Warren Consolidated Schools

Financial Report
with Supplementary Information
June 30, 2023

Contents

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Independent Auditor's Report

To the Board of Education
Warren Consolidated Schools

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

To the Board of Education
Warren Consolidated Schools

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

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

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

Required Supplementary Information

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

Other Supplementary Information

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

To the Board of Education
Warren Consolidated Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023 on our consideration of Warren Consolidated Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Warren Consolidated Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren Consolidated Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 18, 2023

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

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Warren Consolidated Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the Bonded Capital Projects Fund, and the Debt Service Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the proprietary fund statement of net position; statement of revenue, expenses, and changes in net position; and statement of cash flows, present financial information about activities for which the School District provides services to other funds. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Information for General Fund

Schedules of Proportionate Share of the Net Pension and OPEB Liabilities

Schedules of Pension and OPEB Contributions

Schedule of Changes in the Net OPEB Liability

Schedule of District Sponsored OPEB Contributions

Notes to Required Supplementary Information

Other Supplementary Information

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

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

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

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

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The School District maintains this fund for compensated absences and risk liabilities.

The School District as a Whole

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

	Governmental Activities	
	2023	2022
	(in millions)	
Assets		
Current and other assets	$ 132.2	$ 127.8
Capital assets	238.0	243.4
Total assets	370.2	371.2
Deferred Outflows of Resources	168.6	73.2
Liabilities		
Current liabilities	41.2	38.4
Noncurrent liabilities	246.2	258.6
Net pension liability	410.4	246.4
Net OPEB liability	31.4	23.9
Total liabilities	729.2	567.3
Deferred Inflows of Resources	82.8	161.7
Net Position (Deficit)		
Net investment in capital assets	40.5	41.2
Restricted:		
Capital projects	1.3	0.7
Debt service	11.0	9.9
Unrestricted	(326.0)	(336.4)
Total net position (deficit)	**$ (273.2)**	**$ (284.6)**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was a deficit of $273.2 million at June 30, 2023. Net investment in capital assets totaling $40.5 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position, a deficit of $326.0 million, was unrestricted.

The $326.0 million deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. A total of approximately $441.8 million of this deficit in unrestricted net position is the School District's proportionate share of the net pension and OPEB liability related to the Michigan Public School Employees' Retirement System. The operating results of the General Fund have an impact on the change in unrestricted net position from year to year.

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

	Governmental Activities	
	2023	2022
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 2.4	$ 1.6
Operating grants	92.2	80.8
General revenue:		
Taxes	59.2	57.0
State aid not restricted to specific purposes	86.8	81.2
Other	1.7	1.2
Total revenue	242.3	221.8
Expenses		
Instruction	117.7	98.5
Support services	79.0	66.4
Athletics	2.2	2.0
Nutrition services	7.3	6.3
Community services	1.0	0.7
Debt service	9.4	7.9
Depreciation expense (unallocated)	14.3	15.1
Total expenses	230.9	196.9
Change in Net Position	11.4	24.9
Net Position (Deficit) - Beginning of year	(284.6)	(309.5)
Net Position (Deficit) - End of year	**$ (273.2)**	**$ (284.6)**

As reported in the statement of activities, the cost of all governmental activities this year was $230.9 million. Certain activities were partially funded from those who benefited from the programs ($2.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($92.2 million). The School District paid for the remaining public benefit portion of governmental activities with $59.2 million in taxes, $86.8 million in state foundation allowance, and other revenue (i.e., interest and general entitlements). Overall, the revenue from funding sources exceeded the cost of activities by $11.4 million, resulting in a corresponding increase in net position.

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $88.3 million, which is an increase of $2.4 million from last year. The increase is related to an improved balance in the General Fund and Debt Service Fund combined with a decrease in the Bonded Capital Projects Fund, which occurs as bonded capital improvement projects are completed and funded.

In the General Fund, our principal operating fund, fund balance increased by $7.9 million to $22.7 million. The balance of the General Fund is available to pay for expenditures related to allowable school operating activities. This increase is attributed to an increase in state-allocated funds, including those for at-risk students, security, and mental health supports. The revenue increase in 2022-2023 compared to 2021-2022 exceeded the expenditure increase over the same time period.

The fund balance of the Bonded Capital Projects Fund decreased by $7.0 million to $47.5 million. The decrease is due to the continued spending of funds on capital improvements associated with bonded capital improvement that commenced in the 2023 fiscal year using proceeds from the 2022 Building and Site Bond.

The fund balance of the Debt Service Fund increased by $1.5 million to $12.8 million as a result of tax revenue exceeding required debt service payments.

The fund balance of our nonmajor funds, which include the Nutrition Service Fund, the Student Activities Fund, the Community Service Fund, and the Building and Site Fund, increased from $5.2 million to $5.3 million. This consistency was achieved through commensurate increases in both revenue and expenditures.

Operating Budgetary Highlights

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

Comparing the original budget to the final amendment, total revenue increased, particularly state and federal sources. This is due to increased funding that became available to support the School District throughout the pandemic and higher student enrollment than originally anticipated. Expenditures increased in the final amendment compared to the original budget, as the School District implemented spending plans for the increased state and federal sources that support the instructional, support, and technological needs of the School District.

Comparing the final budget to the actual results, revenue was less than the budget by $0.2 million. Expenditures per the actual results were less than the final budget, which is attributable to unspent grants that will be carried over to fiscal year 2024 as well as remaining budgeted funds that resulted from conservative spending to conclude the fiscal year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the School District had $238.0 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately $5.4 million, or 2.2 percent, from last year.

	Governmental Activities	
	2023	2022
Land	$ 3,216,873	$ 3,216,873
Construction in progress	8,136,161	128,052
Buildings and improvements	248,157,245	248,717,454
Furniture and equipment	59,494,270	76,049,929
Buses and other vehicles	12,119,129	11,994,637
Land improvements	94,445,037	100,532,578
Total capital assets	425,568,715	440,639,523
Less accumulated depreciation	187,615,225	197,242,045
Total capital assets - Net of accumulated depreciation	**$ 237,953,490**	**$ 243,397,478**

This year's additions of $10.6 million included building renovations, site work, vehicles, and technology upgrades. Additional enhancements are anticipated to be reflected at the end of 2024. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had $221.9 million in general obligation bonds outstanding versus $232.5 million in the previous year, a change of 4.6 percent.

