
Wayland Union Schools

**Financial Report
with Supplementary Information
June 30, 2024**

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements	
District-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenue, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Notes to Financial Statements	15-34
Required Supplementary Information	35
Budgetary Comparison Schedule - General Fund	36
Schedule of the School District's Proportionate Share of the Net Pension Liability	37
Schedule of the School District's Pension Contributions	38
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability	39
Schedule of OPEB Contributions	40
Notes to Required Supplementary Information	41-42
Other Supplementary Information	43
Nonmajor Governmental Funds:	
Combining Balance Sheet	44
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	45
Schedule of Bonded Indebtedness	46
Federal Awards Supplementary Information	Issued Under Separate Cover

Independent Auditor's Report

To the Board of Education
Wayland Union 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 Wayland Union Schools (the "School District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Wayland Union 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 Wayland Union Schools as of June 30, 2024 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Education
Wayland Union 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayland Union 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
Wayland Union Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2024 on our consideration of Wayland Union 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 Wayland Union 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 Wayland Union Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 9, 2024

This section of the annual financial report for Wayland Union Schools (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2024. 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 Wayland Union Schools financially as a whole. The district-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 district-wide financial statements by providing information about the School District's most significant funds, the General Fund, the Common Debt Retirement Fund, and the 2023 Bond Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

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

Schedule of the School District's Pension Contributions

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

Schedule of OPEB Contributions

Other Supplementary Information

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

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

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

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

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Assets		
Current and other assets	\$ 37.0	\$ 36.3
Capital assets	64.9	60.5
Total assets	101.9	96.8
Deferred Outflows of Resources	20.9	27.0
Liabilities		
Current liabilities	9.8	5.1
Noncurrent liabilities	63.6	69.1
Net pension liability	57.6	67.8
Net OPEB liability	-	3.8
Total liabilities	131.0	145.8
Deferred Inflows of Resources	17.8	12.8
Net Position (Deficit)		
Net investment in capital assets	17.4	12.1
Restricted	3.2	1.9
Unrestricted	(46.6)	(48.8)
Total net position (deficit)	\$ (26.0)	\$ (34.8)

Wayland Union Schools

Management's Discussion and Analysis (Continued)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(26.0) million at June 30, 2024. Net investment in capital assets totaling \$17.4 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, \$(46.6) million, was unrestricted.

The \$(46.6) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension liabilities and OPEB assets from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension liabilities and OPEB assets will have significant impacts 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, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.5	\$ 1.1
Operating grants	14.4	11.6
General revenue:		
Taxes	12.0	11.2
State aid not restricted to specific purposes	22.2	21.5
Other	4.7	2.6
Total revenue	53.8	48.0
Expenses		
Instruction	22.0	22.3
Support services	15.9	15.2
Athletics	1.0	1.0
Food services	2.6	2.4
Community services	0.4	0.4
Interdistrict payments	0.4	0.5
Debt service	2.7	1.9
Total expenses	45.0	43.7
Change in Net Position	8.8	4.3
Net Position (Deficit) - Beginning of year	(34.8)	(39.1)
Net Position (Deficit) - End of year	<u>\$(26.0)</u>	<u>\$(34.8)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$45.0 million. Certain activities were partially funded from those who benefited from the programs (\$0.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$14.4 million). We paid for the remaining public benefit portion of our governmental activities with \$12.0 million in taxes, \$22.2 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

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 \$26.3 million, which is a decrease of \$5.0 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, fund balance decreased by approximately \$112,000 to \$8.0 million.

Combined, the fund balance of our capital project funds decreased by approximately \$4.5 million to \$17.1 million. The decrease is primarily due to the increased activity within the 2023 Building and Site Bond series that was issued during 2023. The projects included our Soccer Stadium, Pine St. Gym Bathrooms, and the Middle School Roof and Windows.

