LLP
Certified Public Accountants

EXCELSIOR DISTRICT #1

REPORT ON FINANCIAL STATEMENTS

JUNE 30, 2023

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Excelsior District #1
Excelsior Township, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Excelsior District #1 (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's 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 judgement 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 judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-9 and 39-44 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

UHY LLP

Cadillac, Michigan
August 16, 2023

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

This section of Excelsior District #1 ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follows this section.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of the following three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) the notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Overview of the Financial Statements

Government-Wide Financial Statements

The government-wide statements provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The Statement of Net Position includes all of the District's assets and liabilities. All of the year's revenue 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 and liabilities – is one way to measure the District's financial health or position.

Over time, increases and 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 requires consideration of additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all shown in one category titled "Governmental Activities". These activities are primarily financed with state and federal aids and property taxes.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called "non-major" funds.

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 may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

Governmental Funds – 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 to determine whether there are more or less 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 government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-38 of this report.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Summary of Net Position

The following schedule summarizes the net position at fiscal year ended June 30.

	2023	2022
Assets		
Current Assets	$ 654,983	$ 565,439
Capital Assets, Net of Accumulated Depreciation	171,765	143,437
Total Assets	826,748	708,876
Deferred Outflows of Resources	370,392	269,837
Liabilities		
Current Liabilities	98,290	78,403
Long-Term Liabilities	916,214	587,531
Total Liabilities	1,014,504	665,934
Deferred Inflow of Resources	174,126	362,072
Net Position		
Net Investment in Capital Assets	171,765	143,437
Unrestricted (Deficit)	(163,255)	(192,730)
Total Net Position (Deficit)	$ 8,510	$ (49,293)

Analysis of Financial Position

During the fiscal year ended June 30, 2023, the District's net position increased by $57,803. A few of the more significant factors affecting net position during the year are discussed below:

1. *Depreciation Expense*

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2023, $21,120 was recorded for depreciation expense.

2. *Pension and Other Postemployment Benefits Expense*

GASB 68 and 75 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liabilities increases or decreases in any given year.

3. *Capital Outlay Acquisitions*

For the fiscal year ended June 30, 2023, $49,448 of expenditures were capitalized and recorded as assets of the District.

The net effect of the new capital assets and the current year's depreciation is an increase to capital assets in the amount of $28,328 for the fiscal year ended June 30, 2023.

Change in Net Position

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30.

	2023	2022
Revenues		
Program Revenues		
Operating Grants and Contributions	$ 199,846	$ 126,193
Capital Grants and Contributions	9,625	0
General Revenues		
Property Taxes	134,353	136,083
Investment Earnings	3,490	43
State Sources	298,707	286,256
Other	7,792	2,473
Total Revenues	653,813	551,048

	2023	2022
Expenses		
Instruction	381,859	213,672
Supporting Services	193,031	289,979
Other Transactions	0	0
Unallocated Depreciation	21,120	11,769
Total Expenses	596,010	515,420
Change in Net Position	$ 57,803	$ 35,628

Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	2023	2022	Increase (Decrease)
Major Funds			
General Fund	$ 553,854	$ 484,086	$ 69,768
Nonmajor Funds			
Student Activity Fund	2,839	2,950	(111)
Total Governmental Funds	$ 556,693	$ 487,036	$ 69,657

The General Fund balance increased $69,768 primarily due the District receiving more in State revenues due to a large per pupil increase and being fiscally responsible with spending.

The Student Activity fund balance decreased by $111 which is a minimal increase.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2022-2023 fiscal year, the District amended the general fund budget throughout the fiscal year. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES	$ 634,979	$ 667,156	$ 673,775
EXPENDITURES			
Instruction	$ 423,495	$ 331,428	$ 337,833
Supporting Services	244,208	238,211	266,174
Total Expenditures	$ 667,703	$ 569,639	$ 604,007

The variances between original budget and final budgeted revenues resulted from funding from the state government increasing to $9,150 per pupil. The variances between original budget and final budgeted expenditures were caused expenditures becoming clearer throughout the year.

Variances between final budgeted revenues and actual revenues were a result of the District receiving more in State revenues then what was anticipated. Variances between final budgeted expenditures and actual expenditures was caused by some movement in the District with the business services.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2023, amounted to $171,765 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, buses and vehicles and furniture and equipment. This represents a net increase of $28,328 from the prior fiscal year. Depreciation expense for the year amounted to $21,120 bringing accumulated depreciation to $218,240 as of June 30, 2023.