The School District's general obligation bond rating is BBB+. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of $14.1 million is significantly below this statutorily imposed limit.

Other long-term obligations include compensated absences, risk liabilities, postemployment retiree health care benefits, financed purchases and amortizable bond issue premiums and discounts. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

When the 2023-2024 budget was approved by the Warren Consolidated Schools Board of Education in June 2023, there was continued uncertainty around the educational environment in the State of Michigan due to the uncertainty of final funding amounts from the State.

The following items will have an impact on the School District's operations and financial situation in 2023-2024 and potentially subsequent years as well:

- The foundation allowance, which is unrestricted state revenue, increased by $458 per pupil.
- The budget revenue change related to enrollment is an estimate and will be updated when the fall 2023 count is finalized.
- Expenditures associated with staff changes and retirement dates are assumptions. If these assumptions are not realized, it will impact the operating results of the School District in 2023-2024.
- The budget for 2023-2024 includes funding sources from a number of federal and state grants to support students. Most of these funds are restrictive and will require the School District to create new and modify current programs to expend the funds available. The School District was able to make positive salary adjustments to benefit all staff members and to attract new talented team members. This will have a continued future financial impact on the School District.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and other stakeholders with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, you are welcome to contact the business office at 31300 Anita Drive, Warren, MI 48093.

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 28,908,052
Receivables:	
Property taxes receivable	2,432,178
Accrued interest receivable	163,213
Other receivables	462,600
Due from other governments	33,986,893
Inventory	386,607
Prepaid expenses and other assets	1,023,025
Restricted assets (Note 4)	64,895,356
Capital assets - Net (Note 6)	237,953,490
Total assets	370,211,414
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	929,793
Deferred retiree OPEB costs (Note 13)	252,801
Deferred pension costs (Note 12)	133,276,687
Deferred OPEB costs (Note 12)	34,122,144
Total deferred outflows of resources	168,581,425
Liabilities	
Accounts payable	3,536,841
Due to other governmental units	3,696,344
Accrued liabilities and other	25,603,594
Unearned revenue (Note 7)	8,321,111
Noncurrent liabilities:	
Due within one year (Note 9)	14,911,058
Due in more than one year (Note 9)	231,340,409
Net pension liability (Note 12)	410,351,583
Net OPEB liability (Notes 12 and 13)	31,374,774
Total liabilities	729,135,714
Deferred Inflows of Resources	
Deferred retiree OPEB cost reductions (Note 13)	347,910
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	30,136,522
Deferred pension cost reductions (Note 12)	2,943,659
Deferred OPEB cost reductions (Note 12)	49,417,505
Total deferred inflows of resources	82,845,596
Net Position (Deficit)	
Net investment in capital assets	40,522,024
Restricted:	
Capital projects	1,339,082
Debt service	11,025,010
Unrestricted	(326,074,587)
Total net position (deficit)	**$ (273,188,471)**

See notes to financial statements.

Statement of Activities

Year Ended June 30, 2023

		Program Revenue		Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 117,657,755	$ -	$ 51,167,886	$ (66,489,869)
Support services	78,954,245	205,667	32,841,467	(45,907,111)
Athletics	2,168,287	165,695	-	(2,002,592)
Nutrition services	7,311,628	1,329,341	6,886,067	903,780
Community services	1,017,496	672,245	111,981	(233,270)
Interest	9,385,264	-	1,176,217	(8,209,047)
Depreciation expense (unallocated)	14,303,039	-	-	(14,303,039)
Total primary government	**$ 230,797,714**	**$ 2,372,948**	**$ 92,183,618**	(136,241,148)
General revenue (expense):				
Taxes:				
Property taxes levied for general purposes				38,871,234
Property taxes levied for debt service				20,287,893
State aid not restricted to specific purposes				86,757,512
Investment gain				1,568,218
Penalties, interest, and other taxes				69,746
Loss on sale of capital assets				(1,686,044)
Other				1,833,190
Total general revenue				147,701,749
Change in Net Position				11,460,601
Net Position (Deficit) - Beginning of year				(284,649,072)
Net Position (Deficit) - End of year				**$ (273,188,471)**

See notes to financial statements.

Governmental Funds Balance Sheet

June 30, 2023

	General Fund	Bonded Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	$ 24,592,032	$ -	$ -	$ 4,314,598	$ 28,906,630
Receivables:					
Property taxes receivable	2,154,032	-	278,146	-	2,432,178
Accrued interest receivable	-	163,213	-	-	163,213
Other receivables	411,721	-	-	50,879	462,600
Due from other governments	33,519,667	-	-	467,226	33,986,893
Due from other funds (Note 8)	3,052,593	-	459,982	726,437	4,239,012
Inventory	282,744	-	-	103,863	386,607
Prepaid costs and other assets	1,023,025	-	-	-	1,023,025
Restricted cash and investments (Note 4)	-	52,508,857	12,386,499	-	64,895,356
Total assets	**$ 65,035,814**	**$ 52,672,070**	**$ 13,124,627**	**$ 5,663,003**	**$ 136,495,514**
Liabilities					
Accounts payable	$ 1,130,061	$ 2,305,232	$ -	$ 101,548	$ 3,536,841
Due to other governmental units	3,696,321	-	-	23	3,696,344
Due to other funds (Note 8)	2,901,037	2,871,197	-	199,156	5,971,390
Accrued liabilities and other	23,782,123	-	-	-	23,782,123
Unearned revenue (Note 7)	8,231,305	-	-	89,806	8,321,111
Total liabilities	39,740,847	5,176,429	-	390,533	45,307,809
Deferred Inflows of Resources - Unavailable revenue (Note 7)	2,570,432	-	278,146	-	2,848,578
Total liabilities and deferred inflows of resources	42,311,279	5,176,429	278,146	390,533	48,156,387
Fund Balances					
Nonspendable:					
Inventory	282,744	-	-	103,863	386,607
Prepaids	1,023,025	-	-	-	1,023,025
Restricted:					
Debt service	-	-	12,846,481	-	12,846,481
Capital projects	-	47,495,641	-	-	47,495,641
Nutrition service	-	-	-	3,803,139	3,803,139
Committed:					
Capital projects	-	-	-	745,528	745,528
Student activities	-	-	-	619,940	619,940
Assigned - Subsequent years budget deficit	1,825,000	-	-	-	1,825,000
Unassigned	19,593,766	-	-	-	19,593,766
Total fund balances	22,724,535	47,495,641	12,846,481	5,272,470	88,339,127
Total liabilities, deferred inflows of resources, and fund balances	**$ 65,035,814**	**$ 52,672,070**	**$ 13,124,627**	**$ 5,663,003**	**$ 136,495,514**

See notes to financial statements.

