
2022	\$ 2,004,929	\$ 1,286,756	\$ 3,291,685
2023	345,858	1,266,828	1,612,686
2024	730,474	1,247,243	1,977,717
2025	752,687	1,208,365	1,961,052
2026	770,000	1,169,000	1,939,000
2027	805,000	1,130,500	1,935,500
2028	6,825,000	1,090,250	7,915,250
2029	850,000	1,049,000	1,899,000
2030	875,000	1,006,500	1,881,500
2031	905,000	962,750	1,867,750
2032	930,000	917,500	1,847,500
2033	955,000	871,000	1,826,000
2034	985,000	823,250	1,808,250
2035	1,015,000	774,000	1,789,000
2036	1,040,000	723,250	1,763,250
2037	1,070,000	671,250	1,741,250
2038	1,100,000	617,750	1,717,750
2039	1,130,000	562,750	1,692,750
2040	1,160,000	506,250	1,666,250
2041	1,190,000	448,250	1,638,250
2042	1,220,000	388,750	1,608,750
2043	1,255,000	327,750	1,582,750
2044	1,285,000	265,000	1,550,000
2045	1,315,000	200,750	1,515,750
2046	1,340,000	135,000	1,475,000
2047	1,360,000	68,000	1,428,000
	<u>\$ 33,213,948</u>	<u>\$ 19,717,692</u>	<u>\$ 52,931,640</u>

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Note G – Retirement Plan

Plan Description

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

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

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

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

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

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

Benefits Provided

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

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

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Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose. Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2017

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

Regular Retirement

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

Option 1: $FAC \times \text{total years of service} \times 1.5\%$

Option 2: $FAC \times 30 \text{ years of service} \times 1.5\% + FAC \times \text{years of service beyond 30} \times 1.25\%$

Option 3: $FAC \times \text{years of service as of transition date} \times 1.5\% + FAC \times \text{years of service after transition date} \times 1.25\%$

Option 4: $FAC \text{ as of transition date} \times \text{years of service as of transition date} \times 1.5\%$

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

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

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

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

A Basic Plan member may retire at:

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

There is no mandatory retirement age.

Early Retirement

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

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

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

Deferred Retirement

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

Non-Duty Disability Benefit

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

Duty Disability Benefit

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

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Pension Payment Options

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

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

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

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

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

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

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

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

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

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

Survivor Benefit

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

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

Postemployment Adjustments

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

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

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

Contributions and Funded Status

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

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

The schedule below summarized pension contribution rate in effect for the plan fiscal year 2020.

	Pension Contribution Rates:	
Plan Name	Member	District
Basic	0.0 – 4.0%	19.41%
Member Investment Plan MIP	3.0 – 7.0%	19.41%
Pension Plus	3.0 – 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District’s contributions to MPSERS under all pension plans for the year ended June 30, 2021, inclusive of the MSPERS UAAL Stabilization, totaled \$4,348,454.

MPSERS Plan Net Pension Liability (in thousands)

Total Pension Liability	\$ 86,490,336
Plan Fiduciary Net Position	<u>51,456,228</u>
Net Pension Liability	<u>\$ 35,034,108</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.49%
Net Pension Liability as a Percentage of Covered Employee Payroll	385.51%
Total Covered Payroll	\$ 9,087,724

Proportionate Share of Reporting Unit’s Net Pension Liability

At June 30, 2021, the District reported a liability of \$51,432,719 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 rolled forward from September 2019. The District’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2020 the District’s proportion was 0.14972661%, which was a decrease from 0.1571009% at September 30, 2019.

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

For the year ended June 30, 2021, the District recognized pension expense of \$7,365,598. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 785,850	\$ 109,776
Changes of assumptions	5,699,241	—
Net difference between projected and actual earnings on pension plan investments	216,097	—
Changes in proportion and differences between District contributions and proportionate share of contributions	571,563	478,541
District contributions subsequent to the measurement date*	4,176,366	—
Total	\$ 11,449,117	\$ 588,317

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

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

Year ended June 30	Amount
2022	\$ 3,193,777
2023	2,182,217
2024	1,022,390
2025	286,050

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Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.80% net of investment expenses
Pension Plus Plan (Hybrid):	6.80% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at (www.michigan.gov/orsschools) .