Combined, the fund balance of our special revenue funds decreased by approximately \$188,000 in the current year.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2024. 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. The School District increased budgeted amounts during the year in response to revenue changes and to reflect approved expenditures.

Significant variances between the final budget and actual amounts are disclosed in the notes to the financial statements (refer to Note 3).

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the School District had \$64.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$4.4 million, or 7.3 percent, from last year.

	2024	2023
Land	\$ 844,605	\$ 844,605
Construction in progress	5,823,790	-
Buildings and improvements	87,754,812	87,200,812
Furniture and equipment	6,750,418	6,390,893
Buses and other vehicles	2,228,488	2,096,835
Site improvements	6,184,368	6,086,058
Total capital assets	109,586,481	102,619,203
Less accumulated depreciation	44,655,475	42,086,889
Total capital assets - Net of accumulated depreciation	\$ 64,931,006	\$ 60,532,314

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 \$54.3 million in bonds outstanding versus \$59.0 million in the previous year, a change of 8.0 percent. The bonds and other long-term liabilities consisted of the following:

	2024	2023
General obligation bonds	\$ 54,325,000	\$ 59,000,000
Premium on bonds and deferred amount on refunding	5,218,617	5,833,939
School bond loan and School Loan Revolving Fund	3,369,939	3,763,986
Installment purchase agreements and financed purchase debt	281,847	555,621
Compensated absences	40,748	37,286
Arbitrage liability	335,069	-
Total	<u>\$ 63,571,220</u>	<u>\$ 69,190,832</u>

The School District's general obligation bond rating continues to be AA-, as determined by Standard & Poor's. The School District's issuer credit rating is A+. 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.

We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2024-2025 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2024-2025 budget was adopted in June 2024 based on an estimate of students who will enroll in September 2024. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2024 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2024-2025 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

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

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the assistant superintendent of finance and operations at 850 Superior Street, Wayland, MI 49348.

June 30, 2024

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 8,155,467
Receivables:	
Property taxes receivable	120,289
Other receivables	1,403,944
Due from other governments	5,982,003
Inventory	98,411
Prepaid expenses and other assets	114,874
Restricted assets (Note 9)	20,050,198
Net OPEB asset (Note 11)	993,450
Capital assets: (Note 6)	
Assets not subject to depreciation	6,668,395
Assets subject to depreciation - Net	58,262,611
Total assets	101,849,642
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 8)	700,444
Deferred pension costs (Note 11)	16,632,390
Deferred OPEB costs (Note 11)	3,574,192
Total deferred outflows of resources	20,907,026
Liabilities	
Accounts payable	4,511,922
Accrued liabilities and other	3,884,823
Unearned revenue (Note 5)	1,465,919
Noncurrent liabilities:	
Due within one year (Note 8)	6,358,753
Due in more than one year (Note 8)	57,212,467
Net pension liability (Note 11)	57,579,132
Total liabilities	131,013,016
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	3,456,019
Deferred pension cost reductions (Note 11)	6,328,023
Deferred OPEB cost reductions (Note 11)	7,973,552
Total deferred inflows of resources	17,757,594
Net Position (Deficit)	
Net investment in capital assets	17,363,679
Restricted:	
Net OPEB asset	993,450
Capital projects	2,187,201
Unrestricted	(46,558,272)
Total net position (deficit)	\$ (26,013,942)