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

June 30, 2023

Fund Balances Reported in Governmental Funds	$ 88,339,127
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:	
Cost of capital assets	425,568,715
Accumulated depreciation	(187,615,225)
Net capital assets used in governmental activities	237,953,490
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	2,848,578
Deferred outflows related to bond refundings are not reported in the funds	929,793
Bonds payable (including premium and discounts) and financed purchase obligations are not due and payable in the current period and are not reported in the funds	(244,517,818)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,821,471)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Net pension liability and related deferred inflows and outflows	(280,018,555)
Net OPEB liability and related deferred inflows and outflows	(46,670,135)
Net OPEB (district-sponsored) liability and related deferred inflows and outflows	(95,109)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(30,136,522)
Internal service funds are included as part of governmental activities	151
Net Position (Deficit) of Governmental Activities	**$ (273,188,471)**

See notes to financial statements.

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	Bonded Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	$ 41,244,013	$ 663,082	$ 20,635,806	$ 2,943,495	$ 65,486,396
State sources	140,859,610	-	1,140,744	287,217	142,287,571
Federal sources	30,230,586	-	1,176,217	7,895,333	39,302,136
Interdistrict sources	11,475,551	-	-	45,453	11,521,004
Total revenue	223,809,760	663,082	22,952,767	11,171,498	258,597,107
Expenditures					
Current:					
Instruction	128,312,307	-	-	150,932	128,463,239
Support services	82,739,764	50,575	12,483	1,612,076	84,414,898
Athletics	2,348,326	-	-	-	2,348,326
Nutrition services	-	-	-	7,648,300	7,648,300
Community services	297,154	-	-	801,917	1,099,071
Debt service:					
Principal	111,997	-	10,550,000	-	10,661,997
Interest	16,032	-	10,928,825	-	10,944,857
Capital outlay	2,568,704	7,662,152	-	364,059	10,594,915
Total expenditures	216,394,284	7,712,727	21,491,308	10,577,284	256,175,603
Excess of Revenue Over (Under) Expenditures	7,415,476	(7,049,645)	1,461,459	594,214	2,421,504
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	24,696	-	-	-	24,696
Transfers in (Note 8)	493,967	-	-	-	493,967
Transfers out (Note 8)	-	-	-	(493,967)	(493,967)
Total other financing sources (uses)	518,663	-	-	(493,967)	24,696
Net Change in Fund Balances	7,934,139	(7,049,645)	1,461,459	100,247	2,446,200
Fund Balances - Beginning of year	14,790,396	54,545,286	11,385,022	5,172,223	85,892,927
Fund Balances - End of year	**$ 22,724,535**	**$ 47,495,641**	**$ 12,846,481**	**$ 5,272,470**	**$ 88,339,127**

See notes to financial statements.

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

Year Ended June 30, 2023

Net Change in Fund Balance Reported in Governmental Funds	$ 2,446,200
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	10,569,791
Depreciation expense	(14,303,039)
Net book value of assets disposed of	(1,710,740)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(723,768)
Revenue in support of pension contributions made subsequent to the measurement date	(13,928,980)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	12,524,609
Interest expense is recognized in the government-wide statements as it accrues	(303,019)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds	16,889,523
Internal service funds are included as part of governmental activities:	24
Change in Net Position of Governmental Activities	**$ 11,460,601**

Proprietary Fund
Statement of Net Position

June 30, 2023

	Internal Service Fund
Assets	
Current assets:	
Cash and investments (Note 4)	$ 1,422
Due from other funds (Note 8)	1,732,378
Total assets	1,733,800
Liabilities	
Current liabilities:	
Compensated absences (Note 9)	819,630
Provision for claims (Notes 9 and 11)	389,384
Total current liabilities	1,209,014
Noncurrent liabilities:	
Compensated absences (Note 9)	481,370
Provision for claims (Notes 9 and 11)	43,265
Total noncurrent liabilities	524,635
Total liabilities	1,733,649
Net Position - Unrestricted	**$ 151**

See notes to financial statements.

Proprietary Fund
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023

	Internal Service Fund
Operating Revenue - Charges for services	$ 2,140,854
Operating Expenses - Cost of benefit claims - Net of reserve adjustments	2,140,854
Nonoperating Revenue - Interest	24
Change in Net Position - Operating income	24
Net Position - Beginning of year	127
Net Position - End of year	**$ 151**

Proprietary Fund
Statement of Cash Flows

Year Ended June 30, 2023

	Internal Service Fund
Cash Flows from Operating Activities	
Receipts from General Fund and Nutrition Service Fund for charges for services	$ 1,916,535
Payments to suppliers	(1,916,535)
Cash Flows Provided by Investing Activities - Interest received on investments	24
Net Change in Cash and Investments - Net cash from operating activities	24
Cash and Investments - Beginning of year	1,398
Cash and Investments - End of year	**$ 1,422**
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 24
Adjustments to reconcile operating income to net cash from operating activities -	
Changes in assets and liabilities:	
Due to/from other funds	(224,319)
Compensated absences	116,000
Provision for uninsured losses and liabilities	108,319
Net cash from operating activities	**$ 24**

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

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

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

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the School District's business-type and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Bonded Capital Projects Fund is used to account for and report the restricted bond proceeds from the various bond issuances and other financing sources that are restricted to expenditures in connection with renovating, remodeling, equipping, furnishing, and improving school district facilities.
- The Debt Service Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's special revenue funds are the Nutrition Service, Community Service, and the Student Activities funds. Revenue sources for the Nutrition Service Fund include sales to customer and dedicated grants from federal sources. Revenue sources for the Community Service Fund include latchkey and preschool tuition. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital project funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and technology upgrades and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the School District). The School District does not have any enterprise funds.

