
Mason Public Schools

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

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Independent Auditor's Report

To the Board of Education
Mason Public Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Mason Public Schools (the "School District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Education
Mason Public Schools

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

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

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

Required Supplementary Information

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

Other Supplementary Information

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

To the Board of Education
Mason Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 13, 2023

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

Using This Annual Report

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

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

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

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

Schedule of Pension Contributions

Schedule of OPEB Contributions

Other Supplementary Information

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

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

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

Mason Public Schools

Management's Discussion and Analysis (Continued)

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

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

The School District as a Whole

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

	Governmental Activities	
	2023	2022
	(in millions)	
Assets		
Current and other assets	\$ 35.2	\$ 24.3
Capital assets	77.9	72.8
Total assets	113.1	97.1
Deferred Outflows of Resources	33.0	17.5
Liabilities		
Current liabilities	7.1	8.3
Noncurrent liabilities	65.3	51.6
Net pension liability	81.0	50.1
Net OPEB liability	4.7	3.2
Total liabilities	158.1	113.2
Deferred Inflows of Resources	16.0	32.0
Net Position (Deficit)		
Net investment in capital assets	28.1	27.4
Restricted	2.2	1.6
Unrestricted	(58.3)	(59.6)
Total net position (deficit)	\$ (28.0)	\$ (30.6)

Mason Public Schools

Management's Discussion and Analysis (Continued)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(28.0) million at June 30, 2023. Net investment in capital assets totaling \$28.1 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(58.3) million) was unrestricted.

The \$(58.3) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact of recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system. Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities will have significant impacts on the change in unrestricted net position (deficit) from year to year.

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

	Governmental Activities	
	2023	2022
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 1.6	\$ 0.9
Operating grants	15.6	14.4
General revenue:		
Taxes	9.3	8.9
State aid not restricted to specific purposes	25.3	24.1
Other	1.3	0.9
Total revenue	53.1	49.2
Expenses		
Instruction	25.9	22.7
Support services	15.9	13.0
Athletics	0.8	0.7
Food services	1.8	1.8
Community services	0.6	0.4
Debt service	2.0	1.8
Depreciation and amortization expense (unallocated)	3.5	3.4
Total expenses	50.5	43.8
Change in Net Position	2.6	5.4
Net Position (Deficit) - Beginning of year	(30.6)	(36.0)
Net Position (Deficit) - End of year	\$ (28.0)	\$ (30.6)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$50.5 million. Certain activities were partially funded from those who benefited from the programs (\$1.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$15.6 million). We paid for the remaining public benefit portion of our governmental activities with \$9.3 million in taxes, \$25.3 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$2.6 million.

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$28.5 million, which is an increase of \$12.1 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance increased by \$2 million to \$9.4 million.

In the 2023 Building and Site Capital Projects Fund, fund balance increased by \$14.1 million this year, as the School District received and began to spend the bond proceeds from the 2023 Building and Site Bonds.

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

Combined, fund balance of our special revenue funds decreased by \$0.07 million.

The fund balance of our nonmajor capital projects fund decreased by approximately \$4.3 million as the School District continued to spend the proceeds from the 2021 Building and Site Bonds. As of June 30, 2023, the projects in the 2021 Building and Site Capital Projects Fund are considered substantially complete.

Budgetary Highlights

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

There were significant revisions made to the 2022-2023 original budget. Budgeted revenue was increased by \$7.0 million due to an increase in student enrollment of 42 students during the year, plus an increase in state and federal funding, including 51e, GSRP, 31a, 31aa, 147c(2), 98c, ESSER-III, Section 11t, APR-County Board of Commissioners funding, and Child Care Stabilization.

Budgeted expenditures were also increased by \$6.3 million to account for the matching expenditures due to the increase in grant funding noted in the previous paragraph. All staff salaries and benefits were increased, which included an increase in retirement expense due to the State's one-time payment under 147c(2). The board paid an additional \$500 to all staff in December 2022 to retain qualified staff in the current competitive job market.

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

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the School District had \$77.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment and lease assets. This represents a net increase (including additions, disposals, and depreciation) of approximately \$5.1 million from 2022 to 2023.

	2023	2022
Land	\$ 440,021	\$ 440,021
Construction in progress	2,515,663	13,697,310
Buildings and improvements	110,506,004	92,990,847
Furniture and equipment	17,479,017	15,478,117
Buses and other vehicles	2,189,415	2,189,415
Lease assets - Buildings	122,788	122,788
Lease assets - Equipment	280,349	-
Land improvements	54,333	-
Total capital assets	133,587,590	124,918,498
Less accumulated depreciation and amortization	55,685,014	52,141,677
Total capital assets - Net of accumulated depreciation and amortization	\$ 77,902,576	\$ 72,776,821

This year's additions of \$8.7 million included construction in progress related to the 2023 Building and Site Bond projects, building improvements, and furniture and equipment. Several major capital projects are planned for the 2023-2024 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$61.7 million in bonds outstanding versus \$48.1 million in the previous year. The increase in the current year is a result of the issuance of the 2023 Building and Site Bonds.