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Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short-term Investment Pools	2.0%	0.1 %
Total	100.0%	

*Long-term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changed amounts actually invested.

Discount Rate

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

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

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

	1% Decrease 5.8%/5.8%/5.0%	Current Single Discount Rate Assumption 6.8%/6.8%/6.0%	1% Increase 7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	\$ 66,570,930	\$ 51,432,719	\$ 38,886,517

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2020 Comprehensive Annual Financial Report, available here: (www.michigan.gov/orsschools).

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

Payables to the pension plan totaling \$571,835 at June 30, 2021 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note H – Other Postemployment Benefits

Plan Description

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

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

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

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

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Benefits Provided

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

Retiree Healthcare Reform of 2012

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

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

Contributions and Funded Status

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

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

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The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2020:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund PHF	0.0%	7.57%

Required contributions to the OPEB plan from the District were \$1,058,653 for the year ended September 30, 2020.

Net OPEB Liability (in thousands)

Total OPEB Liability	\$ 13,418,548
Plan Fiduciary Net Position	<u>8,019,027</u>
Net OPEB Liability	<u>\$ 5,399,521</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	59.76%
Net OPEB Liability as a Percentage of Covered Employee Payroll	59.42%
Total Covered Payroll	\$ 9,087,724

Proportionate Share of Reporting Unit's Net OPEB Liability

At June 30, 2020, the District reported a liability of \$8,002,562 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability 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 rolled forward from September 2019. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020 the District's proportion was 0.14937769%, which was a decrease from 0.15058587% at September 30, 2019.

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June 30, 2021

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

For the year ended June 30, 2021, the District recognized an OPEB credit of \$151,729. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 5,962,656
Changes of assumptions	2,638,604	—
Net difference between projected and actual earnings on OPEB plan investments	66,790	—
Changes in proportion and differences between District contributions and proportionate share of contributions	371,948	285,567
District contributions subsequent to the measurement date*	938,977	—
Total	\$ 4,016,319	\$ 6,248,223

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

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

Year ended June 30	Amount
2022	\$ (814,997)
2023	722,207
2024	632,331
2025	569,088
2026	432,258

Actuarial Assumptions

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

COLDWATER COMMUNITY SCHOOLS
Notes to Basic Financial Statements
June 30, 2021

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	7.0% Year 1 graded 3.5% Year 15; 3.0% Year 12
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

COLDWATER COMMUNITY SCHOOLS
Notes to Basic Financial Statements
June 30, 2021

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Oppportunistic Pools	12.5%	6.6%
Short-term Investment Pools	2.0%	0.1 %
Total	100.0%	

* Long-term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 5.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

COLDWATER COMMUNITY SCHOOLS
Notes to Basic Financial Statements
June 30, 2021

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

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

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
District's proportionate share of the net OPEB liability	\$ 10,280,200	\$ 8,002,562	\$ 6,084,981

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 6,011,561	\$ 8,002,562	\$ 10,267,080

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

Payables to the OPEB plan totaling \$91,711 at June 30, 2021 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note I – Risk Management and Benefits

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2020-21, and as of year ended June 30, 2021, there were no material pending claims against the District.

COLDWATER COMMUNITY SCHOOLS
Notes to Basic Financial Statements
June 30, 2021

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of \$43,867,503 and a total net position deficit of \$17,675,793, as of June 30, 2021. These deficit net positions result primarily from the net pension liability of \$40,571,919 and net OPEB liability of \$10,234,466 net of deferred outflows and inflows of resources related to the pension and OPEB plans).