The School District's Internal Service Fund provides finance services to other funds on a cost-reimbursement basis and is maintained for compensated absences and risk liabilities. It is funded by user charges from the General and Nutrition Service funds.

Note 2 - Significant Accounting Policies (Continued)

Interfund Activity

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

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

Basis of Accounting

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

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

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

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost.

Inventories and Prepaid Items

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

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the Bonded Capital Projects Fund required to be set aside for construction or other allowable bond purchases

Note 2 - Significant Accounting Policies (Continued)

- Unspent property taxes levied held in the Debt Service Fund required to be set aside for future bond principal and interest payments

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Buildings and improvements	20-50
Furniture and equipment	5-20
Site improvements	10-20
Buses and other vehicles	8-15

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to deferred pension and OPEB plan costs and deferred refunding charges related to bonds.

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

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date, unavailable revenue not collected within 60 days of year end, and deferred pension and OPEB plan cost reductions.

Note 2 - Significant Accounting Policies (Continued)

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Note 2 - Significant Accounting Policies (Continued)

Amounts that do not fall into any other category above are unassigned. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

The fund balance policy prescribes the minimum fund balance as 12 percent of expenditures in the General Fund and special revenue funds. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year. If the fund balance decreases below 12 percent, it shall be recovered at a rate of 0.5 percent minimally each year. The Board of Education approved a deviation from this policy for 2022-2023.

Property Tax Revenue

Properties located in the Cities of Troy and Sterling Heights, Michigan are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 of the following year and are due on September 1. Properties located in the City of Warren, Michigan are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 of the following year for approximately 50 percent of the taxes that are due on August 1 and December 1 for the remainder of the property taxes that are due on January 31. The final collection date for all properties is February 28, at which time they are added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Other Postemployment Benefit Costs

The School District offers retiree health care benefits to retirees in addition to its participation in the MPSERS plan discussed above. The School District records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan’s fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Note 2 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

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

Use of Estimates

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

Upcoming Accounting Pronouncement

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

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all capital projects and special revenue funds except that operating transfers and debt proceeds and payments have been included in the revenue and expenditures categories rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District incurred expenditures in the General Fund that were in excess of the amounts budgeted. Expenditure budget variances were as follows:

	Budget	Actual
Debt service	$ 114,000	$ 128,029

Note 4 - Deposits and Investments

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

The School District has designated two banks for the deposit of its funds, one of which is currently being used.

The investment policy adopted by the board in accordance with state statutes has authorized investment in bonds and securities of the United States government and bank accounts, CDs, and all other investments, as noted by the state statutory authority listed above.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated, and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District had bank deposits of $40,917,026 (checking and money market accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

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

Interest Rate Risk

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

Note 4 - Deposits and Investments (Continued)

At year end, the School District had $52,626,443 of U.S. Treasurys investments with maturity dates ranging from October 2023 to April 2027.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. The School District's investments are not subject to credit risk.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At June 30, 2023, the School District had no investments other than U.S. Treasurys, which are not subject to concentration of credit risk.

Foreign Currency Risk

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

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the School District has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

The School District has recurring fair value measurements as of June 30, 2023 of $52,626,443 in U.S. Treasury securities. The fair value of these securities at June 30, 2023 was determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 6 - Capital Assets

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

	Balance July 1, 2022	Reclassifications	Additions	Disposals	Balance June 30, 2023
Capital assets not being depreciated:					
Land	$ 3,216,873	$ -	$ -	$ -	$ 3,216,873
Construction in progress	128,052	-	8,008,109	-	8,136,161
Subtotal	3,344,925	-	8,008,109	-	11,353,034
Capital assets being depreciated:					
Buildings and improvements	248,717,454	-	-	(560,209)	248,157,245
Furniture and equipment	76,049,929	-	2,131,627	(18,687,286)	59,494,270
Buses and other vehicles	11,994,637	-	415,707	(291,215)	12,119,129
Land improvements	100,532,578	-	14,348	(6,101,889)	94,445,037
Subtotal	437,294,598	-	2,561,682	(25,640,599)	414,215,681
Accumulated depreciation:					
Buildings and improvements	75,248,703	-	3,411,407	(166,275)	78,493,835
Furniture and equipment	58,582,567	-	6,537,284	(18,619,519)	46,500,332
Buses and other vehicles	7,166,595	-	942,701	(262,094)	7,847,202
Land improvements	56,244,180	-	3,411,647	(4,881,971)	54,773,856
Subtotal	197,242,045	-	14,303,039	(23,929,859)	187,615,225
Net capital assets being depreciated	240,052,553	-	(11,741,357)	(1,710,740)	226,600,456
Net capital assets	$ 243,397,478	$ -	$ (3,733,248)	$ (1,710,740)	$ 237,953,490

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

Construction Commitments

The School District's remaining commitments with contractors as of June 30, 2023 for the Bonded Capital Projects Fund totaled $11,776,837.

Note 7 - Unavailable/Unearned Revenue

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

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

	Governmental Funds: Deferred Inflow - Unavailable	Governmental Funds: Liability - Unearned
Delinquent property taxes	$ 2,432,178	$ -
Other receivables unavailable for use in the current period	416,400	-
Other payments received prior to meeting all eligibility requirements	-	92,212
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	8,228,899
Total	$ 2,848,578	$ 8,321,111

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Fund Due From			
Fund Due To	General Fund	Bonded Capital Projects Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 2,871,197	$ 181,396	$ 3,052,593
Debt Service Fund	459,982	-	-	459,982
Nonmajor governmental funds	726,437	-	-	726,437
Internal Service Fund	1,714,618	-	17,760	1,732,378
Total	$ 2,901,037	$ 2,871,197	$ 199,156	$ 5,971,390

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

The Nutrition Service Fund transferred $200,000 to the General Fund for indirect charges, and the Community Service Fund transferred $293,967 to the General Fund for current year operating surplus.