Bonds and notes consisted of the following:

	2023	2022
General obligation bonds	\$ 61,720,000	\$ 48,110,000
Other	497,380	292,206
Total	\$ 62,217,380	\$ 48,402,206

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit.

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

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2023-2024 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2023-2024 budget was adopted in June 2023 based on an estimate of students who will enroll in August 2023. Approximately 53.4 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2023-2024 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2023-2024 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

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

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at 201 W. Ash Street, Mason, MI 48854.

June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 4)	\$ 7,724,805
Receivables:	
Other receivables	120
Due from other governments	7,482,517
Inventory	47,407
Prepaid expenses	722,260
Restricted assets (Notes 4 and 5)	19,126,086
Capital assets - Net (Note 8)	<u>77,902,576</u>
Total assets	113,005,771
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	66,283
Deferred pension costs (Note 12)	26,169,967
Deferred OPEB costs (Note 12)	<u>6,813,052</u>
Total deferred outflows of resources	33,049,302
Liabilities	
Accounts payable	1,317,933
Accrued liabilities and other	4,921,479
Unearned revenue (Note 6)	834,586
Noncurrent liabilities:	
Due within one year (Note 9)	2,491,832
Due in more than one year (Note 9)	62,913,035
Net pension liability (Note 12)	80,953,325
Net OPEB liability (Note 12)	<u>4,666,092</u>
Total liabilities	158,098,282
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	6,003,620
Deferred pension costs (Note 12)	411,452
Deferred OPEB costs (Note 12)	<u>9,569,531</u>
Total deferred inflows of resources	<u>15,984,603</u>
Net Position (Deficit)	
Net investment in capital assets	28,146,318
Restricted:	
Debt service	2,004,822
Capital projects	183,542
Unrestricted	<u>(58,362,494)</u>
Total net position (deficit)	<u>\$ (28,027,812)</u>

Year Ended June 30, 2023

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 25,850,231	\$ -	\$ 8,623,320	\$ (17,226,911)
Support services	15,947,689	7,743	5,748,880	(10,191,066)
Athletics	790,218	109,833	-	(680,385)
Food services	1,805,519	668,237	1,227,801	90,519
Community services	604,570	798,669	-	194,099
Interest	1,747,981	-	-	(1,747,981)
Other debt costs	383,503	-	-	(383,503)
Depreciation and amortization expense (unallocated) (Note 8)	3,543,337	-	-	(3,543,337)
Total primary government	\$ 50,673,048	\$ 1,584,482	\$ 15,600,001	(33,488,565)
General revenue:				
Taxes:				
Property taxes levied for general purposes				3,862,597
Property taxes levied for debt service				4,670,124
Property taxes levied for capital projects				812,859
State aid not restricted to specific purposes				25,345,206
Federal grants and contributions not restricted to specific purposes				24,862
Interest and investment earnings				270,649
Penalties, interest, and other taxes				70,182
Gain on sale of capital assets				9,375
Other				953,296
Total general revenue				36,019,150
Change in Net Position				2,530,585
Net Position (Deficit) - Beginning of year				(30,558,397)
Net Position (Deficit) - End of year				\$ (28,027,812)

Mason Public Schools

Governmental Funds Balance Sheet

June 30, 2023

	General Fund	2023 Building and Site Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 6,720,797	\$ -	\$ 1,004,008	\$ 7,724,805
Receivables:				
Other receivables	120	-	-	120
Due from other governments	7,402,562	-	79,955	7,482,517
Due from other funds (Note 7)	49,180	-	75,245	124,425
Inventory	-	-	47,407	47,407
Prepaid expenses	722,260	-	-	722,260
Restricted assets (Notes 4 and 5)	-	15,109,293	4,016,793	19,126,086
	\$ 14,894,919	\$ 15,109,293	\$ 5,223,408	\$ 35,227,620
Total assets				
Liabilities				
Accounts payable	\$ 230,745	\$ 1,022,489	\$ 64,699	\$ 1,317,933
Due to other funds (Note 7)	75,050	500	48,875	124,425
Accrued liabilities and other	4,437,694	-	5,910	4,443,604
Unearned revenue (Note 6)	775,724	-	58,862	834,586
	5,519,213	1,022,989	178,346	6,720,548
Total liabilities				
Fund Balances				
Nonspendable:				
Inventory	-	-	47,407	47,407
Prepays	722,260	-	-	722,260
Nonexpendable - Rayner Bond	-	-	37,000	37,000
Restricted:				
Debt service	-	-	2,482,697	2,482,697
Grants	54,992	-	-	54,992
Capital projects	-	14,086,304	1,487,911	15,574,215
Food service	-	-	572,843	572,843
Committed:				
Harvey HVAC (5) CDS Classrooms	250,000	-	-	250,000
Student activities	-	-	417,204	417,204
Assigned - Budgeted use of fund balance in subsequent year	459,514	-	-	459,514
Unassigned	7,888,940	-	-	7,888,940
	9,375,706	14,086,304	5,045,062	28,507,072
Total fund balances				
Total liabilities and fund balances	\$ 14,894,919	\$ 15,109,293	\$ 5,223,408	\$ 35,227,620