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 22,066,324	\$ -	\$ 7,387,717	\$ (14,678,607)
Support services	15,933,828	6,878	4,925,144	(11,001,806)
Athletics	963,015	66,041	-	(896,974)
Food services	2,574,455	264,066	2,034,892	(275,497)
Community services	396,560	195,633	-	(200,927)
Payments to other public schools (ISDs and LEAs)	379,347	-	-	(379,347)
Interest	2,357,812	-	-	(2,357,812)
Other debt costs	337,219	-	-	(337,219)
Total primary government	\$ 45,008,560	\$ 532,618	\$ 14,347,753	(30,128,189)
General revenue:				
Taxes:				
Property taxes levied for general purposes				4,533,265
Property taxes levied for debt service				7,472,746
State aid not restricted to specific purposes				22,218,954
Federal grants and contributions not restricted to specific purposes				71,681
Interest and investment earnings				1,148,168
Gain on sale of capital assets				12,400
Other:				
Casino revenue sharing payment in lieu of taxes				1,975,872
Other income				1,456,198
Total general revenue				<u>38,889,284</u>
Change in Net Position				8,761,095
Net Position (Deficit) - Beginning of year				<u>(34,775,037)</u>
Net Position (Deficit) - End of year				<u>\$ (26,013,942)</u>

Wayland Union Schools

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	Common Debt Retirement Fund	2023 Bond Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 6,970,268	\$ -	\$ -	\$ 1,185,199	\$ 8,155,467
Receivables:					
Property taxes receivable	23,632	96,657	-	-	120,289
Other receivables	1,387,478	-	-	16,466	1,403,944
Due from other governments	5,982,003	-	-	-	5,982,003
Inventory	58,117	-	-	40,294	98,411
Prepaid expenses and other assets	114,874	-	-	-	114,874
Restricted assets (Note 9)	-	38,983	17,824,014	2,187,201	20,050,198
Total assets	\$ 14,536,372	\$ 135,640	\$ 17,824,014	\$ 3,429,160	\$ 35,925,186
Liabilities					
Accounts payable	\$ 1,609,182	\$ -	\$ 2,896,382	\$ 6,358	\$ 4,511,922
Accrued liabilities and other	3,475,144	-	-	1,485	3,476,629
Unearned revenue (Note 5)	1,441,760	-	-	24,159	1,465,919
Total liabilities	6,526,086	-	2,896,382	32,002	9,454,470
Deferred Inflows of Resources -					
Unavailable revenue (Note 5)	-	161,657	-	-	161,657
Total liabilities and deferred inflows of resources	6,526,086	161,657	2,896,382	32,002	9,616,127
Fund Balances (Deficit)					
Nonspendable:					
Inventory	58,117	-	-	40,294	98,411
Prepaid assets	114,874	-	-	-	114,874
Restricted:					
Capital projects	-	-	14,927,632	2,187,201	17,114,833
Food service	-	-	-	909,439	909,439
Committed - Student activities	-	-	-	260,224	260,224
Unassigned	7,837,295	(26,017)	-	-	7,811,278
Total fund balances (deficit)	8,010,286	(26,017)	14,927,632	3,397,158	26,309,059
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 14,536,372	\$ 135,640	\$ 17,824,014	\$ 3,429,160	\$ 35,925,186

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 26,309,059
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	109,586,481
Accumulated depreciation	<u>(44,655,475)</u>
Net capital assets and lease assets used in governmental activities	64,931,006
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	161,657
Deferred inflows and outflows related to bond refundings are not reported in the funds	700,444
Long-term obligations and related premiums, including bonds payable, installment purchase agreements, and the school loan revolving funds, are not due and payable in the current period and are not reported in the funds	(63,195,403)
Accrued interest is not due and payable in the current period and is not reported in the funds	(408,194)
Some employee fringe benefits provide benefit (or are payable) over a long period of years and do not represent a benefit to (or a claim on) current financial resources; therefore, they are not reported as fund assets (liabilities):	
Employee compensated absences	(40,748)
Net pension liability and related deferred inflows and outflows	(47,274,765)
Net OPEB asset (liability) and related deferred inflows and outflows	(3,405,910)
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	(3,456,019)
Other long-term liabilities, consisting of arbitrage rebate liabilities, do not present a claim on current financial resources and are not reported as fund balance	<u>(335,069)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (26,013,942)</u>

