

MASON PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
**(with required and additional
supplementary information)**

YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Mason Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Mason Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Public Schools, as of June 30, 2024, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mason Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024 on our consideration of Mason Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mason Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mason Public Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

September 24, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Mason Public Schools’ annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

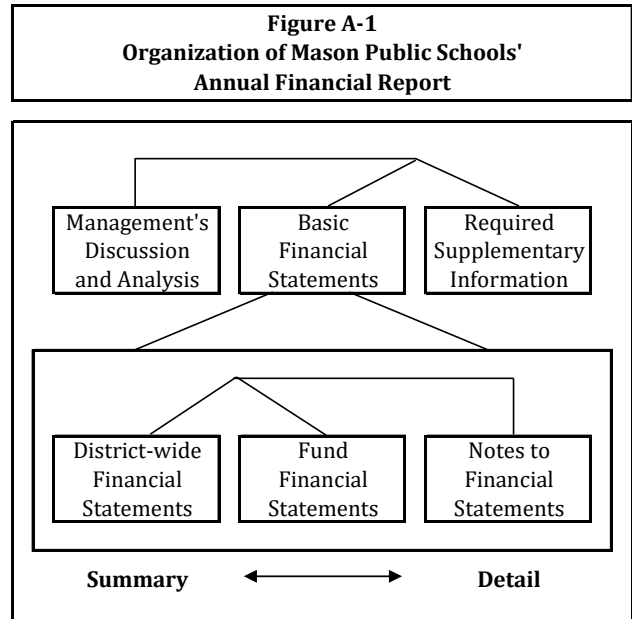
FINANCIAL HIGHLIGHTS

- Governmental funds revenues increased to \$58.9 million compared to \$56.0 million at June 30, 2023. Governmental fund expenditures were \$62.8 million compared to \$60.4 million at June 30, 2023.
- General Fund revenues and other financing sources were \$48.9 million, \$2,511,221 more than General Fund expenditures.
- State Aid Foundation Allowance increased by \$458 per pupil for fiscal year 2023-24.
- The District’s fall student count increased to 3,315 pupils, an increase of 40 students over last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations *in more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.



The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District’s budget for the year as well as required schedules related to the net pension liability and net OPEB asset. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Figure A-2 Major Features of District-wide and Fund Financial Statements		
Scope	District-wide Statements	Governmental Funds
	* Entire district (except fiduciary funds)	* The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances.
Accounting basis and measurement focus	* Accrual accounting and economic resources focus	* Modified accrual accounting and current financial resources focus.
Type of asset/liability information	* All assets and liabilities, both financial and capital, short-term and long-term	* Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of inflow/outflow information	* All revenues and expenses during year, regardless of when cash is received or paid	* Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT-WIDE STATEMENTS

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

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets, deferred outflows, deferred inflows and liabilities - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

- *Governmental Activities* - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch and student/school activities).

The District has one kind of fund:

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position (Deficit) - The District’s *combined* net deficit was lower on June 30, 2024, than the year before, decreasing to (\$19.15) million. The District’s net deficit results from recording net unfunded pension liability. It is important to note that the Board of Education has full authority to levy the necessary taxes to meet bond issue debt service requirements.

Table A-3		
Mason Public Schools Net Position		
	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets	\$ 33,526,155	\$ 35,103,195
Net other postemployment benefits asset	1,223,789	-
Capital assets, net of depreciation/amortization	<u>83,729,320</u>	<u>77,902,576</u>
TOTAL ASSETS	<u>118,479,264</u>	<u>113,005,771</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>27,339,814</u>	<u>33,049,302</u>
LIABILITIES		
Current liabilities	12,191,952	7,073,998
Noncurrent liabilities	60,100,839	65,404,867
Net pension liability	71,152,738	80,953,325
Net other postemployment benefit liability	<u>-</u>	<u>4,666,092</u>
TOTAL LIABILITIES	<u>143,445,529</u>	<u>158,098,282</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>21,520,614</u>	<u>15,984,603</u>
NET POSITION		
Net investment in capital assets	27,644,542	28,146,318
Restricted for debt service	2,755,551	2,004,822
Restricted for capital projects (sinking fund)	1,698,642	183,542
Restricted for net other postemployment benefits	1,223,789	-
Unrestricted	<u>(52,469,589)</u>	<u>(58,362,494)</u>
TOTAL NET POSITION	<u>\$ (19,147,065)</u>	<u>\$ (28,027,812)</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS

Table A-4		
Changes in Mason Public Schools Net Position		
	<u>2024</u>	<u>2023</u>
REVENUES		
Program revenues		
Charges for services	\$ 1,549,919	\$ 1,584,482
Operating grants and contributions	18,555,367	15,600,001
General revenues		
Property taxes	9,871,888	9,345,580
State aid - unrestricted	27,070,449	25,345,206
Other	<u>3,601,382</u>	<u>1,328,364</u>
TOTAL REVENUES	<u>60,649,005</u>	<u>53,203,633</u>
EXPENSES		
Instruction	26,167,086	25,850,231
Support services	16,096,472	16,395,629
Food services	2,155,381	1,805,519
Community services	556,292	604,570
Interest	2,257,874	1,747,981
Student/school activities	785,521	725,781
Unallocated depreciation/amortization	<u>3,749,632</u>	<u>3,543,337</u>
TOTAL EXPENSES	<u>51,768,258</u>	<u>50,673,048</u>
Change in net position	<u>\$ 8,880,747</u>	<u>\$ 2,530,585</u>

District Governmental Activities

The District seeks a balance between maximizing resources for the education of our students and maintaining the long-term financial health of the District. The governmental activities mirror that goal. Our support services seek to be efficient at providing the necessary safe, orderly, and positive learning environment so that more dollars are available for the direct instruction of students. Our before-and-after-care program and our school breakfast and lunch program seek to be self-supporting and cost effective.

- The state per pupil foundation allowance increased to \$9,608 per student.
- Food Service fund balance increased \$134,503 on revenues of \$2,570,688.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$24.6 million. The General Fund's fund balance increased \$2,511,221 to \$11.9 million.

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time of budget adoption, such as the amount of state aid, the actual number of students and the cost of employee contracts, and must be estimated or projected. Over the course of the budget year, the District revises the annual operating budget several times. For fiscal year 2023 - 2024, these budget amendments included:

- Changes adopted in the third and fourth quarters of the fiscal year to account for final enrollment counts, changes in assumptions since the original budget was adopted.

The District's original budget called for a deficit of \$459,514. Budget amendment approved in June of 2024 called for a budget deficit of \$67,411. Actual revenues and transfers in were more than expenditures and transfers out by \$2,511,221 at year end. Actual budget variance at year-end June 30, 2024 was 5.56% of expenditures.

- Actual revenues were \$353,284 less than budgeted. This variance was due primarily to normal anticipated budget variances.
- Actual expenditures were \$2,831,471 less than budgeted. This variance was due primarily to normal anticipated budget variances.
- Actual other financing sources and uses were \$100,445 more than budgeted. This variance was due a transfer in from the food service fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2024, the District had invested over \$143.1 million in a broad range of capital assets, including school buildings, athletic and support facilities, computer and transportation equipment, and right to use assets. (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation/amortization expense for the year exceeded \$3.7 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Table A-5		
Mason Public Schools Capital Assets		
	2024	2023
Land	\$ 440,021	\$ 440,021
Construction in progress	9,796,865	2,515,663
Buildings and improvements	110,506,004	110,506,004
Furniture and equipment	19,232,383	17,479,017
Buses and other vehicles	2,658,213	2,189,415
Land improvements	54,333	54,333
Right to use - Buildings	122,788	122,788
Right to use - Equipment	280,349	280,349
	143,090,956	133,587,590
Accumulated depreciation/amortization	59,361,636	55,685,014
Total	\$ 83,729,320	\$ 77,902,576

Long-term Debt

At year-end the District had \$62.87 million in general obligation bonds and other long-term debt outstanding - a net decrease of 3.89% from last year. (More detailed information about the District’s long-term liabilities is presented in Note 5 to the financial statements.)