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 28,507,072
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of assets	133,587,590
Accumulated depreciation	<u>(55,685,014)</u>
Net capital assets and lease assets used in governmental activities	77,902,576
Deferred outflows related to bond refundings are not reported in the funds	66,283
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(65,213,214)
Accrued interest is not due and payable in the current period and is not reported in the funds	(477,875)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(191,653)
Net pension liability and related deferred inflows and outflows	(55,194,810)
Net OPEB liability and related deferred inflows and outflows	(7,422,571)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(6,003,620)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (28,027,812)</u>

Mason Public Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	2023 Building and Site Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 5,147,816	\$ 98,584	\$ 6,977,789	\$ 12,224,189
State sources	36,237,077	-	358,272	36,595,349
Federal sources	3,024,764	-	997,355	4,022,119
Interdistrict sources	3,059,281	-	68,484	3,127,765
Total revenue	47,468,938	98,584	8,401,900	55,969,422
Expenditures				
Current:				
Instruction	27,182,692	-	-	27,182,692
Support services	15,743,295	186	747,420	16,490,901
Athletics	821,912	-	-	821,912
Food services	-	-	1,864,927	1,864,927
Community services	643,061	-	-	643,061
Debt service: (Note 9)				
Principal	81,490	-	2,690,000	2,771,490
Interest	20,332	-	1,762,363	1,782,695
Other debt costs	-	382,253	1,250	383,503
Capital outlay	972,489	2,186,576	5,296,317	8,455,382
Total expenditures	45,465,271	2,569,015	12,362,277	60,396,563
Excess of Revenue Over (Under)				
Expenditures	2,003,667	(2,470,431)	(3,960,377)	(4,427,141)
Other Financing Sources				
Face value of debt issued (Note 9)	-	16,300,000	-	16,300,000
Proceeds from sale of capital assets	9,375	-	-	9,375
Premium on debt issued	-	256,735	-	256,735
Total other financing sources	9,375	16,556,735	-	16,566,110
Net Change in Fund Balances	2,013,042	14,086,304	(3,960,377)	12,138,969
Fund Balances - Beginning of year	7,362,664	-	9,005,439	16,368,103
Fund Balances - End of year	<u>\$ 9,375,706</u>	<u>\$ 14,086,304</u>	<u>\$ 5,045,062</u>	<u>\$ 28,507,072</u>

Mason Public Schools

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

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 12,138,969
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay and leases	8,669,092
Depreciation and amortization expense	<u>(3,543,337)</u>
Total	5,125,755
Revenue in support of pension contributions made subsequent to the measurement date	(2,775,164)
Issuing debt and entering into leases provide current financial resources to governmental funds, but increase long-term liabilities in the statement of net position	(16,556,735)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	2,607,780
Interest expense is recognized in the government-wide statements as it accrues	(81,925)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>2,071,905</u>
Change in Net Position of Governmental Activities	<u><u>\$ 2,530,585</u></u>

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

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

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

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

Fund Accounting

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

Governmental Funds

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

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

Note 2 - Significant Accounting Policies (Continued)

- The 2023 Building and Site Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for building, equipment, and remodeling. The fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds are the Food Service Fund and Student Activities Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, technology upgrades, and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished. The School District's nonmajor capital projects funds are the Sinking Fund and the 2021 Building and Site Capital Projects Fund.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Interfund Activity

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

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

Basis of Accounting

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

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

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

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

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

Inventories and Prepaid Items

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

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

<u>Asset Class</u>	<u>Depreciable/Amortizable Life - Years</u>
Buildings and improvements	20 to 50
Furniture and equipment	5 to 20
Buses and other vehicles	8
Lease assets - Buildings	10
Lease assets - Equipment	5

Long-term Obligations

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

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to deferred charges on refundings and deferred pension and OPEB costs.