Note 9 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation bonds payable:	$ 232,450,000	$ -	$ (10,550,000)	$ 221,900,000	$ 11,650,000
Unamortized bond premiums	24,465,905	-	(1,954,396)	22,511,509	1,954,396
Unamortized bond discounts	(165,469)	-	13,955	(151,514)	(13,955)
Total bonds payable	256,750,436	-	(12,490,441)	244,259,995	13,590,441
Financed purchase (Note 10)	369,820	-	(111,997)	257,823	111,603
Compensated absences	1,185,000	1,503,719	(1,387,719)	1,301,000	819,630
Risk liabilities (Note 11)	324,330	820,822	(712,503)	432,649	389,384
Total governmental activities long-term debt	$ 258,629,586	$ 2,324,541	$ (14,702,660)	$ 246,251,467	$ 14,911,058

The School District had deferred outflows of $929,793 related to deferred charges on bond refundings at June 30, 2023.

Note 9 - Long-term Debt (Continued)

General Obligation Bonds

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

Purpose	Remaining Annual Installments	Interest Rates	Maturing May 1	Outstanding
$15,000,000 qualified general obligation bonds (2010)*	$15,000,000	6.375%	2027	$ 15,000,000
$29,285,000 qualified general obligation bonds (2016)	$1,895,000 - $6,080,000	5%	2035	29,285,000
$25,755,000 general obligation bonds (2016)	$4,015,000 - $5,695,000	5%	2025	9,710,000
$61,335,000 qualified general obligation bonds (2016)	$935,000 - $6,000,000	5%	2036	53,895,000
$8,420,000 general obligation bonds (2017)	$1,070,000 - $1,120,000	4%	2027	4,390,000
$18,040,000 qualified general obligation bonds (2018)	$875,000 - $1,300,000	4% - 5%	2038	16,200,000
$36,600,000 qualified general obligation bonds (2019)	$825,000 - $3,100,000	5%	2039	33,625,000
$13,565,000 qualified general obligation bonds (2021)	$525,000 - $1,110,000	0.48% - 2.25%	2035	10,735,000
$50,060,000 qualified general obligation bonds (2022)	$1,000,000 - $5,735,000	5%	2042	49,060,000
Total governmental activities				$ 221,900,000

*In order to provide repayment at final maturity, a set-aside arrangement is being used. The School District invested funds into a set-aside account, which had a balance of $9,975,778 as of June 30, 2023. The interest payments made each year by the School District, through maturity, will be subsidized by the federal government (as shown in the debt service requirements table).

Other Long-term Liabilities

<u>Compensated Absences</u>

Compensated absences at year end consist of vacation and sick hours earned and vested. The current portion is estimated based on historical trends and expected amounts to be paid within one year. Compensated absences attributable to the governmental activities will be liquidated from the funds from which the individual employees' salaries are paid.

Note 9 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

	Governmental Activities			
Years Ending June 30	Principal	Interest	Maximum Interest Subsidy	Total
2024	$ 11,650,000	$ 10,853,640	$ (780,804)	$ 21,722,836
2025	12,375,000	10,314,841	(780,804)	21,909,037
2026	10,895,000	9,739,500	(780,804)	19,853,696
2027	26,020,000	9,235,268	(780,804)	34,474,464
2028	11,170,000	7,772,723	-	18,942,723
2029-2033	63,820,000	30,538,961	-	94,358,961
2034-2038	61,235,000	14,411,932	-	75,646,932
2039-2042	24,735,000	2,917,000	-	27,652,000
Total	$ 221,900,000	$ 95,783,865	$ (3,123,216)	$ 314,560,649

Unused Line of Credit

The School District has a line of credit with a maximum available amount of $7,000,000 at June 30, 2023. The line of credit bears interest of 80 percent of the bank's daily SOFR plus an interest rate spread of 124 basis points. As of June 30, 2023, there was no amount outstanding on the line of credit.

Note 10 - Financed Purchases

The School District has entered into a lease agreement as the lessee for financing the purchase of copiers, which contains a bargain purchase option at the end of the lease term. This lease agreement qualifies as a financed purchase for accounting purposes. The total cost basis of $562,989 and accumulated depreciation of $319,010 are included in capital assets at June 30, 2023. The future minimum lease payments and the net present value under the new lease agreement are as follows:

Years Ending June 30	Amount
2024	$ 125,112
2025	125,112
2026	20,475
Total	270,699
Less amount representing interest	12,876
Present value of net minimum lease payments	257,823
Long-term obligations under capital leases	$ 257,823

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. During the fiscal year ended June 30, 2023, the School District has purchased commercial insurance for health and dental claims for all employees. The School District participates in the SET-SEG (risk pool) for claims relating to property, casualty, torts, and errors and omissions; the School District is self-insured for workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded in the government-wide financial statements. Changes in the estimated liability for the past two fiscal years were as follows:

	Workers' Compensation	
	2023	2022
Estimated liability - Beginning of year	$ 324,330	$ 677,821
Estimated claims incurred, including changes in estimates	820,822	411,626
Claim payments - Net of reinsurance refunds	(712,503)	(765,117)
Estimated liability - End of year	$ 432,649	$ 324,330

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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

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

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

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

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

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

Contributions

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

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

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

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

The ranges of rates are as follows:

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

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2023 were $52,227,908, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2023, the School District's required and actual pension contributions include an allocation of $19,044,964 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as $11,091,558 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2023 were $9,087,616, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2023, the School District reported a liability of $410,351,583 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District's proportion was 1.09 percent and 1.04 percent, respectively, representing a change of 4.84 percent.

Net OPEB Liability

At June 30, 2023, the School District reported a liability of $23,711,922 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The School District’s proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the School District’s proportion was 1.12 percent and 1.04 percent, respectively, representing a change of 7.67 percent.