Table A-6		
Mason Public Schools Outstanding Long-term Debt		
	2024	2023
General obligation debt and direct borrowings and direct placements	\$ 62,721,677	\$ 65,213,214
Compensated absences	140,591	191,653
Total	\$ 62,862,268	\$ 65,404,867

The District continued to pay down its debt, retiring \$2.3 million of outstanding bonds and direct borrowings.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Employee bargaining groups continued to work with the District in a positive and collaborative manner over the summer of 2024. Most open contracts agreeing to a 2% increase in wages for 2024-25 school year. Collective goals for bargaining are to support student learning and instructional time while at the same time recognizing the hard work and dedication to our employees.
- The governor signed the State budget for 2024-25 after the District adopted its 2024-25 budget. The District's 2024-25 budget was adopted using a \$241 per pupil foundation allowance increase and no reduction in MPERS UAAL. The State budget approved included the \$0 per pupil increase which will negatively affect the district's budget in the amount of \$796,982, a reduction of MPERS UAAL for an increase to the district budget estimated in the amount of \$1,296,682 and a significant reduction of 31aa grant funding of \$696,377 for a net reduction of \$195,677.
- The District continued to remain fiscally responsible, initiating prudent budget decisions resulting in balanced or better operating results. In the end, the District's fund balance increased to 25.6% of expenditures at June 30, 2024 in the General Fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, 201 W. Ash Street, Mason, MI 48854.

BASIC FINANCIAL STATEMENTS

**MASON PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 13,444,200
Investments	2,698,847
Receivables	
Accounts receivable	6,283
Intergovernmental	7,857,404
Inventories	35,548
Prepays	749,445
Restricted cash and cash equivalents - capital projects	289,816
Restricted investments - capital projects	8,444,612
Net other postemployment benefits asset	1,223,789
Capital assets not being depreciated	10,236,886
Capital assets, net of accumulated depreciation/amortization	73,492,434
TOTAL ASSETS	118,479,264
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	22,307,990
Related to other postemployment benefits	5,031,824
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,339,814
LIABILITIES	
Accounts payable	3,085,796
Accrued salaries and related items	2,767,476
Accrued retirement	1,487,787
Accrued interest	377,969
Unearned revenue	1,555,089
Noncurrent liabilities	
Due within one year	2,917,835
Due in more than one year	59,944,433
Arbitrage liability	156,406
Net pension liability	71,152,738
TOTAL LIABILITIES	143,445,529
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	7,395,268
Related to state aid funding for pension	4,282,043
Related to other postemployment benefits	9,843,303
TOTAL DEFERRED INFLOWS OF RESOURCES	21,520,614
NET POSITION	
Net investment in capital assets	27,644,542
Restricted for debt service	2,755,551
Restricted for capital projects - sinking fund	1,698,642
Restricted for net other postemployment benefits	1,223,789
Unrestricted	(52,469,589)
TOTAL NET POSITION	\$ (19,147,065)

See notes to financial statements.

**MASON PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 26,167,086	\$ -	\$ 9,286,682	\$ (16,880,404)
Support services	16,096,472	240,581	6,191,121	(9,664,770)
Community services	556,292	978,818	-	422,526
Food services	2,155,381	330,520	2,240,168	415,307
Student/school activities	785,521	-	837,396	51,875
Interest on long-term debt	2,257,874	-	-	(2,257,874)
Unallocated depreciation/amortization	3,749,632	-	-	(3,749,632)
Total governmental activities	<u>\$ 51,768,258</u>	<u>\$ 1,549,919</u>	<u>\$ 18,555,367</u>	<u>(31,662,972)</u>
General revenues				
Property taxes, levied for general purposes				4,069,753
Property taxes, levied for debt service				4,942,591
Property taxes, levied for sinking fund				859,544
Investment earnings				902,251
State sources - unrestricted				27,070,449
Intermediate sources				2,582,828
Other				116,303
Total general revenues				<u>40,543,719</u>
CHANGE IN NET POSITION				8,880,747
NET POSITION, beginning of year				<u>(28,027,812)</u>
NET POSITION, end of year				<u>\$ (19,147,065)</u>

See notes to financial statements.

**MASON PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	2023 Bond Capital Projects Fund	Total Nonmajor Funds	Total Governmental Fund
ASSETS				
Cash and cash equivalents	\$ 7,433,991	\$ -	\$ 6,010,209	\$ 13,444,200
Investments	2,698,847	-	-	2,698,847
Receivables				
Accounts receivable	6,283	-	-	6,283
Intergovernmental	7,644,656	-	212,748	7,857,404
Due from other funds	136,294	403,577	320,057	859,928
Inventories	-	-	35,548	35,548
Prepays	749,445	-	-	749,445
Restricted cash and cash equivalents	-	289,816	-	289,816
Restricted investments	-	8,444,612	-	8,444,612
	<u>\$ 18,669,516</u>	<u>\$ 9,138,005</u>	<u>\$ 6,578,562</u>	<u>\$ 34,386,083</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 504,883	\$ 2,501,106	\$ 79,807	\$ 3,085,796
Due to other funds	513,020	-	346,908	859,928
Accrued salaries and related items	2,757,909	-	9,567	2,767,476
Accrued retirement	1,486,280	-	1,507	1,487,787
Unearned revenue	1,520,497	-	34,592	1,555,089
	<u>6,782,589</u>	<u>2,501,106</u>	<u>472,381</u>	<u>9,756,076</u>
TOTAL LIABILITIES				
FUND BALANCES				
Nonspendable				
Inventories	-	-	35,548	35,548
Prepays	749,445	-	-	749,445
Restricted for:				
Debt service	-	-	3,133,520	3,133,520
Food service	-	-	719,205	719,205
Capital projects	-	6,636,899	1,698,642	8,335,541
Committed for student/school activities	-	-	519,266	519,266
Assigned for subsequent years' expenditures	1,345,388	-	-	1,345,388
Unassigned - General fund	9,792,094	-	-	9,792,094
	<u>11,886,927</u>	<u>6,636,899</u>	<u>6,106,181</u>	<u>24,630,007</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$ 18,669,516</u>	<u>\$ 9,138,005</u>	<u>\$ 6,578,562</u>	<u>\$ 34,386,083</u>

See notes to financial statements.