Major capital asset events during the fiscal year are as follows:

- Playground equipment totaling $35,753.
- Chromebooks costing $9,625.
- Replacement for the entry door at a cost of $2,679.
- Wireless access point totaling $1,391.

Additional information on the District's capital assets can be found in the notes to this report.

Long-Term Obligations. At year-end, the District had total net pension and OPEB liabilities outstanding of $916,214.

Factors Bearing on the District's Future

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

- The current retirement rate for the next fiscal year is expected to be 48.23 %. Although the District will see some cost containment in this area due to reforms, we are concerned about State Aid funding stability since the legislature will be using the State Aid Fund to essentially buy down the retirement rate.

- The District continues to monitor one-time funding sources, especially federal funding due to the pandemic recovery efforts. As these funding sources go away, it is unlikely that the revenue received from these sources will be ongoing.

- The District enrollment has a slight decrease in the current period due to students moving out of the district.

- The current labor shortage of educational personnel throughout the state is continues to be a concern for the District. The size of the district makes it difficult to compete regionally with talent recruitment and retention.

Request for Information

The financial report is designed to a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Cheyenne Dolaskie, LEA Lead Accountant at Northwest Education Services, 1101 Red Drive, Traverse City, MI 49696-6020.

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 556,275
Due from Other Governmental Units	98,708
Total Current Assets	654,983
NON CURRENT ASSETS	
Assets Being Depreciated	390,005
Less Accumulated Depreciation	(218,240)
Total Non Current Assets	171,765
TOTAL ASSETS	826,748
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pensions	291,437
Deferred Outflows of Resources Related to Other Postemployment Benefits	78,955
TOTAL DEFERRED OUTFLOWS OF RESOURCES	370,392
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	18,927
Due to Other Governments	19,707
Salaries and Benefits Payable	36,966
Unearned Revenues	22,690
Total Current Liabilities	98,290
NON CURRENT LIABILITIES	
Net Pension Liability	870,104
Net Other Postemployment Benefits Liability	46,110
Total Non Current Liabilities	916,214
TOTAL LIABILITIES	1,014,504
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	64,889
Deferred Inflows of Resources Related to Other Postemployment Benefits	109,237
TOTAL DEFERRED INFLOWS OF RESOURCES	174,126
NET POSITION	
Net Investment in Capital Assets	171,765
Unrestricted (Deficit)	(163,255)
TOTAL NET POSITION (Deficit)	$ 8,510

The notes to the financial statements are an integral part of this statement.

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

		PROGRAM REVENUES			GOVERNMENTAL ACTIVITIES
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 381,859	$ 0	$ 177,220	$ 9,625	$ (195,014)
Supporting Services	193,031	0	22,626	0	(170,405)
Unallocated Depreciation	21,120	0	0	0	(21,120)
TOTAL GOVERNMENTAL ACTIVITIES	$ 596,010	$ 0	$ 199,846	$ 9,625	(386,539)
GENERAL REVENUES					
Property Taxes - General Purposes					134,353
Investment Earnings					3,490
State Sources					298,707
Other					7,792
Total General Revenues					444,342
Change in Net Position					57,803
NET POSITION - Beginning of Year (Deficit)					(49,293)
NET POSITION - End of Year					$ 8,510

The notes to the financial statements are an integral part of this statement.

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	NON-MAJOR STUDENT ACTIVITY FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	$ 551,254	$ 5,021	$ 556,275
Due from Other Funds	2,182	0	2,182
Due from Other Governmental Units	98,708	0	98,708
TOTAL ASSETS	$ 652,144	$ 5,021	$ 657,165
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 18,927	$ 0	$ 18,927
Due to Other Funds	0	2,182	2,182
Due to Other Governments	19,707	0	19,707
Salaries and Benefits Payable	36,966	0	36,966
Unearned Revenues	22,690	0	22,690
Total Liabilities	98,290	2,182	100,472
FUND BALANCES			
Committed for Student Activities	0	2,839	2,839
Assigned for Subsequent Year Budget Shortfall	83,929	0	83,929
Unassigned	469,925	0	469,925
Total Fund Balances	553,854	2,839	556,693
TOTAL LIABILITIES AND FUND BALANCES	$ 652,144	$ 5,021	$ 657,165

The notes to the financial statements are an integral part of this statement.