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

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

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

Note 2 - Significant Accounting Policies (Continued)

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

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

Property Tax Revenue

Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

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

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Leases

The School District is a lessee for noncancelable leases of administrative office space and copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the governmental activities column in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the statement of net position.

Upcoming Accounting Pronouncement

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

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. Section 98c revenue in the amount of \$167,987 is included as federal revenue in the basic financial statements; however, it was budgeted as state revenue in the final budget and is presented as such in the budgetary comparison schedule - general fund of the required supplementary information. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District increased budgeted amounts during the year in response to additional state funding.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The 2021 and 2023 Building and Site Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 2021 Building and Site Capital Projects Fund. The project for which the 2021 School Building and Site Bonds were issued was considered complete on June 30, 2023. The cumulative expenditures recognized for the construction period were \$19,150,154.

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, authorized prior to March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

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

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

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for MILAF cash management funds, which require a 1-day minimum investment period, and MILAF MAX Class funds, which may not be redeemed for at least 14 calendar days with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits subject to custodial credit risk. At year end, the School District had bank deposits totaling \$9,324,651 (checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2023, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2023, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Michigan CLASS Pool	\$ 2,343,826	AAAm	Standard & Poor's
MILAF Cash Management and MAX Class	15,185,855	AAAm	Standard & Poor's

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. Any investment over 5 percent of total investments is a concentration. The School District does not have any investments subject to concentration of credit risk.

Note 4 - Deposits and Investments (Continued)

Foreign Currency Risk

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

Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

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

- \$2,343,826 invested in Michigan CLASS investment pool measured at fair value using net asset value per share

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the table below.

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 2,343,826	\$ -	NA	None

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A 1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by Treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

June 30, 2023

Note 5 - Restricted Assets

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

Description	Governmental Activities
Unspent property taxes of the Sinking Fund capital projects fund	\$ 1,457,533
Unspent property taxes of the 2012 Refunding Bonds Fund	430,984
Unspent property taxes of the 2018 Building & Site Bonds Fund	1,170,004
Unspent property taxes of the 2021 Building & Site Bonds Fund	881,709
Unspent bond proceeds of the 2021 Building and Site Capital Projects Fund	76,563
Unspent bond proceeds of the 2023 Building and Site Capital Projects Fund	15,109,293
Total	<u>\$ 19,126,086</u>

Note 6 - Unavailable/Unearned Revenue

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

At June 30, 2023, the various components of unearned revenue were as follows:

	Liability - Unearned
Child development services program deposits	\$ 37,095
Grant and categorical aid payment received prior to meeting all eligibility requirements	797,491
Total	<u>\$ 834,586</u>

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	2023 Building and Site Capital Projects Fund	\$ 500
	Student Activities Fund	48,680
Food Service Fund	General Fund	75,050
	Student Activities Fund	195
	Total	<u>\$ 124,425</u>

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

During the year ended June 30, 2023, no transfers between funds occurred.

Note 8 - Capital Assets

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

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 440,021	\$ -	\$ -	\$ -	\$ 440,021
Construction in progress	13,697,310	(12,568,553)	1,386,906	-	2,515,663
Subtotal	14,137,331	(12,568,553)	1,386,906	-	2,955,684
Capital assets being depreciated:					
Buildings and improvements	92,990,847	12,350,194	5,164,963	-	110,506,004
Furniture and equipment	15,478,117	218,359	1,782,541	-	17,479,017
Buses and other vehicles	2,189,415	-	-	-	2,189,415
Land improvements	-	-	54,333	-	54,333
Lease assets - Buildings	122,788	-	-	-	122,788
Lease assets - Equipment	-	-	280,349	-	280,349
Subtotal	110,781,167	12,568,553	7,282,186	-	130,631,906
Accumulated depreciation and amortization:					
Buildings and improvements	39,542,504	-	2,594,968	-	42,137,472
Furniture and equipment	11,327,275	-	691,609	-	12,018,884
Buses and other vehicles	1,257,280	-	173,256	-	1,430,536
Lease assets - Buildings	14,618	-	17,540	-	32,158
Lease assets - Equipment	-	-	65,964	-	65,964
Subtotal	52,141,677	-	3,543,337	-	55,685,014
Net capital assets being depreciated and amortized	58,639,490	12,568,553	3,738,849	-	74,946,892
Net governmental activities capital assets	<u>\$ 72,776,821</u>	<u>\$ -</u>	<u>\$ 5,125,755</u>	<u>\$ -</u>	<u>\$ 77,902,576</u>