**MASON PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total governmental fund balances		\$ 24,630,007
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - related to pensions		22,307,990
Deferred outflows of resources - related to other postemployment benefits		5,031,824
Deferred inflows of resources - related to pensions		(7,395,268)
Deferred inflows of resources - related to other postemployment benefits		(9,843,303)
Deferred inflows of resources - related to state pension funding		(4,282,043)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet		
Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		1,223,789
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	\$ 143,090,956	
Accumulated depreciation/amortization is	<u>(59,361,636)</u>	
		83,729,320
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
General obligation bonds and notes from direct borrowing and direct placements		(62,721,677)
Compensated absences		(140,591)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(377,969)
Arbitrage liability		(156,406)
Net pension liability		<u>(71,152,738)</u>
Net position of governmental activities		<u>\$ (19,147,065)</u>

MASON PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund	2023 Bond Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources				
Property taxes	\$ 4,069,753	\$ -	\$ 5,802,135	\$ 9,871,888
Investment earnings	205,426	573,335	123,490	902,251
Student/School activities	-	-	833,888	833,888
Food sales	-	-	239,545	239,545
Other	1,335,257	-	94,483	1,429,740
Total local sources	5,610,436	573,335	7,093,541	13,277,312
State sources	38,556,927	-	1,406,909	39,963,836
Federal sources	2,054,427	-	1,048,580	3,103,007
Incoming transfers and other	2,582,828	-	-	2,582,828
TOTAL REVENUES	48,804,618	573,335	9,549,030	58,926,983
EXPENDITURES				
Current				
Instruction	28,037,930	-	-	28,037,930
Supporting services	17,304,835	155	-	17,304,990
Food service activities	-	-	2,335,185	2,335,185
Student/school activities	-	-	785,521	785,521
Community service activities	584,189	-	-	584,189
Capital outlay	365,042	8,099,148	627,785	9,091,975
Debt service				
Principal repayment	75,063	-	2,225,000	2,300,063
Interest expense	27,783	-	2,329,997	2,357,780
Other	-	-	6,860	6,860
TOTAL EXPENDITURES	46,394,842	8,099,303	8,310,348	62,804,493
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,409,776	(7,525,968)	1,238,682	(3,877,510)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	445	-	-	445
Transfers in	101,000	76,563	-	177,563
Transfers out	-	-	(177,563)	(177,563)
TOTAL OTHER FINANCING SOURCES (USES)	101,445	76,563	(177,563)	445
NET CHANGE IN FUND BALANCES	2,511,221	(7,449,405)	1,061,119	(3,877,065)
FUND BALANCES				
Beginning of year	9,375,706	14,086,304	5,045,062	28,507,072
End of year	\$ 11,886,927	\$ 6,636,899	\$ 6,106,181	\$ 24,630,007

See notes to financial statements.

MASON PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances Total Governmental Funds \$ (3,877,065)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Depreciation/amortization expense	(3,749,632)
Capital outlay	9,637,761
Loss on disposal of capital assets	(61,385)

Accrued interest on bonds is recorded in the statement of activities when incurred; when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable, beginning of the year	477,875
Accrued interest payable, end of the year	(377,969)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

Payments on debt	2,300,063
Amortization of deferred charge on refunding	(66,283)
Amortization of bond premium	191,474
Arbitrage liability	(156,406)

Compensated absences and severance benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued compensated absences, beginning of the year	191,653
Accrued compensated absences, end of the year	(140,591)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Pension related items	(1,045,206)
Other postemployment benefit items	3,834,881

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:

State aid funding for pension	1,721,577
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Change in Net Position of Governmental Activities **\$ 8,880,747**

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

The Mason Public Schools (the "District") is governed by the Mason Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2023 Building and Site Fund* includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation(continued)

Fund Financial Statements (continued)

Major Governmental Funds (continued):

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the 2023 Building and Site Fund activity:

Revenues and other financing sources	<u>\$ 17,305,217</u>
Expenditures and other financing sources	<u>\$ 10,668,318</u>

The above revenue and other financing sources figure does include the total 2023 bond proceeds and premium of \$16,556,735.

The District reports the following *Other Non-Major Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in special revenue funds.

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

The *2021 Building and Site Fund* includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is considered substantially complete.

During the course of operations, the 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, they are eliminated in the preparation of the government-wide financial statements.

Further, 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, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2024. The District does not consider these amendments to be significant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress if any are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 50
Furniture and equipment	5 - 20
Buses and other vehicles	8
Land improvements	20
Lease assets - Buildings	10
Lease assets - Equipment	5

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and Other Postemployment Benefits, and pension and Other Postemployment Benefits expense, information about the fiduciary net position of the Michigan Public 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and Other Postemployment Benefit related items. These amounts are expensed in the plan year in which they apply.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualifies for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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 District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will 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 District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, 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 District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. 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 only exist 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.

Leases

Lessee: The District is a lessee for a noncancelable lease of a building. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the 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 judgements related to leases included how the 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 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 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 District is reasonably certain to exercise.

The 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 obligations on the statement of net position.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2024, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	17.9748
Commercial Personal Property	5.9748
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	5.6800
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9883

Compensated Absences and Severance Benefits

The District's policy permits employees to accumulate earned but unused vacation, sick leave, and severance benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences and severance benefits includes salary and related benefits, where applicable.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2024 the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, \$13,781,739 of the District's bank balance of \$14,281,773 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$13,734,016.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the 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 District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Interest Rate Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted</u>
MILAF External Investment Pool - CMC	\$ 1,569,014	N/A
MILAF External Investment Pool - MAX	6,875,598	N/A
Michigan Class - pooled short term investments	<u>2,698,847</u>	0.0810
Total fair value	<u><u>\$ 11,143,459</u></u>	
Portfolio weighted average maturity		<u><u>0.0810</u></u>

One day maturity equals 0.0027, one year equals 1.00.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment Pool - CMC	\$ 1,569,014	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	6,875,598	AAAm	Standard & Poor's
Michigan Class Pool	2,698,847	AAAm	Standard & Poor's
	<u>\$ 11,143,459</u>		

Foreign Currency Risk

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

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - CMC	\$ 1,569,014
MILAF External Investment Pool - MAX	6,875,598
	\$ 8,444,612

Investments in Entities that Calculate Net Asset Value Per Share

The District holds shares in the Michigan CLASS investment pool 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.

The Michigan CLASS investment pool invest U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% 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 statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At year ended June 30, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment	Fair Value	Unfunded Commitments	Redemption Frequency if Eligible	Redemption Notice Period
Michigan Class Investment Pool	\$ 2,698,847	\$ -	No restrictions	None

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value Per Share (continued)

The following summarizes the categorization of these amounts as of June 30, 2024:

	Primary Government
Cash and cash equivalents	\$ 13,444,200
Investments	2,698,847
Restricted cash and cash equivalents - capital projects	289,816
Restricted investments - capital projects	8,444,612
	\$ 24,877,475

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2023	Additions/ Reclassification	Deletions/ Reclassification	Balance June 30, 2024
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 440,021	\$ -	\$ -	\$ 440,021
Construction in progress	2,515,663	8,088,208	807,006	9,796,865
Total assets not being depreciated	2,955,684	8,088,208	807,006	10,236,886
Capital assets, being depreciated/amortized				
Buildings and improvements	110,506,004	-	-	110,506,004
Furniture and equipment	17,479,017	1,753,366	-	19,232,383
Buses and other vehicles	2,189,415	603,193	134,395	2,658,213
Land improvements	54,333	-	-	54,333
Lease assets - Buildings	122,788	-	-	122,788
Lease assets - Equipment	280,349	-	-	280,349
Total capital assets, being depreciated/amortized	130,631,906	2,356,559	134,395	132,854,070
Accumulated depreciation/amortization				
Buildings and improvements	42,137,472	2,644,477	-	44,781,949
Furniture and equipment	12,018,884	785,289	-	12,804,173
Buses and other vehicles	1,430,536	232,583	73,010	1,590,109
Lease assets - Buildings	32,158	69,742	-	101,900
Lease assets - Equipment	65,964	17,541	-	83,505
Total accumulated depreciation/amortization	55,685,014	3,749,632	73,010	59,361,636
Net capital assets being depreciated/amortized	74,946,892	(1,393,073)	61,385	73,492,434
Net governmental capital assets	\$ 77,902,576	\$ 6,695,135	\$ 868,391	\$ 83,729,320

Depreciation/amortization for the fiscal year ended June 30, 2024 amounted to \$3,749,632. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2024 consist of the following:

State aid - Michigan Department of Education	\$ 7,233,208
Federal	371,370
Intermediate school district and other	<u>252,826</u>
	<u><u>\$ 7,857,404</u></u>

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs. No allowance for doubtful accounts is considered necessary.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2024.