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total Governmental Fund Balances		$ 556,693
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 390,005	
Accumulated depreciation is	(218,240)	171,765
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions		291,437
Deferred Outflows of Resources Related to Other Postemployment Benefits		78,955
Deferred Inflows of Resources Related to Pensions		(64,889)
Deferred Inflows of Resources Related to Other Postemployment Benefits		(109,237)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Net Pension Liability		(870,104)
Net Other Postemployment Benefits Liability		(46,110)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 8,510

The notes to the financial statements are an integral part of this statement.

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	NON-MAJOR STUDENT ACTIVITY FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	$ 139,195	$ 339	$ 139,534
State Sources	388,026	0	388,026
Federal Sources	140,114	0	140,114
Other Transactions	6,440	0	6,440
Total Revenues	673,775	339	674,114
EXPENDITURES			
Instruction			
Basic Programs	275,788	0	275,788
Added Needs	62,045	0	62,045
Supporting Services			
Instructional Staff	144	0	144
General Administration	68,160	0	68,160
School Administration	11,997	0	11,997
Business	32,892	0	32,892
Operation and Maintenance	74,926	0	74,926
Pupil Transportation Services	76,073	0	76,073
Support Services - Central	1,982	0	1,982
Support Services - Other	0	450	450
Total Expenditures	604,007	450	604,457
Net Change in Fund Balance	69,768	(111)	69,657
FUND BALANCE - Beginning of Year	484,086	2,950	487,036
FUND BALANCE - End of Year	$ 553,854	$ 2,839	$ 556,693

The notes to the financial statements are an integral part of this statement.

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances Total Governmental Funds	$	69,657
Amounts reported for governmental activities are different because:		
Governmental funds report capital outlay as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.		
Capital Outlay		49,448
Depreciation Expense		(21,120)
Governmental funds report District pension and other postemployment benefits contributions as expenditures. However, in the Statement of Activities, the cost of pension and other postemployment benefits earned net of employee contributions is reported as expense.		
Change in Pension Related Items		(44,595)
Change in Other Postemployment Benefits Related Items		24,714
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension benefit contributions subsequent to the measurement date.		
Change in State Funding Related to Pension Benefits		(20,301)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	57,803

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Excelsior District #1 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District (the "District") is located in Kalkaska County with its administrative offices located in Excelsior Township, Michigan. The District operates under an elected 3-member board of education 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 government 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 generally accepted accounting principles. 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.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a signification extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. 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 interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are reported as nonmajor funds. The major individual governmental fund is reported as a separate column 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.

Non-Major Fund:

The *Special Revenue Fund* accounts for revenue sources that are committed to expenditures for specific purposes. The District accounts for its student activities in the special revenue funds.

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

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, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. 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.

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 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 government considers revenues to be available if they are 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). 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). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

The District's approved budgets were adopted at the function level for the General and Special Revenue Funds. These are the legal enacted levels under the State Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations).

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.

b) A public hearing is conducted during June to obtain taxpayer comments.

c) Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. 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 financial 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.

d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.

g) Budgeted amounts are as originally adopted in June 2022, or as amended by the School Board of Education throughout the year.

2. Excess of Expenditures Over Appropriations

	APPROPRIATIONS	EXPENDITURES
Instruction		
Basic Programs	$ 269,845	$ 275,788
Added Needs	61,583	62,045
Supporting Services		
Instructional Staff	0	144
Operation and Maintenance	41,209	74,926

These overages were covered by available fund balance.

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

1. 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.

2. Investments

Investments are carried at amortized cost which approximates fair value. The District complies with State statutes regarding investment of funds. Some investments authorized by state law are shown as cash on the financial statements.

The Board policy on investment of funds authorizes the School District to invest as follows:

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

b) Certificates of deposit issued by a state or nationally-chartered bank or a state or Federally-chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office in Michigan under Michigan and Federal laws.

c) certificates of deposit of a public corporation(s) (CDs) in insured depository institutions in accordance with the following conditions:

1. the funds are initially invested through a financial institution that is not ineligible to be a depository of surplus funds belonging to this State under (M.C.L.A. 21.146 (discriminatory lending practices)

2. the financial institution arranges for the investment of the funds in certificates of deposit in one (1) or more insured depository institutions, as defined in 12 U.S.C. 1813, or one or more insured credit unions, as defined in 12 U.S.C. 1752, for the account of the school district

3. the financial institution acting as custodian for the school district is insured by an agency of the United States

4. the financial institution acts as custodian for the school district with respect to each certificate of deposit

5. at the same time that the funds are deposited and the certificate or certificates of deposit are issued, the financial institution receives an amount of deposits from customers of other insured depository institutions equal to or greater than the amount of the funds initially invested by the school district through the financial institution

d) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

e) Securities issued or guaranteed by agencies or instrumentalities of the United States.

f) United States government or federal agency obligation repurchase agreements.

g) Bankers' acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation (FDIC).

h) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

i) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

3. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

Certain payments made 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.

4. Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities' column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	**Years**
Buildings	50
Improvements, Other Than Buildings	20-25
Buses and Vehicles	7-15
Furniture and Equipment	3-20

5. Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District has unearned revenue that is related to state grants, with the restriction on how the funds can be spent, being received but as of fiscal year-end have not been spent.

6. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities 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 obligation.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category related to the pension and other postemployment benefit plans for its employees. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expenses in the plan year in which they apply. Details can be found in footnote 2-E & 2-F.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position 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 two items that qualify for reporting in this category. They 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. Details can be found in footnote 2-E & 2-F.

8. *Defined Benefit Plans*

For purposes of measuring the net pension and other postemployment benefits liabilities, 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 School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. *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.

10. *Fund Balance Flow Assumption*

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.

11. *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 governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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 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.

12. Use of Estimates

The process of preparing basic 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 expenditures. 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.

H. Revenues and Expenditures/Expenses

1. State Revenue

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 year ended June 30, 2023, the foundation allowance was based on pupil membership based on counts taken in October 2022 and February 2022. For fiscal year ended June 30, 2023, the per pupil foundation allowance was $9,150 for the District.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2022 to August 2023. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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, which are not expended by the close of the fiscal year are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

2. Program Revenues

Amounts reported as program revenue 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 or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1. The levy becomes delinquent as of February 14 for all taxpayers. After these dates, unpaid taxes are subject to penalties and interest.

For the year ended June 30, 2023, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund - Non-Homestead	18.0000
General Fund - Non-Homestead Commercial PPT	6.0000

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Violations of Legal and Contractual Provisions

Note 1.f.2, on the Excess of expenditures over appropriations, describes a budgetary violation that occurred for the year ended June 30, 2023.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

As of June 30, 2023, the District had deposits subject to the following risks:

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2023, the District's bank balance was $568,593 and $74,190 of that amount 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 fiscal year was $556,275.

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.

Credit Risk – State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

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.

Foreign Currency Risk - The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor are as follows:

	General
Receivables	
Due from Other Governments	$ 98,708

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs. Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

C. Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Being Depreciated				
Buildings and Improvements	$ 230,392	$ 2,680	$ 0	$ 233,072
Furniture and Equipment	55,165	46,768	0	101,933
Buses and Vehicles	55,000	0	0	55,000
Subtotal	340,557	49,448	0	390,005
Less Accumulated Depreciation For:				
Buildings and Improvements	(98,524)	(11,021)	0	(109,545)
Furniture and Equipment	(43,596)	(10,099)	0	(53,695)
Buses and Vehicles	(55,000)	0	0	(55,000)
Total Accumulated Depreciation	(197,120)	(21,120)	0	(218,240)
Capital Assets, Net	$ 143,437	$ 28,328	$ 0	$ 171,765

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities	
Unallocated	$ 21,120

D. Retirement and Post-Employment 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/orsschools.

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 Investments Board serves as the investment fiduciary and custodian of 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:

Plan Name	Plan Type	Plan Status
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%.

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 (MPSERS) who became a member of MPSERS after June 30, 2010, is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred 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.

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.

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 60^{th} 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% to 7% for pension and 0% to 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.

Pension and OPEB contributions made in the fiscal year ending September 30, 2022, were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019, are amortized over a 17-year period beginning October 1, 2021 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 Postemployment Benefit
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2023, were equal to the required contribution total. Total pension contributions were approximately $95,900. Of the total pension contributions approximately $92,100 was contributed to fund the the Defined Benefit Plan and approximately $3,800 was contributed to fund the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2023, were equal to the required contribution total. Total OPEB benefits were approximately $14,200. Of the total pension contributions approximately $12,600 was contributed to fund the Defined Benefit Plan and approximately $1,600 was contributed to fund the Defined Contribution Fund.

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

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

Pension Liabilities

At June 30, 2023, the District reported a liability of $870,104 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021, 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.