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

Construction Commitments

The School District has active construction projects at year end. The projects include the Sinking Fund projects, the General Fund projects, and the 2021 and 2023 Building and Site bond projects. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sinking Fund capital projects	\$ 13,500	\$ 688,625
General Fund projects	-	138,000
2021 and 2023 Building and Site capital projects	19,387,136	10,851,143
Total	<u>\$ 19,400,636</u>	<u>\$ 11,677,768</u>

June 30, 2023

Note 9 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligations	\$ 48,110,000	\$ 16,300,000	\$ (2,690,000)	\$ 61,720,000	\$ 2,225,000
Unamortized bond premiums	3,113,674	256,735	(182,922)	3,187,487	191,769
Total bonds payable	51,223,674	16,556,735	(2,872,922)	64,907,487	2,416,769
Leases (Note 10)	106,868	280,349	(81,490)	305,727	75,063
Compensated absences	185,338	9,545	(3,230)	191,653	-
Total governmental activities long-term debt	<u>\$ 51,515,880</u>	<u>\$ 16,846,629</u>	<u>\$ (2,957,642)</u>	<u>\$ 65,404,867</u>	<u>\$ 2,491,832</u>

The School District had deferred outflows of \$66,283 related to deferred charges on bond refundings at June 30, 2023.

General Obligation Bonds and Contracts

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

Purpose	Outstanding
\$8,230,000 2012 Refunding Bonds due in installments of \$750,000 through May 1, 2024, with an interest rate of 3.0 percent	\$ 750,000
\$32,515,000 2018 Building and Site Bonds due in installments of \$100,000 to \$2,000,000 through May 1, 2047, with interest rates ranging from 3.25 to 5.0 percent	28,960,000
\$17,970,000 2021 Building and Site Bonds due in installments of \$95,000 to \$920,000 through May 1, 2047, with interest rates ranging from 2.0 to 5.0 percent	15,710,000
\$16,300,000 2023 Building and Site Bonds due in installments of \$350,000 to \$1,700,000 through May 1, 2052, with interest rates ranging from 4.125 to 5.0 percent	16,300,000
Total governmental activities	<u>\$ 61,720,000</u>

Other Long-term Liabilities

Other long-term liabilities include compensated absences and lease liabilities, which will be liquidated primarily by the General Fund.

Note 9 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2024	\$ 2,225,000	\$ 2,329,997	\$ 4,554,997
2025	2,785,000	2,267,813	5,052,813
2026	3,070,000	2,128,563	5,198,563
2027	1,805,000	1,975,063	3,780,063
2028	1,870,000	1,884,813	3,754,813
2029-2033	10,370,000	8,059,312	18,429,312
2034-2038	12,215,000	6,083,336	18,298,336
2039-2043	14,165,000	4,168,394	18,333,394
2044-2048	8,760,000	1,939,400	10,699,400
2049-2052	4,455,000	452,838	4,907,838
Total	\$ 61,720,000	\$ 31,289,529	\$ 93,009,529

Note 10 - Leases

The School District leases certain assets from a third party. The asset leased includes an administrative office building space and copiers. Payments are generally fixed annually.

Lease asset activity of the School District is included in Note 8.

Future principal and interest payment requirements related to the School District's lease liability at June 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 75,063	\$ 13,589	\$ 88,652
2025	84,419	9,427	93,846
2026	88,797	5,048	93,845
2027	37,343	1,385	38,728
2028	20,105	252	20,357
Total	\$ 305,727	\$ 29,701	\$ 335,428

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District participates in the MASB-SEG Property and Casualty Pool with other school districts for claims relating to property, fleet, liability, in-land marine, equipment breakdown, builder's risk, employee dishonesty, crime, and errors and omissions. The School District participates in the SEG Self-Insurer Workers' Compensation Fund with other school districts for workers' compensation claims.

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

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

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

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

Benefits Provided

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

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

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

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

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

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

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

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

Contributions

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

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

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

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

The ranges of rates are as follows:

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

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

The School District's required and actual pension contributions to the plans for the year ended June 30, 2023 were \$10,269,855, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2023, the School District's required and actual pensions contributions include an allocation of \$3,794,025 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as \$2,209,595 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2023 were \$1,720,197, which includes the School District's contributions required for those members with a defined contribution benefit.

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

Net Pension Liability

At June 30, 2023, the School District reported a liability of \$80,953,325 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District's proportion was 0.215251 and 0.211720 percent, respectively, representing a change of 1.66 percent.

Net OPEB Liability

At June 30, 2023, the School District reported a liability of \$4,666,092 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District's proportion was 0.220300 and 0.211977 percent, respectively, representing a change of 3.93 percent.