	<u>General Obligation Bonds</u>	<u>Notes from Direct Borrowings and Direct Placements</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance July 1, 2023	\$ 64,907,487	\$ 305,727	\$ 191,653	\$ 65,404,867
Additions	-	-	57,248	57,248
Deletions	<u>(2,416,474)</u>	<u>(75,063)</u>	<u>(108,310)</u>	<u>(2,599,847)</u>
Balance June 30, 2024	62,491,013	230,664	140,591	62,862,268
Due within one year	<u>(2,785,000)</u>	<u>(84,419)</u>	<u>(48,416)</u>	<u>(2,917,835)</u>
Due in more than one year	<u><u>\$ 59,706,013</u></u>	<u><u>\$ 146,245</u></u>	<u><u>\$ 92,175</u></u>	<u><u>\$ 59,944,433</u></u>

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2024 is comprised of the following issues:

General Obligation Bonds

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 5.00%.	\$ 28,570,000
2021 Building and Site Bonds due in installments of \$95,000 to \$920,000 through May 1, 2047, with interest rates ranging from 2.00% to 5.00%.	14,975,000
2023 Building and Site Bonds due in installments of \$975,000 to \$1,700,000 through May 1, 2052, with interest rates ranging from 4.125% to 5.00%.	15,950,000
Plus premium on bond issuances	<u>2,996,013</u>
Total general obligation bonds	62,491,013

Direct Borrowings and Direct Placements

Lease - The District has entered into various lease agreements for office building space and copiers. Due in monthly installments of \$6,124 with an imputed interest rate of 5.09%.	155,928
Lease - The District has entered into an agreement for building space. Due in annual installments of \$20,357 with an imputed interest rate of 5.00%.	74,736
Compensated absences	<u>140,591</u>
Total general long-term obligations	<u><u>\$ 62,862,268</u></u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$230,664 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2024:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowing and Direct Placement		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2025	\$ 2,785,000	\$ 2,267,812	\$ 84,419	\$ 9,427	\$ -	\$ 5,146,658
2026	1,750,000	2,128,562	88,797	5,048	-	3,972,407
2027	3,125,000	1,975,062	37,343	1,385	-	5,138,790
2028	1,870,000	1,884,812	20,105	252	-	3,775,169
2029	1,930,000	1,791,312	-	-	-	3,721,312
2030-2034	10,740,000	7,625,910	-	-	-	18,365,910
2035-2039	12,580,000	5,724,026	-	-	-	18,304,026
2040-2044	13,620,000	3,707,288	-	-	-	17,327,288
2045-2049	7,895,000	1,591,238	-	-	-	9,486,238
2050-2052	3,200,000	263,500	-	-	-	3,463,500
	59,495,000	28,959,522	230,664	16,112	-	88,701,298
Issuance premium	2,996,013	-	-	-	-	2,996,013
Compensated absences	-	-	-	-	140,591	140,591
	<u>\$ 62,491,013</u>	<u>\$ 28,959,522</u>	<u>\$ 230,664</u>	<u>\$ 16,112</u>	<u>\$ 140,591</u>	<u>\$ 91,837,902</u>

Interest expense for all funds for the year ended June 30, 2024 was approximately \$2,358,000.

NOTE 6 - INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Inter-fund payable and receivable balances at June 30, 2024 are as follows:

Receivable Fund	Amount	Payable Fund	Amount
General Fund	\$ 136,294	General Fund	\$ 513,020
2023 Building and Site Fund	403,577	2023 Building and Site Fund	-
Nonmajor Funds	320,057	Nonmajor Funds	346,908
	<u>\$ 859,928</u>		<u>\$ 859,928</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) inter-fund goods and services are provided, or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

During the year, transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

During the year ended June 30, 2024 the District transferred \$101,000 from the general fund to the food service fund for an indirect transfer. The District also transferred \$76,563 from the 2021 Capital Projects fund to the 2023 Capital Projects Fund for capital outlay expenditures.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/ors schools.

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

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

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

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

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

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

Pension and OPEB contributions made in the fiscal year ending September 30, 2023, were determined as of the September 30, 2020, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020, are amortized over a 16-year period beginning October 1, 2022, and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Total pension contributions were approximately \$9,185,000. Of the total pension contributions approximately \$8,944,000 was contributed to fund the Defined Benefit Plan and approximately \$241,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. Total OPEB contributions were approximately \$2,081,000. Of the total OPEB contributions approximately \$1,920,000 was contributed to fund the Defined Benefit Plan and approximately \$161,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

Pension Liabilities

The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The 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.

<i>MPSERS (Plan) Non-university Employers</i>	September 30, 2023	September 30, 2022
Total pension liability	\$ 94,947,828,557	\$ 95,876,795,620
Plan fiduciary net position	\$ 62,581,762,238	\$ 58,268,076,344
Net pension liability	\$ 32,366,066,319	\$ 37,608,719,276
Proportionate share	0.21984%	0.21525%
Net pension liability for the District	\$ 71,152,738	\$ 80,953,325

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

For the year ended June 30, 2024, the District recognized pension expense of \$9,988,943.

At June 30, 2024, the Reporting Unit 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
Changes of assumptions	\$ 9,641,520	\$ 5,559,081
Net difference between projected and actual earnings on pension plan investments	-	1,456,015
Differences between expected and actual experience	2,246,075	108,995
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,158,107	271,177
Reporting Unit's contributions subsequent to the measurement date	8,262,288	-
	\$ 22,307,990	\$ 7,395,268

\$8,262,288, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2024	\$ 2,411,978
2025	1,674,626
2026	3,472,006
2027	(908,176)
	\$ 6,650,434

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities (Asset)

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) 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.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total Other Postemployment Benefit liability	\$ 11,223,648,949	\$ 12,522,713,324
Plan fiduciary net position	\$ 11,789,347,341	\$ 10,404,650,683
Net Other Postemployment Benefit Liability (Asset)	\$ (565,698,392)	\$ 2,118,062,641
Proportionate share	0.21633%	0.22030%
Net Other Postemployment Benefit Liability (Asset) for the District	\$ (1,223,789)	\$ 4,666,092

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

For the year ended June 30, 2024, the District recognized an OPEB benefit of \$1,914,403.

At June 30, 2024, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 2,724,368	\$ 328,065
Net difference between projected and actual earnings on OPEB plan investments	3,731	-
Differences between expected and actual experience	-	9,247,579
Changes in proportion and difference between employer contributions and proportionate share of contributions	641,610	267,659
Reporting Unit's contributions subsequent to the measurement date	<u>1,662,115</u>	<u>-</u>
	<u>\$ 5,031,824</u>	<u>\$ 9,843,303</u>

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

\$1,662,115 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2024	\$ (2,043,882)
2025	(1,966,227)
2026	(760,566)
2027	(747,965)
2028	(626,991)
2029	(327,963)
	\$ (6,473,594)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic Pension Plus and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP 202 adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disable Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP 2021 from 2010.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2022. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023, valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2023 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
International Equity	15.0%	6.8%
Private Equity Pools	16.0%	9.6%
Real Estate and Infrastructure Pools	10.0%	6.4%
Fixed Income Pools	13.0%	1.3%
Absolute Return Pools	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	7.3%
Short Term Investment Pools	2.0%	0.3%
	<u>100.00%</u>	

* Long-term rate of return are net of administrative expenses and 2.7% inflation.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 96,127,141	\$ 71,152,738	\$ 50,360,645

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ 1,268,702	\$ (1,223,789)	\$ (3,365,840)

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Reporting unit's proportionate share of the net other postemployment benefits liability (asset)	Other Postemployment Benefits		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	\$ (3,371,181)	\$ (1,223,789)	\$ 1,100,393

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System 2023 Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation and property and casualty. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other needs including health insurance.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 10 - COMMITMENTS

The District has active capital projects outstanding at June 30, 2024. Approximately \$6,637,000 is restricted and recorded as fund balance in the 2023 building and site fund. Approximately \$1,698,642 is restricted and recorded as fund balance in the sinking fund.