Wayland Union Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	General Fund	Common Debt Retirement Fund	2023 Bond Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 8,008,270	\$ 7,526,756	\$ 941,452	\$ 662,988	\$ 17,139,466
State sources	30,615,440	-	-	909,590	31,525,030
Federal sources	913,263	-	-	1,215,380	2,128,643
Interdistrict sources	1,577,367	-	-	-	1,577,367
Total revenue	41,114,340	7,526,756	941,452	2,787,958	52,370,506
Expenditures					
Current:					
Instruction	22,899,546	-	-	-	22,899,546
Support services	13,962,953	-	-	773,853	14,736,806
Athletics	1,043,618	-	-	-	1,043,618
Food services	-	-	-	2,199,513	2,199,513
Community services	414,108	-	-	-	414,108
Payments to other public schools (ISDs and LEAs)	379,347	-	-	-	379,347
Debt service:					
Principal	-	5,074,767	-	273,774	5,348,541
Interest	-	2,653,309	-	15,130	2,668,439
Other debt costs	-	2,150	-	-	2,150
Capital outlay	1,439,268	-	5,721,073	563,044	7,723,385
Total expenditures	40,138,840	7,730,226	5,721,073	3,825,314	57,415,453
Excess of Revenue Over (Under) Expenditures	975,500	(203,470)	(4,779,621)	(1,037,356)	(5,044,947)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	12,400	-	-	-	12,400
Transfers in (Note 7)	-	-	-	1,099,770	1,099,770
Transfers out (Note 7)	(1,099,770)	-	-	-	(1,099,770)
Total other financing (uses) sources	(1,087,370)	-	-	1,099,770	12,400
Net Change in Fund Balances	(111,870)	(203,470)	(4,779,621)	62,414	(5,032,547)
Fund Balances - Beginning of year	8,122,156	177,453	19,707,253	3,334,744	31,341,606
Fund Balances - End of year	<u>\$ 8,010,286</u>	<u>\$ (26,017)</u>	<u>\$ 14,927,632</u>	<u>\$ 3,397,158</u>	<u>\$ 26,309,059</u>

Governmental Funds

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

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ (5,032,547)
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	7,124,682
Depreciation expense	<u>(2,725,990)</u>
Total	4,398,692
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	(20,599)
Revenue in support of pension contributions made subsequent to the measurement date	1,407,348
Repayment of bond principal and installment purchase obligations is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	5,778,716
Interest expense is recognized in the district-wide statements as it accrues	(119,548)
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	2,684,102
Arbitrage rebate costs that do not use current financial resources are not reported as expenditures in the governmental funds	<u>(335,069)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 8,761,095</u></u>

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the district-wide perspective and the fund-based perspective. The district-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 School District. The district-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) operating grants and contributions. 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 district-wide financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Fund Accounting

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.

Note 2 - Significant Accounting Policies (Continued)

- The Common Debt Retirement Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on the long-term debt issued by the School District.
- The 2023 Bond Fund is used to record capital outlay expenditures related to the 2023 Building and Site Bonds issued in 2023.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's nonmajor special revenue funds are the Food Service and the Student Activity funds. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from state and federal sources. Revenue sources for the Student Activity Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by this activity 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.

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 district-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In the 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 district-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

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

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

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

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

Cash and investments 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 the investment in the MILAF MAX Class, which is valued at amortized cost.

The School District holds certificates of deposit that have maturity dates of one year or less. Interest is accrued as earned, and, if the cash is withdrawn prior to maturity, the accrued interest is forfeited. The interest rate was 5.03 percent.

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 district-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 project funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent Public Act 177 funds required to be set aside for capital outlays

Capital Assets

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

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

Asset Class	Depreciable Life - Years
Buildings and improvements	20 to 50 years
Furniture and equipment	5 to 20 years
Vehicles	5 to 10 years
Site improvements	10 to 20 years

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the straight-line 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 debt service funds are generally used to liquidate governmental long-term debt.

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

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

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

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

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 district-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

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

Fund Balance Policies

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

Note 2 - Significant Accounting Policies (Continued)

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the 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.