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

For 2023, the School District recognized pension expense of \$11,105,808, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 809,816	\$ (181,003)
Changes in assumptions	13,910,682	-
Net difference between projected and actual earnings on pension plan investments	189,836	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	2,055,535	(230,449)
The School District's contributions to the plan subsequent to the measurement date	9,204,098	-
	\$ 26,169,967	\$ (411,452)
Total		

The \$6,003,620 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2024	\$ 5,154,485
2025	3,699,847
2026	2,972,253
2027	4,727,832
Total	\$ 16,554,417

June 30, 2023

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

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

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

For the year ended June 30, 2023, the School District recognized OPEB recovery of \$1,431,105.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (9,139,086)
Changes in assumptions	4,159,037	(338,653)
Net difference between projected and actual earnings on OPEB plan investments	364,692	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	999,977	(91,792)
Employer contributions to the plan subsequent to the measurement date	1,289,346	-
Total	\$ 6,813,052	\$ (9,569,531)

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

Years Ending	Amount
2024	\$ (1,425,462)
2025	(1,337,170)
2026	(1,256,897)
2027	(27,870)
2028	(14,629)
Thereafter	16,203
Total	\$ (4,045,825)

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

Actuarial Assumptions

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

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

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

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

Discount Rate

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

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

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

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

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

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

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

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

	1 Percentage Point Decrease 5.00%	Current Discount Rate 6.00%	1 Percentage Point Increase 7.00%
Net pension liability of the School District	\$ 106,828,314	\$ 80,953,325	\$ 59,631,168

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability of the School District	\$ 7,826,920	\$ 4,666,092	\$ 2,004,282

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

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB liability of the School District	\$ 1,953,936	\$ 4,666,092	\$ 7,710,540

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2023, the School District reported a payable of \$1,541,399 and \$181,022 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2023.

Note 13 - Tax Abatements

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

For the fiscal year ended June 30, 2023, the School District's property tax revenue was reduced by \$629,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately \$463,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.

Required Supplementary Information

Mason Public Schools

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 4,631,590	\$ 5,143,333	\$ 5,147,816	\$ 4,483
State sources	31,787,082	36,893,959	36,405,064	(488,895)
Federal sources	2,012,971	3,158,186	2,856,777	(301,409)
Interdistrict sources	2,795,069	3,066,588	3,059,281	(7,307)
Total revenue	41,226,712	48,262,066	47,468,938	(793,128)
Expenditures				
Current:				
Instruction:				
Basic programs	21,617,596	23,229,756	22,819,268	(410,488)
Added needs	3,885,146	4,638,999	4,517,112	(121,887)
Support services:				
Pupil	3,201,255	3,878,361	3,390,592	(487,769)
Instructional staff	2,182,281	2,642,079	2,232,773	(409,306)
General administration	1,091,819	1,301,359	1,197,840	(103,519)
School administration	2,284,777	2,591,536	2,573,856	(17,680)
Business	611,546	673,229	684,859	11,630
Operations and maintenance	2,937,390	3,657,159	3,444,148	(213,011)
Pupil transportation services	1,557,403	1,870,035	1,598,161	(271,874)
Technology	910,081	814,443	817,809	3,366
Athletics	795,568	879,876	833,129	(46,747)
Community services	473,572	949,295	657,842	(291,453)
Other transactions	328,857	1,034,120	596,060	(438,060)
Debt service:				
Principal	-	60,636	81,490	20,854
Interest	-	12,856	20,332	7,476
Total expenditures	41,877,291	48,233,739	45,465,271	(2,768,468)
Excess of Revenue (Under) Over Expenditures	(650,579)	28,327	2,003,667	1,975,340
Other Financing Sources				
Proceeds from sale of capital assets	1,000	9,500	9,375	(125)
Transfers in	40,000	40,000	-	(40,000)
Total other financing sources	41,000	49,500	9,375	(40,125)
Net Change in Fund Balance	(609,579)	77,827	2,013,042	1,935,215
Fund Balance - Beginning of year	7,362,664	7,362,664	7,362,664	-
Fund Balance - End of year	<u>\$ 6,753,085</u>	<u>\$ 7,440,491</u>	<u>\$ 9,375,706</u>	<u>\$ 1,935,215</u>

Mason Public Schools

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

	Last Nine Plan Years								
	Plan Years Ended September 30								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.21525 %	0.21172 %	0.20830 %	0.20286 %	0.19618 %	0.19105 %	0.18769 %	0.19170 %	0.18450 %
School District's proportionate share of the net pension liability	\$ 80,953,325	\$ 50,124,563	\$ 71,552,674	\$ 67,180,007	\$ 58,975,472	\$ 49,508,109	\$ 46,825,932	\$ 46,821,482	\$ 40,639,546
School District's covered payroll	\$ 21,433,903	\$ 19,179,108	\$ 18,564,217	\$ 17,896,957	\$ 16,918,230	\$ 16,166,179	\$ 15,682,450	\$ 15,847,097	\$ 15,570,091
School District's proportionate share of the net pension liability as a percentage of its covered payroll	377.69 %	261.35 %	385.43 %	375.37 %	348.59 %	306.24 %	298.59 %	295.46 %	261.01 %
Plan fiduciary net position as a percentage of total pension liability	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.94 %	63.01 %	62.92 %	66.15 %