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

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

For 2023, the School District recognized pension expense of $52,373,593, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,104,948	$ (917,502)
Changes in assumptions	70,513,106	-
Net difference between projected and actual earnings on pension plan investments	962,275	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	11,528,354	(2,026,157)
The School District's contributions to the plan subsequent to the measurement date	46,168,004	-
Total	$ 133,276,687	$ (2,943,659)

The $30,136,522 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2024	$ 23,714,164
2025	18,807,067
2026	16,818,374
2027	24,825,419
Total	$ 84,165,024

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

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

For the year ended June 30, 2023, the School District recognized OPEB recovery of $8,573,478.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (46,442,572)
Changes in assumptions	21,135,197	(1,720,948)
Net difference between projected and actual earnings on OPEB plan investments	1,853,274	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	4,675,220	(1,253,985)
Employer contributions to the plan subsequent to the measurement date	6,458,453	-
Total	$ 34,122,144	$ (49,417,505)

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

Years Ending	Amount
2024	$ (8,438,091)
2025	(7,530,733)
2026	(6,373,915)
2027	146,898
2028	278,181
Thereafter	163,846
Total	$ (21,753,814)

Actuarial Assumptions

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

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

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

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

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

Discount Rate

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

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

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

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

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	$ 541,511,642	$ 410,351,583	$ 302,269,789

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability of the School District	$ 39,774,469	$ 23,711,922	$ 10,185,265

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB liability of the School District	$ 9,929,419	$ 23,711,922	$ 39,183,056

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2023, the School District reported a payable of $8,477,619 and $1,322,250 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2023.

Note 13 - Other Postemployment Benefit Plan

Plan Description

The School District provides other postemployment benefits for all employees who meet eligibility requirements. This is a single-employer defined benefit plan administered by the School District. The benefits are provided under collective bargaining agreements and are provided by the School District through the General Fund directly to the retiree and beneficiary. The plan does not issue a separate stand-alone financial statement, and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

All retirees who elect to continue health coverage through MPSERS are reimbursed by the School District for the unpaid portion of their health care coverage premiums, as contractually agreed upon, for the life of the retiree. The plan has been closed to new entrants per dates listed below. There are no cost of living benefit adjustments. Additionally, the School District also provides group life insurance for all qualifying retirees, at various levels of coverage, as determined by the contract under which the retiree was employed.

Note 13 - Other Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

Executive administrative assistants or executive administrators - Eligible for medical benefits if retired on or before June 30, 2010. Eligible for life benefits if hired before July 1, 2004.

Members of 1346 or WAA - Eligible for medical benefits if retired on or before December 31, 2010. Eligible for life benefits after 10 years of service.

Members of 1815 or WEA - Eligible for medical benefits if retired on or before June 30, 2013. Eligible for life benefits after 10 years of service.

The following members were covered by the benefit terms as of June 30, 2022:

Inactive plan members or beneficiaries currently receiving benefits	1,694
Active plan members	535
Total plan members	2,229

Contributions

Retiree health care costs are paid by the School District on a pay-as-you-go basis. The School District has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2023, the School District made payments for postemployment health benefit premiums of $311,550.

Net OPEB Liability

The School District's net OPEB liability of $7,662,852 was measured as of June 30, 2023 and was determined by an actuarial valuation as June 30, 2022.

Changes in the net OPEB liability during the measurement year were as follows:

Changes in Net OPEB Liability	OPEB Net Liability
Balance at July 1, 2022	$ 8,037,629
Changes for the year:	
Service cost	3,813
Interest	322,524
Differences between expected and actual experience	(414,600)
Changes in assumptions	25,036
Benefit payments	(311,550)
Net changes	(374,777)
Balance at June 30, 2023	$ 7,662,852

Note 13 - Other Postemployment Benefit Plan (Continued)

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

For the year ended June 30, 2023, the School District recognized OPEB recovery of $1,092,669.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (347,910)
Changes in assumptions	252,801	-
Total	$ 252,801	$ (347,910)

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

Year Ending June 30	Amount
2024	$ (95,109)

Actuarial Assumptions

The net OPEB liability in the June 30, 2022 actuarial valuation was determined under the entry age normal (level percentage of compensation) actuarial cost method using a payroll inflation assumption of 2.0 percent; a health care cost trend rate of 7.00 percent for 2023, decreasing 0.25 percent per year to an ultimate rate of 4.5 percent, for members aged 65 or under and members older than 65; the Pub-2010 mortality tables with the MP-2021 improvement scale, retirement age of 59 or retirement eligibility if later; the assumption that 80 percent of active members will have a covered spouse at retirement, with females three years younger than males; and the assumption that 100 percent of eligible members will elect coverage at retirement. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the net OPEB liability was 4.13 percent. The discount rate was based on the 20-year AA/Aa tax-exempt municipal bond yield.

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

The following presents the net OPEB liability of the School District, calculated using the discount rate of 4.13 percent, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (3.13%)	Current Discount Rate (4.13%)	1 Percentage Point Increase (5.13%)
Net OPEB liability of the School District	$ 8,277,554	$ 7,662,852	$ 7,128,870

Note 13 - Other Postemployment Benefit Plan (Continued)

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

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

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the School District	$ 7,171,481	$ 7,662,852	$ 8,213,903

Assumption Changes

Mortality tables were updated to public employer tables.

The Pre-Medicare remains at 7.25 percent the first year and then grades down by 0.25 percent per year to 4.5 percent. Post-Medicare remains at 5.50 percent the first year and then grades down by 0.25 percent per year to 4.5 percent.

The discount rate was updated from 4.09 to 4.13 percent.

Note 14 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and payment in lieu of tax (PILOT) agreements granted by cities within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; PILOTs compensate local governments for some or all of the real estate tax revenue that is lost due to the waiver of that revenue.