NOTE 11 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement 77 *Tax Abatements*.

The 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 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 contamination on their properties. The property taxes abated for all funds by municipality under these programs are as follows:

<u>Municipality</u>	<u>Taxes Abated</u>
City of Mason	\$ 29,286
Alaiedon Township	<u>116,717</u>
	<u>\$ 146,003</u>

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

**MASON PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**MASON PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 5,188,775	\$ 5,547,658	\$ 5,610,436	\$ 62,778
State sources	35,475,225	38,846,703	38,556,927	(289,776)
Federal sources	2,202,297	2,140,963	2,054,427	(86,536)
Incoming transfers and other	3,066,588	2,622,578	2,582,828	(39,750)
TOTAL REVENUES	45,932,885	49,157,902	48,804,618	(353,284)
EXPENDITURES				
Current				
Instruction				
Basic programs	22,352,475	23,840,743	23,034,733	806,010
Added needs	4,968,487	5,258,203	5,003,197	255,006
Total instruction	27,320,962	29,098,946	28,037,930	1,061,016
Supporting services				
Pupil	3,821,233	3,716,757	3,422,905	293,852
Instructional staff	2,612,806	2,094,743	1,926,753	167,990
General administration	1,184,569	1,559,907	1,438,657	121,250
School administration	2,453,836	2,568,808	2,591,199	(22,391)
Business	633,151	718,938	674,178	44,760
Operation/maintenance	3,488,203	4,286,179	3,861,031	425,148
Pupil transportation	1,816,032	1,811,268	1,504,617	306,651
Technology	941,103	1,176,177	998,077	178,100
Athletics	891,423	927,196	887,418	39,778
Total supporting services	17,842,356	18,859,973	17,304,835	1,555,138
Community services	799,002	698,073	584,189	113,884
Debt service	73,492	111,843	102,846	8,997
Capital outlay	357,587	457,478	365,042	92,436
TOTAL EXPENDITURES	46,393,399	49,226,313	46,394,842	2,831,471
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(460,514)	(68,411)	2,409,776	2,478,187
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,000	1,000	445	(555)
Transfers in	-	-	101,000	101,000
TOTAL OTHER FINANCING SOURCES (USES)	1,000	1,000	101,445	100,445
NET CHANGE IN FUND BALANCE	\$ (459,514)	\$ (67,411)	2,511,221	\$ 2,578,632
FUND BALANCE				
Beginning of year			9,375,706	
End of year			<u>\$ 11,886,927</u>	

**MASON PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's share of net pension liability (%)	0.21984%	0.21525%	0.21172%	0.20830%	0.20286%	0.19618%	0.19105%	0.18769%	0.19170%	0.18450%
Reporting Unit's proportionate share of net pension liability	\$ 71,152,738	\$ 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
Reporting Unit's covered-employee payroll	\$ 21,711,585	\$ 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
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	327.72%	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 (Non-university employees)	65.91%	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 REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 8,943,737	\$ 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 statutorily required contributions	<u>8,943,737</u>	<u>10,269,855</u>	<u>7,270,991</u>	<u>6,322,447</u>	<u>5,788,997</u>	<u>5,376,929</u>	<u>4,927,161</u>	<u>4,599,703</u>	<u>4,362,886</u>	<u>3,599,196</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 22,724,800	\$ 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-employee payroll	39.36%	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 THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net other postemployment benefits liability/asset (%)	0.21633%	0.22030%	0.21198%	0.20934%	0.20467%	0.19866%	0.19016%
Reporting Unit's proportionate share of net other post-employment benefits liability (asset)	\$ (1,223,789)	\$ 4,666,092	\$ 3,235,576	\$ 11,214,878	\$ 14,690,766	\$ 15,791,261	\$ 16,839,924
Reporting Unit's covered-employee payroll	\$ 21,711,585	\$ 21,433,903	\$ 19,179,108	\$ 18,564,217	\$ 17,896,957	\$ 16,918,230	\$ 16,166,179
Reporting Unit's proportionate share of net other post-employment benefits liability/asset as a percentage of its covered-employee payroll	5.64%	21.77%	16.87%	60.41%	82.09%	93.34%	104.17%
Plan fiduciary net position as a percentage of total other postemployment benefits liability/asset (Non-university employees)	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**MASON PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 1,920,478	\$ 1,720,197	\$ 1,658,962	\$ 1,536,167	\$ 1,498,806	\$ 1,387,174	\$ 1,174,724
Contributions in relation to statutorily required contributions	<u>1,920,478</u>	<u>1,720,197</u>	<u>1,658,962</u>	<u>1,536,167</u>	<u>1,498,806</u>	<u>1,387,174</u>	<u>1,174,724</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 22,724,800	\$ 21,371,032	\$ 20,357,365	\$ 18,459,659	\$ 18,652,070	\$ 17,659,708	\$ 16,264,282
Contributions as a percentage of covered-employee payroll	8.45%	8.05%	8.15%	8.32%	8.04%	7.86%	7.22%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**MASON PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Mortality assumptions were updated to the Pub 2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Healthcare Cost Trend Rate
 - Pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen.
 - Post 65 increased to 6.25% for year one and graded to 3.50% for year fifteen from 5.25% for year one and graded to 3.50% for year fifteen.
- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

ADDITIONAL SUPPLEMENTARY INFORMATION

**MASON PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2024**

	Special Revenue	Debt Service	Capital Projects Sinking Fund	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 1,015,730	\$ 3,165,410	\$ 1,829,069	\$ 6,010,209
Due from other governmental units	212,748	-	-	212,748
Due from other funds	219,434	68,724	31,899	320,057
Inventories	35,548	-	-	35,548
TOTAL ASSETS	\$ 1,483,460	\$ 3,234,134	\$ 1,860,968	\$ 6,578,562
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 27,481	\$ -	\$ 52,326	\$ 79,807
Accrued salaries and related items	9,567	-	-	9,567
Accrued retirement	1,507	-	-	1,507
Due to other funds	136,294	100,614	110,000	346,908
Unearned revenue	34,592	-	-	34,592
TOTAL LIABILITIES	209,441	100,614	162,326	472,381
FUND BALANCES				
Nonspendable				
Inventories	35,548	-	-	35,548
Restricted for:				
Debt service	-	3,133,520	-	3,133,520
Capital projects	-	-	1,698,642	1,698,642
Food service	719,205	-	-	719,205
Committed	519,266	-	-	519,266
TOTAL FUND BALANCES	1,274,019	3,133,520	1,698,642	6,106,181
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,483,460	\$ 3,234,134	\$ 1,860,968	\$ 6,578,562