Mason Public Schools

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

	Last Six Plan Years					
	Plan Years Ended September 30					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.22030 %	0.21198 %	0.20934 %	0.20467 %	0.19866 %	0.19016 %
School District's proportionate share of the net OPEB liability	\$ 4,666,092	\$ 3,235,576	\$ 11,214,878	\$ 14,690,766	\$ 15,791,261	\$ 16,839,924
School District's covered payroll	\$ 21,433,903	\$ 19,179,108	\$ 18,564,217	\$ 17,896,957	\$ 16,918,230	\$ 16,166,179
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.77 %	16.87 %	60.41 %	82.09 %	93.34 %	104.17 %
Plan fiduciary net position as a percentage of total OPEB liability	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Mason Public Schools

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

	Last Nine Fiscal Years Years Ended June 30								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 10,269,855	\$ 7,270,991	\$ 6,322,447	\$ 5,788,997	\$ 5,376,929	\$ 4,927,161	\$ 4,599,703	\$ 4,362,886	\$ 3,599,196
Contributions in relation to the statutorily required contribution	10,269,855	7,270,991	6,322,447	5,788,997	5,376,929	4,927,161	4,599,703	4,362,886	3,599,196
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 21,371,032	\$ 20,357,365	\$ 18,459,659	\$ 18,652,070	\$ 17,659,708	\$ 16,264,282	\$ 16,580,004	\$ 15,470,271	\$ 16,367,965
Contributions as a Percentage of Covered Payroll	48.06 %	35.72 %	34.25 %	31.04 %	30.45 %	30.29 %	27.74 %	28.20 %	21.99 %

Mason Public Schools

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

	Last Six Fiscal Years Years Ended June 30					
	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 1,720,197	\$ 1,658,962	\$ 1,536,167	\$ 1,498,806	\$ 1,387,174	\$ 1,174,724
Contributions in relation to the statutorily required contribution	1,720,197	1,658,962	1,536,167	1,498,806	1,387,174	1,174,724
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 21,371,032	\$ 20,357,365	\$ 18,459,659	\$ 18,652,070	\$ 17,659,708	\$ 16,264,282
Contributions as a Percentage of Covered Payroll	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

Pension Information

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

The required contributions for the year ended June 30, 2023, include a one-time contribution of \$2,209,595 related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to the actual per person health benefit cost being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

June 30, 2023

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

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

Other Supplementary Information

Mason Public Schools

Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund		Total
	Food Service Fund	Student Activities Fund	2012 Refunding Bonds Fund	2018 Building & Site Bonds Fund	2021 Building & Site Bonds Fund	Sinking Fund	2021 Building and Site Capital Projects Fund	
Assets								
Cash and investments	\$ 490,914	\$ 513,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,004,008
Receivables - Due from other governments	79,955	-	-	-	-	-	-	79,955
Due from other funds	75,245	-	-	-	-	-	-	75,245
Inventory	47,407	-	-	-	-	-	-	47,407
Restricted assets	-	-	430,984	1,170,004	881,709	1,457,533	76,563	4,016,793
Total assets	\$ 693,521	\$ 513,094	\$ 430,984	\$ 1,170,004	\$ 881,709	\$ 1,457,533	\$ 76,563	\$ 5,223,408
Liabilities								
Accounts payable	\$ 11,479	\$ 7,035	\$ -	\$ -	\$ -	\$ 46,185	\$ -	\$ 64,699
Due to other funds	-	48,875	-	-	-	-	-	48,875
Accrued liabilities and other	2,930	2,980	-	-	-	-	-	5,910
Unearned revenue	58,862	-	-	-	-	-	-	58,862
Total liabilities	73,271	58,890	-	-	-	46,185	-	178,346
Fund Balances								
Nonspendable:								
Inventory	47,407	-	-	-	-	-	-	47,407
Nonexpendable - Rayner Bond	-	37,000	-	-	-	-	-	37,000
Restricted:								
Debt service	-	-	430,984	1,170,004	881,709	-	-	2,482,697
Capital projects	-	-	-	-	-	1,411,348	76,563	1,487,911
Food service	572,843	-	-	-	-	-	-	572,843
Committed - Student activities	-	417,204	-	-	-	-	-	417,204
Total fund balances	620,250	454,204	430,984	1,170,004	881,709	1,411,348	76,563	5,045,062
Total liabilities and fund balances	\$ 693,521	\$ 513,094	\$ 430,984	\$ 1,170,004	\$ 881,709	\$ 1,457,533	\$ 76,563	\$ 5,223,408