For the fiscal year ended June 30, 2023, the School District’s property tax revenue was reduced by $1,763,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately $1,387,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 40,587,000	$ 39,768,000	$ 41,244,013	$ 1,476,013
State sources	117,596,000	141,425,000	140,859,610	(565,390)
Federal sources - Grants	27,788,000	31,121,000	30,230,586	(890,414)
Interdistrict and other sources	12,686,000	11,728,000	11,475,551	(252,449)
Total revenue	198,657,000	224,042,000	223,809,760	(232,240)
Expenditures				
Current:				
Instruction:				
Basic program	93,197,000	98,496,000	98,900,081	404,081
Added needs	28,696,000	31,960,000	30,691,043	(1,268,957)
Support services:				
Pupil	21,076,000	21,586,000	21,684,850	98,850
Instructional staff	10,042,000	10,625,000	9,730,063	(894,937)
General administration	1,338,000	1,358,000	1,453,455	95,455
School administration	11,757,000	12,786,000	12,737,443	(48,557)
Business	2,814,000	2,995,000	2,850,126	(144,874)
Operations and maintenance	18,919,000	22,340,000	22,044,992	(295,008)
Pupil transportation services	6,412,000	7,823,000	7,682,499	(140,501)
Central	4,703,000	5,641,000	5,509,871	(131,129)
Other support services	2,686,000	2,541,000	2,684,678	143,678
Community services	480,000	393,000	297,154	(95,846)
Debt service	130,000	114,000	128,029	14,029
Total expenditures	202,250,000	218,658,000	216,394,284	(2,263,716)
Excess of Revenue (Under) Over Expenditures	(3,593,000)	5,384,000	7,415,476	2,031,476
Other Financing Sources				
Proceeds from sale of capital assets	-	-	24,696	24,696
Transfers in	-	-	493,967	493,967
Total other financing sources	-	-	518,663	518,663
Net Change in Fund Balance	(3,593,000)	5,384,000	7,934,139	2,550,139
Fund Balance - Beginning of year	14,790,396	14,790,396	14,790,396	-
Fund Balance - End of year	**$ 11,197,396**	**$ 20,174,396**	**$ 22,724,535**	**$ 2,550,139**

See notes to required supplementary information.

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

Last Nine Plan Years

Plan Years Ended September 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	1.09111 %	1.04078 %	1.04056 %	1.05049 %	1.06358 %	1.04780 %	1.04109 %	1.07419 %	1.17126 %
School District's proportionate share of the net pension liability	$ 410,351,583	$ 246,409,247	$ 357,444,304	$ 347,888,502	$ 319,730,984	$ 271,529,474	$ 259,743,796	$ 262,371,334	$ 257,981,079
School District's covered payroll	$ 107,634,311	$ 92,883,712	$ 91,203,923	$ 89,805,796	$ 90,759,614	$ 88,286,823	$ 86,363,046	$ 89,147,715	$ 100,635,589
School District's proportionate share of the net pension liability as a percentage of its covered payroll	381.25 %	265.29 %	391.92 %	387.38 %	352.28 %	307.55 %	300.76 %	294.31 %	256.35 %
Plan fiduciary net position as a percentage of total pension liability	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

See notes to required supplementary information.

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

Last Nine Fiscal Years

Plan Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 51,506,479	$ 36,384,688	$ 31,178,161	$ 28,634,980	$ 27,972,697	$ 27,244,948	$ 25,002,894	$ 24,385,476	$ 20,933,475
Contributions in relation to the statutorily required contribution	51,506,479	36,384,688	31,178,161	28,634,980	27,972,697	27,244,948	25,002,894	24,385,476	20,933,475
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 107,049,431	$ 101,607,905	$ 91,254,507	$ 91,112,997	$ 89,649,651	$ 90,572,803	$ 90,613,103	$ 86,861,142	$ 92,499,737
Contributions as a Percentage of Covered Payroll	48.11 %	35.81 %	34.17 %	31.43 %	31.20 %	30.08 %	27.59 %	28.07 %	22.63 %

See notes to required supplementary information.

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

Last Six Plan Years

Years Ended September 30

	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	1.11951 %	1.03972 %	1.03588 %	1.03205 %	1.06898 %	1.04467 %
School District's proportionate share of the net OPEB liability	$ 23,711,922	$ 15,870,123	$ 55,494,999	$ 74,078,223	$ 84,972,486	$ 92,510,887
School District's covered payroll	$ 107,634,311	$ 92,883,712	$ 91,203,923	$ 89,805,796	$ 90,759,614	$ 88,286,823
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	22.03 %	17.09 %	60.85 %	82.49 %	93.62 %	104.78 %
Plan fiduciary net position as a percentage of total OPEB liability	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

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

Last Six Fiscal Years

Years Ended June 30

	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 8,616,623	$ 8,280,231	$ 7,593,972	$ 7,280,891	$ 7,018,752	$ 6,528,646
Contributions in relation to the statutorily required contribution	8,616,623	8,280,231	7,593,972	7,280,891	7,018,752	6,528,646
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 107,049,431	$ 101,607,905	$ 91,254,507	$ 91,112,997	$ 89,649,651	$ 90,572,803
Contributions as a Percentage of Covered Payroll	8.05 %	8.15 %	8.32 %	7.99 %	7.83 %	7.21 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability

Last Two Fiscal Years
Years Ended June 30

	2023	2022
Net OPEB Liability		
Service cost	$ 3,813	$ 7,280
Interest	322,524	222,527
Differences between expected and actual experience	(414,600)	(1,509,142)
Changes in assumptions	25,036	(711,508)
Benefit payments	(311,550)	(343,712)
Net Change in Net OPEB Liability	(374,777)	(2,334,555)
Net OPEB Liability - Beginning of year	8,037,629	10,372,184
Net OPEB Liability - End of year	**$ 7,662,852**	**$ 8,037,629**

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

Required Supplementary Information
Schedule of District Sponsored OPEB Contributions

Last Two Fiscal Years

Years Ended June 30

	2023	2022
Actuarially determined contribution	$ 1,125,494	$ 1,485,420
Contributions in relation to the actuarially determined contribution	311,550	343,712
Contribution Deficiency	**$ (813,944)**	**$ (1,141,708)**

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to June 30, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of compensation
Payroll inflation	2.0
Health care cost trend rates	7.00 percent for 2023, decreasing 0.25 percent per year to an ultimate rate of 4.5 percent, for members aged 65 or under and members older than 65, respectively
Retirement age	Age 59 or retirement eligibility if later
Mortality	Public Teacher & General 2010 Employee and Healthy Retiree, Headcount weighted (MP-2021 improvement scale)
Utilization	100 percent of eligible employees will elect available coverage at retirement; Actual coverage used for nonactive
Marital assumption	80 percent of active employees will have covered spouse at retirement, with females three years younger than males; actual spouse data used for retirees

Pension Information

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

The required contributions for the year ended June 30, 2023 include a one-time contribution of $11,091,558, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

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

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

MPSERS OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points, and actual per person health benefit costs were lower than projected.