Note K – Commitments

On February 13, 2018, the District issued \$25,695,000 of general obligation 2018 Construction bonds whose proceeds are being used for the purpose of erecting, furnishing and equipping a new upper elementary school building; remodeling, equipping and re-equipping and furnishing and re-furnishing school buildings; acquiring, installing, equipping or re-equipping school buildings for instructional technology; purchasing school buses; and acquiring, preparing, developing, improving and equipping the new upper elementary school site and playground at that site. At June 30, 2021, unspent balances committed to these construction projects totaled \$5,312,556, which are expected to be fully expended by the year ended June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

COLDWATER COMMUNITY SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
MPERS Cost-sharing Multiple-employer Plan
June 30, 2021

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
District's proportion of the net pension liability	0.14972661%	0.15171009%	0.15039690%
District's proportionate share of the net pension liability \$	51,432,719	\$ 50,241,281	\$ 45,212,023
District's covered-employee payroll \$	13,264,768	\$ 13,179,446	\$ 13,111,468
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	387.74%	381.21%	344.83%
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%	63.96%

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

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

<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
0.14565938%	0.14574697%	0.15597763%	0.14833920%
\$ 37,746,538	\$ 36,362,676	\$ 38,097,578	\$ 32,673,939
\$ 12,387,692	\$ 11,935,911	\$ 13,057,457	\$ 12,633,807
304.71%	304.65%	291.77%	258.62%
63.96%	63.01%	62.92%	66.15%

COLDWATER COMMUNITY SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
MPERS Cost-sharing Multiple-employer Plan
June 30, 2021

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
District's proportion of the net OPEB liability	0.14937769%	0.15058587%
District's proportionate share of the net OPEB liability	\$ 8,002,562	\$ 10,808,674
District's covered-employee payroll	\$ 13,264,768	\$ 13,179,446
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	60.33%	82.01%
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%

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

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

<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
0.15386893%	0.14546064%
\$ 12,230,967	\$ 12,881,225
\$ 13,111,468	\$ 12,387,692
93.28%	103.98%
36.53%	36.53%

COLDWATER COMMUNITY SCHOOLS
Required Supplementary Information
Schedule of District Pension Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
Contractually required contribution	\$ 4,348,454	\$ 4,291,446	\$ 3,845,342
Contributions in relation to the contractually required contribution	<u>4,348,454</u>	<u>4,291,446</u>	<u>3,845,342</u>
Contribution deficiency excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District s covered-employee payroll	\$ 13,029,431	\$ 13,988,376	\$ 13,338,108
Contributions as a percentage of covered employee payroll	33.37%	30.68%	28.83%

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

<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
\$ 3,873,489	\$ 3,826,620	\$ 3,775,411	\$ 4,132,345
<u>3,873,489</u>	<u>3,826,620</u>	<u>3,775,411</u>	<u>4,132,345</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,685,872	\$ 12,333,935	\$ 11,923,838	\$ 13,239,917
30.53%	31.03%	31.66%	31.21%

COLDWATER COMMUNITY SCHOOLS
Required Supplementary Information
Schedule of District OPEB Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	\$ 1,058,653	\$ 1,115,468
Contributions in relation to the contractually required contribution	1,058,653	1,115,468
Contribution deficiency excess	\$ -	\$ -
District's covered-employee payroll	\$13,029,431	\$13,988,376
Contributions as a percentage of covered employee payroll	8.13%	7.97%

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

<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
\$ 1,022,928	\$ 973,605
<u>1,022,928</u>	<u>973,605</u>
<u>\$ -</u>	<u>\$ -</u>
\$13,338,108	\$12,685,872
7.67%	7.67%

Coldwater Community Schools
Notes to Required Supplementary Information
June 30, 2021

Note A: Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2020-21.

Changes of assumptions: There were no changes of benefit assumptions in 2020-21.

Note B: Net OPEB Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2020-21.