MPSERS (Plan) Non-University Employers Net Pension Liability

	September 30, 2022	September 30, 2021
Total Pension Liability	$ 95,876,795,620	$ 86,392,473,395
Fiduciary Net Position	(58,268,076,344)	(62,717,060,920)
Net Pension Liability	$ 37,608,719,276	$ 23,675,412,475
Fiduciary Net Position as a Percentage of Total Pension Liability	60.77%	72.60%
Net Pension Liability as a percentage of Covered Payroll	386.25%	261.68%

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

For the year ended June 30, 2023, the District recognized total pension expense of $136,751.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,704	$ 1,945
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	59,966
Changes of assumptions	149,515	0
Net difference between projected and actual earnings on pension plan investments	2,040	0
Changes in proportion and differences between District contributions and proportionate share of contributions	43,851	2,978
District contributions subsequent to the measurement date	87,327	0
Total	$ 291,437	$ 64,889

$87,327 reported as deferred outflows of resources and $59,966 reported as deferred inflows or resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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 Ended September 30,	Amount
2023	$ 68,705
2024	48,161
2025	32,664
2026	49,657
	$ 199,187

F. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities

At June 30, 2023, the District reported a liability of $46,110 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-University Employers Net OPEB Liability

	September 30, 2022	September 30, 2021
Total OPEB Liability	$ 12,522,713,324	$ 12,046,393,511
Fiduciary Net Position	(10,404,650,683)	(10,520,015,621)
Net OPEB Liability	$ 2,118,062,641	$ 1,526,377,890
Fiduciary Net Position as a Percentage of Total OPEB Liability	83.09%	87.33%
Net OPEB Liability as a Percentage of Covered Payroll	21.75%	16.87%

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

For the year ended June 30, 2022, the District recognized total OPEB benefit of $12,157.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 90,312
Changes of assumptions	41,099	3,347
Net difference between projected and actual earnings on OPEB plan investments	3,604	0
Changes in proportion and differences between District contributions and proportionate share of contributions	23,581	15,578
District contributions subsequent to the measurement date	10,671	0
Total	$ 78,955	$ 109,237

$10,671 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the 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 Ended September 30,	Amount
2023	$ (11,929)
2024	(11,555)
2025	(12,417)
2026	(996)
2027	(3,400)
Thereafter	(656)
	$ (40,953)

G. 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 Plan, 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 inflation at 2.75%.

Inflation – 3.0%

Mortality assumptions –

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. 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, 2018 Annual Comprehensive Financial Report.

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 Plan, 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, 2022 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	25.00%	5.10%
Private Equity Pools	16.00%	8.70%
International Equity Pools	15.00%	6.70%
Fixed Income Pools	13.00%	-0.20%
Real Estate & Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short-Term Investment Pools	2.00%	-0.50%
	100%	

*Long-term rate of return is net of administrative expenses and 2.2% inflation.

Rate of return

For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)% 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Pension	
1% Decrease	**Discount Rate**	**1% Increase**
$ 1,148,214	$ 870,104	$ 640,929

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

The following presents the District's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	OPEB	
1% Decrease	**Discount Rate**	**1% Increase**
$ 77,345	$ 46,110	$ 19,806

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the District'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:

	OPEB	
1% Decrease	**Current Healthcare Cost Trend Rates**	**1% Increase**
$ 19,309	$ 46,110	$ 76,195

H. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

I. Payables to the Pension and OPEB Plan

As of June 30, 2023, the District is current on all required pension and OPEB plan payments. As of June 30, 2023, the District reported payables in the amount of $14,676 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

J. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2023, were:

Receivable Fund	Payable Fund	Amount
General Fund	Student Activity Fund	$ 2,182

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

K. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The school participates in a distinct pool of educational institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pool. The school pays annual premiums to each pool for the respective insurance coverage. In the event a 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 school has not been informed of any special assessments being required.

L. Long-Term Obligations

The following is a summary of the governmental long-term obligation transactions for the District for the year ended June 30, 2023:

	NET PENSION LIABILITY	NET OPEB LIABILITY	TOTAL
Balance July 1, 2022	$ 549,689	$ 37,842	$ 587,531
Additions	399,160	24,851	424,011
Deletions	(78,745)	(16,583)	(95,328)
Balance June 30, 2023	870,104	46,110	916,214
Less current portion	Unknown	Unknown	0
Total due after one year	$ 870,104	$ 46,110	$ 916,214

The District's debt obligations at June 30, 2023, are comprised of the following issues:

Net Pension & OPEB Liability		
Net Pension Liability	$	870,104
Net OPEB Liability		46,110
	$	916,214

The annual requirements to amortize pension and OPEB liabilities are uncertain because it is unknown when the repayments will be made.