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

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

Other Supplementary Information

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds			Capital Projects Fund	
	Nutrition Service Fund	Community Service Fund	Student Activities Fund	Building and Site Fund	Total
Assets					
Cash and investments	$ 2,668,520	$ -	$ 800,673	$ 845,405	$ 4,314,598
Receivables - Due from other governments	518,105	-	-	-	518,105
Due from other funds	726,437	-	-	-	726,437
Inventory	103,863	-	-	-	103,863
Total assets	**$ 4,016,925**	**$ -**	**$ 800,673**	**$ 845,405**	**$ 5,663,003**
Liabilities					
Accounts payable	$ 4,087	$ -	$ 2,584	$ 94,877	$ 101,548
Due to other governmental units	23	-	-	-	23
Due to other funds	16,007	-	178,149	5,000	199,156
Unearned revenue	89,806	-	-	-	89,806
Total liabilities	109,923	-	180,733	99,877	390,533
Fund Balances					
Nonspendable - Inventories	103,863	-	-	-	103,863
Restricted - Nutrition service	3,803,139	-	-	-	3,803,139
Committed:					
Capital projects	-	-	-	745,528	745,528
Student activities	-	-	619,940	-	619,940
Total fund balances	3,907,002	-	619,940	745,528	5,272,470
Total liabilities and fund balances	**$ 4,016,925**	**$ -**	**$ 800,673**	**$ 845,405**	**$ 5,663,003**

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

Year Ended June 30, 2023

	Special Revenue Funds			Capital Projects Fund	
	Nutrition Service Fund	Community Service Fund	Student Activities Fund	Building and Site Fund	Total
Revenue					
Local sources	$ 1,363,205	$ 576,351	$ 975,715	$ 28,224	$ 2,943,495
State sources	287,217	-	-	-	287,217
Federal sources	7,012,012	883,321	-	-	7,895,333
Interdistrict sources	45,453	-	-	-	45,453
Total revenue	8,707,887	1,459,672	975,715	28,224	11,171,498
Expenditures					
Current:					
Instruction	-	150,932	-	-	150,932
Support services	193,597	212,856	1,003,736	201,887	1,612,076
Nutrition services	7,648,300	-	-	-	7,648,300
Community services	-	801,917	-	-	801,917
Capital outlay	23,928	-	-	340,131	364,059
Total expenditures	7,865,825	1,165,705	1,003,736	542,018	10,577,284
Excess of Revenue Over (Under) Expenditures	842,062	293,967	(28,021)	(513,794)	594,214
Other Financing Uses - Transfers out	(200,000)	(293,967)	-	-	(493,967)
Net Change in Fund Balances	642,062	-	(28,021)	(513,794)	100,247
Fund Balances - Beginning of year	3,264,940	-	647,961	1,259,322	5,172,223
Fund Balances - End of year	**$ 3,907,002**	**$ -**	**$ 619,940**	**$ 745,528**	**$ 5,272,470**

Years Ending June 30	2010 Unlimited Tax Series B Principal	2016 Refunding Bonds Series A Principal	2016 Refunding Bonds Series B Principal	2016 Building and Site Bonds Series A Principal	2017 Refunding Bonds Principal	2018 Building and Site Bonds Principal	2019 Building and Site Bonds Principal	2021 Refunding Bonds Principal	2022 Building and Site Bonds Principal	Total
2024	$ -	$ -	$ 5,695,000	$ 935,000	$ 1,120,000	$ 875,000	$ 825,000	$ 525,000	$ 1,675,000	$ 11,650,000
2025	-	1,895,000	4,015,000	1,160,000	1,100,000	875,000	825,000	555,000	1,950,000	12,375,000
2026	-	6,080,000	-	1,335,000	1,100,000	900,000	975,000	505,000	-	10,895,000
2027	15,000,000	1,940,000	-	4,035,000	1,070,000	950,000	1,375,000	650,000	1,000,000	26,020,000
2028	-	2,050,000	-	4,235,000	-	1,000,000	1,875,000	1,010,000	1,000,000	11,170,000
2029	-	2,155,000	-	4,435,000	-	1,025,000	2,000,000	1,005,000	1,025,000	11,645,000
2030	-	2,265,000	-	4,660,000	-	1,050,000	2,100,000	1,025,000	1,100,000	12,200,000
2031	-	2,375,000	-	4,910,000	-	1,075,000	2,200,000	1,050,000	1,150,000	12,760,000
2032	-	2,485,000	-	5,135,000	-	1,100,000	2,300,000	1,085,000	1,200,000	13,305,000
2033	-	2,595,000	-	5,410,000	-	1,125,000	2,400,000	1,105,000	1,275,000	13,910,000
2034	-	2,705,000	-	5,685,000	-	1,175,000	2,500,000	1,110,000	1,375,000	14,550,000
2035	-	2,740,000	-	5,960,000	-	1,200,000	2,600,000	1,110,000	1,500,000	15,110,000
2036	-	-	-	6,000,000	-	1,250,000	2,700,000	-	3,800,000	13,750,000
2037	-	-	-	-	-	1,300,000	2,850,000	-	4,575,000	8,725,000
2038	-	-	-	-	-	1,300,000	3,000,000	-	4,800,000	9,100,000
2039	-	-	-	-	-	-	3,100,000	-	5,050,000	8,150,000
2040	-	-	-	-	-	-	-	-	5,300,000	5,300,000
2041	-	-	-	-	-	-	-	-	5,550,000	5,550,000
2042	-	-	-	-	-	-	-	-	5,735,000	5,735,000
Total remaining payments	**$ 15,000,000**	**$ 29,285,000**	**$ 9,710,000**	**$ 53,895,000**	**$ 4,390,000**	**$ 16,200,000**	**$ 33,625,000**	**$ 10,735,000**	**$ 49,060,000**	**$ 221,900,000**
Principal payments due	May 1	May 1	May 1	May 1	May 1	May 1	May 1	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	6.375%	5.0%	5.0%	5.0%	4.0%	4.0% to 5.0%	5.0%	0.48% to 2.25%	5.0%	
Original issue	**$ 15,000,000**	**$ 29,285,000**	**$ 25,755,000**	**$ 61,335,000**	**$ 8,420,000**	**$ 18,040,000**	**$ 36,600,000**	**$ 13,565,000**	**$ 50,060,000**	