Property Tax Revenue

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by Allegan County, Michigan; Barry County, Michigan; and Kent County, Michigan and remitted to the School District by May 15.

The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

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. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

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 Pronouncements

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.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 9, 2024, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds, except that capital outlay is budgeted by function. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District increased budgeted amounts during the year in response to revenue changes and to reflect approved expenditures.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

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

	Budget	Actual
General administration	\$ 523,596	\$ 578,371
Operations and maintenance	3,422,887	4,108,422
Central	1,193,696	1,320,794

Fund Deficits

The School District had a fund balance deficit in the Common Debt Retirement Fund of \$26,017 at June 30, 2024. The deficit occurred because property taxes intended to support the debt retirement expenditures will not be collected until fiscal year 2025; however, expenditures were incurred during fiscal year 2024.

Capital Projects Funds Compliance

The 2023 Bond Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has one investment account as of June 30, 2024.

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

Note 4 - Deposits and Investments (Continued)

The School District's cash and investments are subject to 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 does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits of approximately \$891,000 (checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amount of cash deposits and 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 policy for custodial credit risks states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, as described in the policy, 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. 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 minimizes interest rate risk by requiring the board to apply the following methods to assess and control such risks: segmented timed distribution, specific identification, weighted-average maturity, duration, and simulation model. The School District's policy does not address more specific ways to minimize interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2024, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund - Cash management	\$ 6,389,134	AAAm	S&P
Michigan Liquid Asset Fund - MAX Class	8,509,880	AAAm	S&P
Michigan Liquid Asset Fund - Term	2,925,000	AAAf	Fitch

Investment Restrictions

The Michigan Liquid Asset Fund MAX Class investment may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. In addition, redemptions made prior to the 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. The Michigan Liquid Asset Fund - Cash management investment has no limitations or restrictions on participant withdrawals except for a 1-day minimum investment period.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District does not have any investments subject to concentration of credit risk.

Note 4 - Deposits and Investments (Continued)

Foreign Currency Risk

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

Fair Value Measurements

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

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

The School District does not have any investments within the fair value hierarchy mentioned above as of June 30, 2024:

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

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares in the Michigan Liquid Asset Fund (MILAF) Term Series whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of June 30, 2024, the net asset value of the School District's investment in the MILAF Term Series was \$2,925,000. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date set upon initiation of the investment. Early redemptions are permitted; however, an early redemption fee would apply.

The valuation method for the Michigan Liquid Asset Fund Term investment portfolio measured at the net asset value (NAV) per share (or its equivalent) is principally based on the use of prices that are quoted in active markets for the respective securities. The Michigan Liquid Asset Fund Term investment portfolio invests in U.S. Treasury obligations, federal agency obligations of the U.S. government or obligations of the State of Michigan, high-grade commercial paper (rated prime at the time of purchase or better), U.S. government or federal agency obligation repurchase agreements, and approved money market funds. The portfolio is designed to provide a fixed rate, fixed term investment with a minimum maturity of 60 days and a maximum maturity of one year. The investment strategy of the portfolio is to match the cash flows required to meet the planned redemptions according to the master construction schedule.

Notes to Financial Statements

June 30, 2024

Note 5 - Unavailable and 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, 2024, the components of unavailable and unearned revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	\$ 161,657	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	1,465,919