Changes of assumptions: There were no changes of benefit assumptions in 2020-21.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

COLDWATER COMMUNITY SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

Assets	Special Revenue		
	Food Service	Child Care	Student/School Activity
Cash	\$ 318	\$ -	\$ -
Cash equivalents, deposits and investments	668,796	10,531	336,121
Accounts receivable	813	3,965	-
Due from other governmental units	136,359	-	-
Inventory	88,507	-	-
Prepaid expenditures	110,000	-	-
Total Assets	\$ 1,004,793	\$ 14,496	\$ 336,121
Liabilities and Fund Balances			
Liabilities			
Payroll liabilities payable	\$ -	\$ 3,849	\$ -
Salaries payable	-	10,425	-
Unearned revenue	21,981	1,560	-
Total Liabilities	21,981	15,834	-
Fund Balances			
Nonspendable	198,507	-	-
Restricted	784,305	-	336,121
Unassigned deficit	-	1,338	-
Total Fund Balances (Deficit)	982,812	1,338)	336,121
Total Liabilities and Fund Balances	\$ 1,004,793	\$ 14,496	\$ 336,121

2009	Debt Service			QZAB	Capital Projects	Total
	2015 Refunding	2017 Refunding	2018		Building and Site Sinking	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318
44,697	139,194	105,511	314,211	2,350,000	1,536,413	5,505,474
-	-	-	-	-	-	4,778
-	-	-	-	-	-	136,359
-	-	-	-	-	-	88,507
-	-	-	-	-	-	110,000
<u>\$ 44,697</u>	<u>\$ 139,194</u>	<u>\$ 105,511</u>	<u>\$ 314,211</u>	<u>\$ 2,350,000</u>	<u>\$ 1,536,413</u>	<u>\$ 5,845,436</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,849
-	-	-	-	-	-	10,425
-	-	-	-	-	-	23,541
-	-	-	-	-	-	37,815
-	-	-	-	-	-	198,507
44,697	139,194	105,511	314,211	2,350,000	1,536,413	5,610,452
-	-	-	-	-	-	1,338
<u>44,697</u>	<u>139,194</u>	<u>105,511</u>	<u>314,211</u>	<u>2,350,000</u>	<u>1,536,413</u>	<u>5,807,621</u>
<u>\$ 44,697</u>	<u>\$ 139,194</u>	<u>\$ 105,511</u>	<u>\$ 314,211</u>	<u>\$ 2,350,000</u>	<u>\$ 1,536,413</u>	<u>\$ 5,845,436</u>

COLDWATER COMMUNITY SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2021

	Special Revenue		
	Food Service	Child Care	Student/School Activity
Revenues			
Local sources:			
Property taxes	\$ -	\$ -	\$ -
Interest earnings	599	-	-
Food sales	17,374	-	-
Other local sources	487	97,855	155,375
Total local sources	18,460	97,855	155,375
State sources	98,025	-	-
Federal sources	1,627,747	39,993	-
Total Revenues	1,744,232	137,848	155,375
Expenditures			
Current:			
Instruction:			
Basic programs	-	54,282	-
Supporting services	-	-	134,311
Community services	-	226,884	-
Food service	1,533,048	-	-
Capital outlay	-	-	-
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1,533,048	281,166	134,311
Excess (Deficiency) of Revenues Over Expenditures	211,184	143,318)	21,064
Other Financing Sources (Uses)			
Proceeds from refinancing debt	-	-	-
Bond issuance costs	-	-	-
Payment to escrow agent	-	-	-
Transfers in	2,903	120,000	-
Transfers out	15,769)	-	-
Total Other Financing Sources (Uses)	12,866)	120,000	-
Net Change in Fund Balances	198,318	(23,318)	21,064
Fund Balances, Beginning of Year	784,494	21,980	315,057
Fund Balances (Deficit , End of Year	\$ 982,812	\$ (1,338)	\$ 336,121