**MASON PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2024**

	Special Revenue	Debt Service	Capital Projects		Total Nonmajor Funds
			Sinking Fund	2021 Building and Site Capital Projects Fund	
REVENUES					
Local sources					
Property taxes	\$ -	\$ 4,942,591	\$ 859,544	\$ -	\$ 5,802,135
Investment earnings	13,187	86,667	23,636	-	123,490
Student/School activities income	833,888	-	-	-	833,888
Food sales	239,545	-	-	-	239,545
Other	94,483	-	-	-	94,483
Total local sources	1,181,103	5,029,258	883,180	-	7,093,541
State sources	1,191,588	183,422	31,899	-	1,406,909
Federal sources	1,048,580	-	-	-	1,048,580
TOTAL REVENUES	3,421,271	5,212,680	915,079	-	9,549,030
EXPENDITURES					
Salaries	639,713	-	-	-	639,713
Benefits	372,106	-	-	-	372,106
Purchased services	19,490	-	-	-	19,490
Supplies and materials	1,227,526	-	-	-	1,227,526
Student/School activities expense	785,521	-	-	-	785,521
Capital outlay	68,217	-	627,785	-	696,002
Other expense	8,133	-	-	-	8,133
Debt service					
Principal repayment	-	2,225,000	-	-	2,225,000
Interest expense	-	2,329,997	-	-	2,329,997
Other expense	-	6,860	-	-	6,860
TOTAL EXPENDITURES	3,120,706	4,561,857	627,785	-	8,310,348
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	300,565	650,823	287,294	-	1,238,682
OTHER FINANCING SOURCES (USES)					
Transfers out	(101,000)	-	-	(76,563)	(177,563)
NET CHANGE IN FUND BALANCES	199,565	650,823	287,294	(76,563)	1,061,119
FUND BALANCES					
Beginning of year	1,074,454	2,482,697	1,411,348	76,563	5,045,062
End of year	\$ 1,274,019	\$ 3,133,520	\$ 1,698,642	\$ -	\$ 6,106,181

**MASON PUBLIC SCHOOLS
COMBINING BALANCE SHEETS
SPECIAL REVENUE FUNDS
JUNE 30, 2024**

	Food Service	Student Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 428,676.0	\$ 587,054	\$ 1,015,730
Due from other governmental units	212,748	-	212,748
Due from other funds	219,434	-	219,434
Inventories	35,548	-	35,548
	\$ 896,406	\$ 587,054	\$ 1,483,460
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,014	\$ 25,467	\$ 27,481
Accrued salaries and related items	2,499	7,068	9,567
Accrued retirement	1,507	-	1,507
Due to other funds	101,041	35,253	136,294
Unearned revenue	34,592	-	34,592
	141,653	67,788	209,441
FUND BALANCES			
Nonspendable			
Inventories	35,548	-	35,548
Committed	-	519,266	519,266
Restricted	719,205	-	719,205
	754,753	519,266	1,274,019
TOTAL FUND BALANCES	754,753	519,266	1,274,019
TOTAL LIABILITIES AND FUND BALANCES	\$ 896,406	\$ 587,054	\$ 1,483,460

**MASON PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUE, EXENDITURES,
AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2024**

	Food Service	Student Activities	Totals
REVENUES			
Food sales	\$ 239,545	\$ -	\$ 239,545
State sources	1,191,588	-	1,191,588
Federal sources	1,048,580	-	1,048,580
Student/School activities	-	833,888	833,888
Investment earnings	-	13,187	13,187
Other	90,975	3,508	94,483
TOTAL REVENUES	2,570,688	850,583	3,421,271
EXPENDITURES			
Salaries	639,713	-	639,713
Benefits	372,106	-	372,106
Purchased services	19,490	-	19,490
Supplies and materials	1,227,526	-	1,227,526
Student/School activities expense	-	785,521	785,521
Capital outlay	68,217	-	68,217
Other expenses	8,133	-	8,133
TOTAL EXPENDITURES	2,335,185	785,521	3,120,706
EXCESS (DEFICIENCY) OF REVENUES UNDER (OVER) EXPENDITURES	235,503	65,062	300,565
OTHER FINANCING USES			
Transfers out	(101,000)	-	(101,000)
NET CHANGE IN FUND BALANCES	134,503	65,062	199,565
FUND BALANCES			
Beginning of year	620,250	454,204	1,074,454
End of year	<u>\$ 754,753</u>	<u>\$ 519,266</u>	<u>\$ 1,274,019</u>

**MASON PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2024**

	<u>2012 Refunding</u>	<u>2018 Building & Site Bonds Fund</u>	<u>2021 Building & Site Bonds Fund</u>	<u>2023 Building & Site Bonds Fund</u>	<u>Total Nonmajor</u>
ASSETS					
Cash and cash equivalents	\$ 444,761	\$ 1,131,944	\$ 765,542	\$ 823,163	\$ 3,165,410
Due from other funds	9	-	-	68,715	68,724
TOTAL ASSETS	<u><u>\$ 444,770</u></u>	<u><u>\$ 1,131,944</u></u>	<u><u>\$ 765,542</u></u>	<u><u>\$ 891,878</u></u>	<u><u>\$ 3,234,134</u></u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ 8,415	\$ 41,112	\$ 51,087	-	\$ 100,614
FUND BALANCES					
Restricted for debt service	436,355	1,090,832	714,455	891,878	3,133,520
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 444,770</u></u>	<u><u>\$ 1,131,944</u></u>	<u><u>\$ 765,542</u></u>	<u><u>\$ 891,878</u></u>	<u><u>\$ 3,234,134</u></u>

**MASON PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2024**

	2012 Refunding	2018 Building & Site Bonds Fund	2021 Building & Site Bonds Fund	2023 Building & Site Bonds Fund	Total Nonmajor
REVENUES					
Local sources					
Property taxes	\$ 733,467	\$ 1,374,438	\$ 983,050	\$ 1,851,636	\$ 4,942,591
Interest earnings	18,453	33,013	25,839	9,362	86,667
Total local sources	751,920	1,407,451	1,008,889	1,860,998	5,029,258
State sources	27,219	51,006	36,482	68,715	183,422
TOTAL REVENUES	779,139	1,458,457	1,045,371	1,929,713	5,212,680
EXPENDITURES					
Principal repayment	750,000	390,000	735,000	350,000	2,225,000
Interest expense	22,500	1,144,744	475,419	687,334	2,329,997
Other	1,268	2,885	2,206	501	6,860
TOTAL EXPENDITURES	773,768	1,537,629	1,212,625	1,037,835	4,561,857
EXCESS (DEFICIENCY) OF REVENUES UNDER (OVER) EXPENDITURES	5,371	(79,172)	(167,254)	891,878	650,823
FUND BALANCES					
Beginning of year	430,984	1,170,004	881,709	-	2,482,697
End of year	\$ 436,355	\$ 1,090,832	\$ 714,455	\$ 891,878	\$ 3,133,520

**MASON PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2024**

\$32,515,000 Bonds issued May 16, 2018:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,110,000	\$ 562,622	\$ 562,622	2025	\$ 2,235,244
1,140,000	534,872	534,872	2026	2,209,744
1,180,000	506,372	506,372	2027	2,192,744
1,205,000	476,872	476,872	2028	2,158,744
1,265,000	446,747	446,747	2029	2,158,494
1,325,000	415,122	415,122	2030	2,155,244
1,385,000	381,997	381,997	2031	2,148,994
1,445,000	347,372	347,372	2032	2,139,744
1,500,000	318,472	318,472	2033	2,136,944
1,550,000	288,472	288,472	2034	2,126,944
1,600,000	263,284	263,284	2035	2,126,568
1,650,000	237,284	237,284	2036	2,124,568
1,700,000	210,472	210,472	2037	2,120,944
1,755,000	181,784	181,784	2038	2,118,568
1,810,000	152,169	152,169	2039	2,114,338
1,870,000	121,625	121,625	2040	2,113,250
1,935,000	88,900	88,900	2041	2,112,800
2,000,000	55,038	55,038	2042	2,110,076
745,000	20,038	20,038	2043	785,076
100,000	7,000	7,000	2044	114,000
100,000	5,250	5,250	2045	110,500
100,000	3,500	3,500	2046	107,000
100,000	1,750	1,750	2047	103,500
<u>\$ 28,570,000</u>	<u>\$ 5,627,014</u>	<u>\$ 5,627,014</u>		<u>\$ 39,824,028</u>

The above bonds carry interest rates ranging from 3.25% to 5.00%.