Mason Public Schools

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

Year Ended June 30, 2023

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund		Total
	Food Service Fund	Student Activities Fund	2012 Refunding Bonds Fund	2018 Building & Site Bonds Fund	2021 Building & Site Bonds Fund	Sinking Fund	2021 Building and Site Capital Projects Fund	
Revenue								
Local sources	\$ 669,237	\$ 712,961	\$ 762,867	\$ 1,997,797	\$ 1,937,993	\$ 821,660	\$ 75,274	\$ 6,977,789
State sources	161,962	-	32,488	83,985	79,837	-	-	358,272
Federal sources	997,355	-	-	-	-	-	-	997,355
Interdistrict sources	68,484	-	-	-	-	-	-	68,484
Total revenue	1,897,038	712,961	795,355	2,081,782	2,017,830	821,660	75,274	8,401,900
Expenditures								
Current:								
Support services	-	725,781	552	1,432	1,363	17,792	500	747,420
Food services	1,864,927	-	-	-	-	-	-	1,864,927
Debt service:								
Principal	-	-	740,000	790,000	1,160,000	-	-	2,690,000
Interest	-	-	44,700	1,184,244	533,419	-	-	1,762,363
Other debt costs	-	-	250	500	500	-	-	1,250
Capital outlay	89,358	-	-	-	-	417,993	4,788,966	5,296,317
Total expenditures	1,954,285	725,781	785,502	1,976,176	1,695,282	435,785	4,789,466	12,362,277
Net Change in Fund Balances	(57,247)	(12,820)	9,853	105,606	322,548	385,875	(4,714,192)	(3,960,377)
Fund Balances - Beginning of year	677,497	467,024	421,131	1,064,398	559,161	1,025,473	4,790,755	9,005,439
Fund Balances - End of year	\$ 620,250	\$ 454,204	\$ 430,984	\$ 1,170,004	\$ 881,709	\$ 1,411,348	\$ 76,563	\$ 5,045,062

Mason Public Schools

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2023

Years Ending June 30	2012	2018 Building	2021 Building	2023 Building	Total
	Refunding Bonds	and Site Bonds	and Site Bonds	and Site Bonds	
	Principal	Principal	Principal	Principal	
2024	\$ 750,000	\$ 390,000	\$ 735,000	\$ 350,000	\$ 2,225,000
2025	-	1,110,000	700,000	975,000	2,785,000
2026	-	1,140,000	610,000	1,320,000	3,070,000
2027	-	1,180,000	625,000	-	1,805,000
2028	-	1,205,000	665,000	-	1,870,000
2029	-	1,265,000	665,000	-	1,930,000
2030	-	1,325,000	670,000	-	1,995,000
2031	-	1,385,000	690,000	-	2,075,000
2032	-	1,445,000	700,000	-	2,145,000
2033	-	1,500,000	725,000	-	2,225,000
2034	-	1,550,000	750,000	-	2,300,000
2035	-	1,600,000	770,000	-	2,370,000
2036	-	1,650,000	790,000	-	2,440,000
2037	-	1,700,000	815,000	-	2,515,000
2038	-	1,755,000	835,000	-	2,590,000
2039	-	1,810,000	855,000	-	2,665,000
2040	-	1,870,000	875,000	-	2,745,000
2041	-	1,935,000	895,000	-	2,830,000
2042	-	2,000,000	920,000	-	2,920,000
2043	-	745,000	560,000	1,700,000	3,005,000
2044	-	100,000	370,000	1,650,000	2,120,000
2045	-	100,000	195,000	1,500,000	1,795,000
2046	-	100,000	200,000	1,550,000	1,850,000
2047	-	100,000	95,000	1,550,000	1,745,000
2048	-	-	-	1,250,000	1,250,000
2049	-	-	-	1,255,000	1,255,000
2050	-	-	-	1,200,000	1,200,000
2051	-	-	-	1,000,000	1,000,000
2052	-	-	-	1,000,000	1,000,000
Total remaining payments	\$ 750,000	\$ 28,960,000	\$ 15,710,000	\$ 16,300,000	\$ 61,720,000
Principal payments due	May 1	May 1	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	3.00%	3.25 - 5.00%	2.00 - 5.00%	4.125 - 5.00%	
Original issue	\$ 8,230,000	\$ 32,515,000	\$ 17,970,000	\$ 16,300,000	\$ 75,015,000