2009	Debt Service				QZAB	Capital Projects	Total
	2015 Refunding	2017 Refunding	2018	Building and Site Sinking			
\$ 488,212	\$ 967,467	\$ 507,235	\$ 1,354,191	\$ -	\$ 896,746	\$ 4,213,851	
125	440	216	515	-	3,118	5,013	
-	-	-	-	-	-	17,374	
-	-	-	-	-	-	253,717	
488,337	967,907	507,451	1,354,706	-	899,864	4,489,955	
10,055	19,926	10,438	27,891	-	24,194	190,529	
-	-	-	-	-	-	1,667,740	
498,392	987,833	517,889	1,382,597	-	924,058	6,348,224	
-	-	-	-	-	-	54,282	
-	-	-	-	-	-	134,311	
-	-	-	-	-	-	226,884	
-	-	-	-	-	-	1,533,048	
-	-	-	-	-	220,093	220,093	
260,000	990,000	475,000	150,000	-	435,498	2,310,498	
48,538	22,145	9,329	1,281,651	-	10,147	1,371,810	
308,538	1,012,145	484,329	1,431,651	-	665,738	5,850,926	
189,854	24,312)	33,560	(49,054)	-	258,320	497,298	
1,680,000	-	-	-	-	-	1,680,000	
38,400)	-	-	-	-	-	38,400)	
1,845,761)	-	-	-	-	-	1,845,761)	
-	-	-	-	500,000	-	622,903	
-	-	-	-	-	-	15,769)	
204,161)	-	-	-	500,000	-	402,973	
14,307)	24,312)	33,560	(49,054)	500,000	258,320	900,271	
59,004	163,506	71,951	363,265	1,850,000	1,278,093	4,907,350	
\$ 44,697	\$ 139,194	\$ 105,511	\$ 314,211	\$ 2,350,000	\$ 1,536,413	\$ 5,807,621	

COLDWATER COMMUNITY SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Local sources	\$ 18,042	\$ 18,460	\$ 418
State sources	89,073	98,025	8,952
Federal sources	1,499,659	1,627,747	128,088
Total Revenues	<u>1,606,774</u>	<u>1,744,232</u>	<u>137,458</u>
Expenditures			
Current:			
Food service	<u>1,805,180</u>	<u>1,533,048</u>	<u>272,132</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>198,406</u>	<u>211,184</u>	<u>409,590</u>
Other Financing Sources (Uses)			
Transfers in	2,903	2,903	-
Transfers out	<u>13,545</u>	<u>15,769</u>	<u>2,224</u>
Total Other Financing Sources (Uses)	<u>10,642)</u>	<u>12,866)</u>	<u>2,224)</u>
Net Change in Fund Balances	209,048	198,318	407,366
Fund Balances, Beginning of Year	<u>784,494</u>	<u>784,494</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 575,446</u></u>	<u><u>\$ 982,812</u></u>	<u><u>\$ 407,366</u></u>

COLDWATER COMMUNITY SCHOOLS
Child Care Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Local sources	\$ 93,928	\$ 97,855	\$ 3,927
Federal sources	39,993	39,993	-
Total Revenues	<u>133,921</u>	<u>137,848</u>	<u>3,927</u>
Expenditures			
Current:			
Instruction	56,947	54,282	2,665
Community services	223,626	226,884	3,258
Total Expenditures	<u>280,573</u>	<u>281,166</u>	<u>593)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>146,652</u>	<u>143,318)</u>	<u>3,334</u>
Other Financing Sources			
Transfers in	120,000	120,000	-
Net Change in Fund Balance	26,652)	23,318)	3,334
Fund Balance, Beginning of Year	<u>21,980</u>	<u>21,980</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 4,672</u>	<u>\$ 1,338)</u>	<u>\$ 3,334</u>

Coldwater Community Schools
Student/School Activity Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	<u>\$ 155,353</u>	<u>\$ 155,375</u>	<u>\$ 22</u>
Expenditures			
Current:			
Supporting services	<u>134,321</u>	<u>134,311</u>	<u>10</u>
Net Change in Fund Balance	<u>21,032</u>	<u>21,064</u>	<u>32</u>
Fund Balance, Beginning of Year	<u>315,057</u>	<u>315,057</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 336,089</u></u>	<u><u>\$ 336,121</u></u>	<u><u>\$ 32</u></u>