Net pension and OPEB liabilities will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

M. Other Information

1. Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

NOTE 4 – UPCOMING ACCOUNTING PRONOUCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement N*o. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

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.

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Local Sources	$ 138,256	$ 147,105	$ 139,195
State Sources	345,176	379,308	388,026
Federal Sources	151,547	140,743	140,114
Other Transactions	0	0	6,440
Total Revenues	634,979	667,156	673,775
EXPENDITURES			
Instruction			
Basic Programs	371,663	269,845	275,788
Added Needs	51,382	61,583	62,045
Supporting Services			
Instructional Staff	0	0	144
General Administration	85,364	70,033	68,160
School Administration	13,023	12,980	11,997
Business	34,075	34,576	32,892
Operation and Maintenance	42,435	41,209	74,926
Pupil Transportation Services	65,161	77,113	76,073
Support Services - Central	4,600	2,300	1,982
Total Expenditures	667,703	569,639	604,007
Net Change in Fund Balance	(32,724)	97,517	69,768
FUND BALANCE - Beginning of Year	432,359	484,086	484,086
FUND BALANCE - End of Year	$ 399,635	$ 581,603	$ 553,854

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)		0.00231357%	0.00232177%	0.00216534%	0.00200919%	0.00187379%	0.00184709%	0.00190400%	0.00188100%	0.00202000%
District's proportionate share of net pension liability		$ 870,104	$ 549,689	$ 743,818	$ 665,376	$ 563,295	$ 478,660	$ 474,973	$ 459,398	$ 444,471
District's covered payroll		213,943	227,043	197,880	168,319	164,315	152,278	161,522	156,008	174,050
District's proportionate share of net pension liability as a percentage of its covered payroll		406.70%	242.11%	375.89%	395.31%	342.81%	314.33%	294.06%	294.47%	255.37%
Plan fiduciary net position as a percentage of total pension liability		60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions		$ 92,156	$ 79,135	$ 70,904	$ 59,118	$ 33,046	$ 27,616	$ 28,767	$ 32,848	$ 34,215
Contributions in relation to statutorily required contributions *		92,156	79,135	70,904	59,118	33,046	27,616	28,767	32,848	34,215
Contribution deficiency (excess)		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll		$ 214,173	$ 212,220	$ 227,739	$ 212,327	$ 191,322	$ 157,068	$ 155,096	$ 166,589	$ 156,957
Contributions as a percentage of covered payroll		43.03%	37.29%	31.13%	27.84%	17.27%	17.58%	18.55%	19.72%	21.80%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)					0.00217699%	0.00247917%	0.00222338%	0.00212498%	0.00191671%	0.00184604%
District's proportionate share of net OPEB liability					$ 46,110	$ 37,842	$ 119,112	$ 152,526	$ 152,358	$ 163,476
District's covered payroll					213,943	227,043	197,880	168,319	164,315	152,278
District's proportionate share of net OPEB liability as a percentage of its covered payroll					21.55%	16.67%	60.19%	90.62%	92.72%	107.35%
Plan fiduciary net position as a percentage of total OPEB liability					83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

EXCELSIOR DISTRICT #1
EXCELSIOR TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions					$ 12,560	$ 15,614	$ 17,369	$ 14,631	$ 14,490	$ 11,354
Contributions in relation to statutorily required contributions *					12,560	15,614	17,369	14,631	14,490	11,354
Contribution deficiency (excess)					$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll					$ 214,173	$ 212,220	$ 227,738	$ 212,327	$ 191,322	$ 157,068
Contributions as a percentage of covered payroll					5.86%	7.36%	7.63%	6.89%	7.57%	7.23%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2023

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ending September 30, 2022 were:

Discount rate decreased to 6.00% from 6.95%.

EXCELSIOR TOWNSHIP DISTRICT #1

Crawford School
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Kalkaska, MI 49646
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CORRECTIVE ACTION PLAN

2023-001

This finding is the result of the District ineffectively monitoring the budget during the year. The District is aware of the situation and will continue to monitor the budget more closely to guarantee this does not happen again. The person responsible for the corrective action is Michael Hill, the superintendent. The anticipated completion date of the corrective action plan is immediate. The plan for monitoring adherence is the Board will start to monitor the budget more closely.