**MASON PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2024**

\$17,970,000 Bonds issued April 15, 2021:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 700,000	\$ 219,334	\$ 219,334	2025	\$ 1,138,668
610,000	201,834	201,834	2026	1,013,668
625,000	186,584	186,584	2027	998,168
665,000	170,959	170,959	2028	1,006,918
665,000	154,334	154,334	2029	973,668
670,000	141,034	141,034	2030	952,068
690,000	127,634	127,634	2031	945,268
700,000	117,284	117,284	2032	934,568
725,000	106,784	106,784	2033	938,568
750,000	95,909	95,909	2034	941,818
770,000	84,659	84,659	2035	939,318
790,000	76,959	76,959	2036	943,918
815,000	69,059	69,059	2037	953,118
835,000	60,909	60,909	2038	956,818
855,000	52,559	52,559	2039	960,118
875,000	44,009	44,009	2040	963,018
895,000	35,259	35,259	2041	965,518
920,000	25,750	25,750	2042	971,500
560,000	15,975	15,975	2043	591,950
370,000	9,675	9,675	2044	389,350
195,000	5,513	5,513	2045	206,026
200,000	3,319	3,319	2046	206,638
95,000	1,069	1,069	2047	97,138
<u>\$ 14,975,000</u>	<u>\$ 2,006,404</u>	<u>\$ 2,006,404</u>		<u>\$ 18,987,808</u>

The above bonds carry interest rates ranging from 2.00% to 5.00%.

**MASON PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2024**

\$16,300,000 Bonds issued May 1, 2023:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 975,000	\$ 351,950	\$ 351,950	2025	\$ 1,678,900
-	327,575	327,575	2026	655,150
1,320,000	294,575	294,575	2027	1,909,150
-	294,575	294,575	2028	589,150
-	294,575	294,575	2029	589,150
-	294,575	294,575	2030	589,150
-	294,575	294,575	2031	589,150
-	294,575	294,575	2032	589,150
-	294,575	294,575	2033	589,150
-	294,575	294,575	2034	589,150
-	294,575	294,575	2035	589,150
-	294,575	294,575	2036	589,150
-	294,575	294,575	2037	589,150
-	294,575	294,575	2038	589,150
-	294,575	294,575	2039	589,150
-	294,575	294,575	2040	589,150
-	294,575	294,575	2041	589,150
-	294,575	294,575	2042	589,150
1,700,000	294,575	294,575	2043	2,289,150
1,650,000	252,075	252,075	2044	2,154,150
1,500,000	218,044	218,044	2045	1,936,088
1,550,000	187,106	187,106	2046	1,924,212
1,550,000	154,168	154,168	2047	1,858,336
1,250,000	121,231	121,231	2048	1,492,462
1,255,000	94,669	94,669	2049	1,444,338
1,200,000	68,000	68,000	2050	1,336,000
1,000,000	42,500	42,500	2051	1,085,000
1,000,000	21,250	21,250	2052	1,042,500
<u>\$ 15,950,000</u>	<u>\$ 6,846,343</u>	<u>\$ 6,846,343</u>		<u>\$ 29,642,686</u>

The above bonds carry interest rates ranging from 4.125% to 5.00%.

**MASON PUBLIC SCHOOLS
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
<u>U.S. Department of Agriculture</u>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash Assistance (donated foods)									
National School Lunch Program									
Entitlement	10.555	N/A	\$ 108,019	\$ -	\$ -	\$ -	\$ 108,019	\$ 108,019	\$ -
Bonus			1,798	-	-	-	1,798	1,798	-
Total Non-cash Assistance			109,817	-	-	-	109,817	109,817	-
Cash Assistance									
National School Lunch Program - Supply Chain Assistance	10.555	230910	36,629	(36,629)	-	-	36,629	-	-
National School Lunch Program		231960	632,736	31,295	544,291	-	88,445	119,740	-
National School Lunch Program - Supply Chain Assistance		240910	91,134	-	-	-	77,935	91,134	(13,199)
National School Lunch Program		241960	515,292	-	-	-	515,292	505,402	9,890
Total ALN 10.555			1,275,791	(5,334)	544,291	-	718,301	716,276	(3,309)
School Breakfast Program	10.553	231970	146,687	8,132	121,964	-	24,722	32,854	-
School Breakfast Program		241970	174,118	-	-	-	174,118	169,202	4,916
Total ALN 10.553			320,805	8,132	121,964	-	198,840	202,056	4,916
Total Child Nutrition Cluster			1,706,413	2,798	666,255	-	1,026,958	1,028,149	1,607
Local Food for Schools Program	10.185	230985-2223	14,662	14,662	14,662	-	-	14,662	-
Local Food for Schools Program	10.185	230985-2324	21,622	-	-	-	21,622	21,622	-
Total ALN 10.185			36,284	14,662	14,662	-	21,622	36,284	-
Total Cash Assistance			1,632,880	17,460	680,917	-	938,763	954,616	1,607
Total U.S. Department of Agriculture			1,742,697	17,460	680,917	-	1,048,580	1,064,433	1,607

The accompanying notes are an integral part of this schedule.

**MASON PUBLIC SCHOOLS
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	231530-2223	\$ 278,978	\$ 48,212	\$ 209,320	\$ -	\$ 13,716	\$ 61,928	\$ -
Title I Grants to Local Educational Agencies		241530-2324	331,254	-	-	-	303,987	235,199	68,788
Total ALN 84.010			<u>610,232</u>	<u>48,212</u>	<u>209,320</u>	<u>-</u>	<u>317,703</u>	<u>297,127</u>	<u>68,788</u>
Supporting Effective Instruction State Grants	84.367	230520-2223	91,588	57,401	87,745	-	3,023	60,424	-
Supporting Effective Instruction State Grants		240520-2324	62,032	-	-	-	55,446	48,897	6,549
Total ALN 84.367			<u>153,620</u>	<u>57,401</u>	<u>87,745</u>	<u>-</u>	<u>58,469</u>	<u>109,321</u>	<u>6,549</u>
Student Support and Academic Enrichment	84.424	230750-2223	38,862	(9,139)	27,280	-	-	(9,139)	-
Student Support and Academic Enrichment		240750-2324	31,242	-	-	-	31,242	31,242	-
Total ALN 84.424			<u>70,104</u>	<u>(9,139)</u>	<u>27,280</u>	<u>-</u>	<u>31,242</u>	<u>22,103</u>	<u>-</u>
Education Stabilization Funds									
COVID-19 Elementary and Secondary School Emergency Relief Fund (98c Learning Loss Funds)	84.425D	213782-2223	167,987	167,987	167,987	-	-	167,987	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III ARP Funds)	84.425U	213713-2122	1,994,279	34,328	1,671,417	-	322,762	324,258	32,832
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Section 11t Funds)	84.425U	213723-2122	1,547,292	129,135	642,953	-	750,737	717,329	162,543
COVID-19 ARP - Homeless II	84.425W	211012-2223	12,667	1,539	1,539	-	11,035	11,457	1,117
Total ALN 84.425			<u>3,722,225</u>	<u>332,989</u>	<u>2,483,896</u>	<u>-</u>	<u>1,084,534</u>	<u>1,221,031</u>	<u>196,492</u>

The accompanying notes are an integral part of this schedule.