OTHER INFORMATION

COLDWATER COMMUNITY SCHOOLS
Schedule of Principal and Interest Payments
June 30, 2021

\$6,000,000 G/O QZAB Bonds
Dated July 1, 2015

Tax Year	Year Ended June 30	Interest Due November 1	Interest Due May 1	Interest Rate	May 1 Principal	Total Principal & Interest
2021	2022	\$ -	\$ -	0.00%	\$ -	\$ -
2022	2023	-	-	-	-	-
2023	2024	-	-	-	-	-
2024	2025	-	-	-	-	-
2025	2026	-	-	-	-	-
2026	2027	-	-	-	-	-
2027	2028	-	-	-	6,000,000	6,000,000
		<u>\$ -</u>	<u>\$ -</u>		<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>

Installment Purchase Agreements
Dated July - October, 2015-2016

Tax Year	Year Ended June 30	Interest Due	Interest Rate	Principal Due	Total Principal Interest
2021	2022	\$ 1,116	1.25%	\$ 58,552	\$ 59,668
2022	2023	387	1.25%	31,197	31,584
		<u>\$ 1,503</u>		<u>\$ 89,749</u>	<u>\$ 91,252</u>

COLDWATER COMMUNITY SCHOOLS
Schedule of Principal and Interest Payments
June 30, 2021

\$25,695,000 School Building and Site Bonds
Dated February 13, 2018

Tax Year	Year Ended June 30	Interest Due November 1	Interest Due May 1	Interest Rate	May 1 Principal	Total Principal Interest
2021	2022	\$ 634,875	\$ 634,875	5.00%	\$ 250,000	\$ 1,519,750
2022	2023	628,625	628,625	5.00%	300,000	1,557,250
2023	2024	621,125	621,125	5.00%	720,000	1,962,250
2024	2025	603,125	603,125	5.00%	745,000	1,951,250
2025	2026	584,500	584,500	5.00%	770,000	1,939,000
2026	2027	565,250	565,250	5.00%	805,000	1,935,500
2027	2028	545,125	545,125	5.00%	825,000	1,915,250
2028	2029	524,500	524,500	5.00%	850,000	1,899,000
2029	2030	503,250	503,250	5.00%	875,000	1,881,500
2030	2031	481,375	481,375	5.00%	905,000	1,867,750
2031	2032	458,750	458,750	5.00%	930,000	1,847,500
2032	2033	435,500	435,500	5.00%	955,000	1,826,000
2033	2034	411,625	411,625	5.00%	985,000	1,808,250
2034	2035	387,000	387,000	5.00%	1,015,000	1,789,000
2035	2036	361,625	361,625	5.00%	1,040,000	1,763,250
2036	2037	335,625	335,625	5.00%	1,070,000	1,741,250
2037	2038	308,875	308,875	5.00%	1,100,000	1,717,750
2038	2039	281,375	281,375	5.00%	1,130,000	1,692,750
2039	2040	253,125	253,125	5.00%	1,160,000	1,666,250
2040	2041	224,125	224,125	5.00%	1,190,000	1,638,250
2041	2042	194,375	194,375	5.00%	1,220,000	1,608,750
2042	2043	163,875	163,875	5.00%	1,255,000	1,582,750
2043	2044	132,500	132,500	5.00%	1,285,000	1,550,000
2044	2045	100,375	100,375	5.00%	1,315,000	1,515,750
2045	2046	67,500	67,500	5.00%	1,340,000	1,475,000
2046	2047	34,000	34,000	5.00%	1,360,000	1,428,000
		<u>\$ 9,842,000</u>	<u>\$ 9,842,000</u>		<u>\$ 25,395,000</u>	<u>\$ 45,079,000</u>

\$1,680,000 2021 Refunding Bonds
Dated February 22, 2021

Tax Year	Year Ended June 30	Interest Due November 1	Interest Due May 1	Interest Rate	May 1 Principal	Total Principal Interest
2021	2022	\$ 2,322	\$ 2,322	0.25%	\$ 1,680,000	\$ 1,684,643