**MASON PUBLIC SCHOOLS
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
<u>U.S. Department of Education (continued)</u>									
Passed through Ingham Intermediate School District									
Special Education Cluster									
Special Education Preschool Grants	84.173	230460-2223	\$ 33,481	\$ 33,481	\$ 33,481	\$ -	\$ -	\$ 33,481	\$ -
Special Education Preschool Grants	84.173	240460-2324	32,894	-	-	-	32,894	-	32,894
COVID-19 ARP Special Education Preschool Grants	84.173X	221285-2122	5,400	1,187	1,187	-	-	1,187	-
Total Special Education Cluster			<u>71,775</u>	<u>34,668</u>	<u>34,668</u>	<u>-</u>	<u>32,894</u>	<u>34,668</u>	<u>32,894</u>
Total U.S. Department of Education			<u>4,627,956</u>	<u>464,131</u>	<u>2,842,909</u>	<u>-</u>	<u>1,524,842</u>	<u>1,684,250</u>	<u>304,723</u>
<u>U.S. Department of Health and Human Services</u>									
Passed through Ingham Intermediate School District									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	38,765	-	-	-	38,765	38,765	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	232810-HRA2023	153,434	98,945	153,434	-	-	98,945	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases		242810-HRA2024	112,000	-	-	-	88,732	36,891	51,841
Total ALN 93.323			<u>265,434</u>	<u>98,945</u>	<u>153,434</u>	<u>-</u>	<u>88,732</u>	<u>135,836</u>	<u>51,841</u>
Total U.S. Department of Health and Human Services			<u>304,199</u>	<u>98,945</u>	<u>153,434</u>	<u>-</u>	<u>127,497</u>	<u>174,601</u>	<u>51,841</u>
TOTAL FEDERAL AWARDS			<u>\$ 6,674,852</u>	<u>\$ 580,536</u>	<u>\$ 3,677,260</u>	<u>\$ -</u>	<u>\$ 2,700,919</u>	<u>\$ 2,923,284</u>	<u>\$ 358,171</u>
								Unearned	<u>13,199</u>
								Receivable	<u>\$ 371,370</u>

The accompanying notes are an integral part of this schedule.

**MASON PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Mason Public Schools under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mason Public Schools, it is not intended to and does not present the financial position or changes in net position of Mason Public Schools.

Management has utilized the NexSys Cash Management System and the Grant Auditors Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Mason Public Schools has elected to not use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements for the year ending June 30, 2024:

General fund	\$ 2,054,427
Other nonmajor governmental funds	<u>1,048,580</u>
Total federal revenue in the fund financial statements	3,103,007
Less: Federal assistance funding not subject to single audit act	<u>(402,088)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 2,700,919</u></u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of
Mason Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Public Schools as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Mason Public Schools' basic financial statements and have issued our report thereon dated September 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mason Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mason Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Mason Public Schools' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mason Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costerian PC

September 24, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE***

To the Board of Education of
Mason Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mason Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Mason Public Schools' major federal programs for the year ended June 30, 2024. Mason Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mason Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mason Public Schools and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mason Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mason Public Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mason Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mason Public Schools' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Mason Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mason Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mason Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Manes Costeiran PC

September 24, 2024

**MASON PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None noted

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None noted

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Education Stablization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Question Costs

None

**MASON PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Financial Statement Findings

Finding 2023-001: Considered a material weakness.

Criteria - School districts are responsible for reporting expenditures and accounts payable in the period in which they are incurred in accordance with generally accepted accounting principles (GAAP).

Condition - During the 2022-2023 audit, an adjusting journal entry was required to reflect accurate accounts payable and related expenditure balances as of June 30, 2023. This audit adjustment was proposed by the auditors and recorded by the School District.

Context - Adjustments were made to the 2023 Building and Site Capital Projects Fund to record accounts payable and related expenditures to reflect services performed as of June 30, 2023, in the proper period.

Cause - The School District improperly excluded accounts payable due as of year end related to ongoing construction projects, and the omission was not noted during the year-end review of accruals.

Effect - Prior to the audit adjustments, accounts payable and related expenditure accounts in the 2023 Building and Site Capital Projects Fund related to ongoing construction activity did not have accurate balances in accordance with GAAP.

Recommendation - School District should implement additional procedures surrounding the review of year-end invoices and pay applications to ensure amounts are being recorded in the proper period.

District's Response - The School District hired a new accounts payable clerk in November 2022. This was his first time processing fiscal year end A/P in Skyward. There is a specific process to posting prior year accounts payable and current year accounts payable invoices. The A/P clerk wanted to process the Fund 46 Pay App #1 and processed payment without it being reviewed by the district accountant, who was on vacation. He inadvertently posted to the incorrect fiscal year without realizing his error. All future A/P payments, especially year-end A/P, will be required to be reviewed and approved by the district accountant to make sure they are in the correct period. If the district accountant is unavailable, then the review/approval process will be handled by the CFO.

Status: This finding has been resolved during the year ending June 30, 2024.

**MASON PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Award Findings and Questioned Costs

Finding 2023-002: Considered a significant deficiency.

Criteria - Secondary reviews and approval processes surrounding cash management/reporting and the request for reimbursement submitted to draw down funds for this grant are a vital part of internal control that reduced the risk of administrative errors and inaccuracy of reporting of meals served.

Condition - During the testing of internal controls surrounding the child nutrition program claims reimbursement reporting, it was identified that review of the meal counts and monthly claims reports was not taking place.

Questioned Costs: None

Context - The School District is required to submit monthly claim reports to the Michigan Department of Education for the free and reduced price meals provided at the School District. Each school building in the School District must maintain count sheets of the meals provided in order for the School District to submit claim reports to the State for reimbursement. These meal count sheets are then used to compile the data in the claims report. The School District did not perform a review over the meal count sheets and the monthly claim for reimbursement.

Cause and Effect - Due to the lack of review of the meal counts and claim reports, the School District underreported the number of meals provided to the students by approximately \$700.

Recommendation - The School District should implement procedures to ensure that review and approval of the reimbursement requests, as well as the meal count sheets, are taking place to ensure accuracy of amounts requested for the grant.

District's Response - The 2022- 2023 school year marked the return to students having to pay for their school meals after the alternative circumstance during COVID-19. The School District had an FS bookkeeper who was hired in spring 2020. The 2022-2023 school year was her first time filing school meal claims based on whether students were free, reduced, or full pay. She started by exporting student counts from Skyward and then adjusting them for GSRP and Heartwood student meal claims. Since this was a manual process, a few errors occurred. This FS bookkeeper resigned in spring 2023. The School District hired a new FS bookkeeper. She will be exporting the count information directly from Skyward and then using an Excel spreadsheet to adjust for GSRP and Heartwood students. The FS bookkeeper will enter the counts into the School Meal Claims website. The counts will be reviewed by the FS director, who will complete the actual submission of the meal claims. The entire process will be audited by the district accountant monthly.

Status: This finding has been resolved during the year ending June 30, 2024.