Note 6 - Capital Assets

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

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 844,605	\$ -	\$ -	\$ -	\$ 844,605
Construction in progress	-	-	5,823,790	-	5,823,790
Subtotal	844,605	-	5,823,790	-	6,668,395
Capital assets being depreciated:					
Site improvements	6,086,058	-	98,310	-	6,184,368
Buildings and improvements	87,200,812	-	554,000	-	87,754,812
Furniture and equipment	6,390,893	-	359,525	-	6,750,418
Vehicles	2,096,835	-	289,057	(157,404)	2,228,488
Subtotal	101,774,598	-	1,300,892	(157,404)	102,918,086
Accumulated depreciation:					
Land improvements	3,092,456	-	304,303	-	3,396,759
Buildings and improvements	34,200,328	-	1,934,115	-	36,134,443
Furniture and equipment	3,730,246	-	255,214	-	3,985,460
Vehicles	1,063,859	-	232,358	(157,404)	1,138,813
Subtotal	42,086,889	-	2,725,990	(157,404)	44,655,475
Net capital assets being depreciated	59,687,709	-	(1,425,098)	-	58,262,611
Net governmental activities capital assets	<u>\$ 60,532,314</u>	<u>\$ -</u>	<u>\$ 4,398,692</u>	<u>\$ -</u>	<u>\$ 64,931,006</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 872,317
Support services	1,417,515
Food services	436,158
Total governmental activities	<u>\$ 2,725,990</u>

June 30, 2024

Note 6 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Triangle Associates, Inc. - High school roof and parking lots	\$ 777,710	\$ 730,476
Triangle Associates, Inc. - Pine St Grm - Bathroom remodel	321,130	173,672
Triangle Associates, Inc. - Middle school roof and windows	1,956,739	2,165,315
Triangle Associates, Inc. - Middle school soccer stadium	1,209,661	528,673
Total	<u>\$ 4,265,240</u>	<u>\$ 3,598,136</u>

Note 7 - Interfund Receivables, Payables, and Transfers

Interfund balances represent routine and temporary cash flow assistance until amounts are transferred from investment accounts.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Public Improvement Fund	\$ 845,976
	Act 177 Fund	250,000
	Food Service Fund	3,794
	Total	<u>\$ 1,099,770</u>

The operating transfer from the General Fund is to provide support for non-bond-funded capital projects to the Public Improvement Fund. The transfer from the General Fund to the Act 177 Fund is to fund the construction of future capital projects.

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Direct borrowings and direct placements - School Loan Revolving Fund:	\$ 3,763,986	\$ 163,153	\$ (557,200)	\$ 3,369,939	\$ -
Other debt - General obligations	59,000,000	-	(4,675,000)	54,325,000	5,470,000
Unamortized bond premiums	5,833,939	-	(615,322)	5,218,617	606,906
Total bonds payable	68,597,925	163,153	(5,847,522)	62,913,556	6,076,906
Compensated absences	37,286	3,462	-	40,748	-
Direct borrowing - Installment purchase agreements	555,621	-	(273,774)	281,847	281,847
Arbitrage liability	-	335,069	-	335,069	-
Total governmental activities long-term debt	<u>\$ 69,190,832</u>	<u>\$ 501,684</u>	<u>\$ (6,121,296)</u>	<u>\$ 63,571,220</u>	<u>\$ 6,358,753</u>

Note 8 - Long-term Debt (Continued)

The School District had deferred outflows of \$700,444 related to deferred charges on bond refundings at June 30, 2024.

General Obligation Bonds and Contracts

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 pledge the full faith and credit of the School District. All of the School District's bonds are qualified and, thus, 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. Installment purchase agreements are also general obligations of the School District. General obligations outstanding at June 30, 2024 are as follows:

Purpose	Remaining Annual Installments	Interest Rates - Percent	Maturing	Outstanding
\$22,455,000 general obligation unlimited tax and refunding bonds (2016 Series A)	\$2,795,000-\$3,145,000	5.00	May 2028	\$ 11,855,000
\$16,780,000 general obligation unlimited tax bonds (2018)	\$350,000-\$1,150,000	5.00	May 2042	15,125,000
\$5,385,000 general obligation unlimited tax and refunding bonds (2019)	\$1,325,000-\$1,370,000	2.16 - 2.39	May 2028	5,385,000
\$5,035,000 general obligation unlimited tax and refunding bonds (2021)	\$1,000,000-\$1,015,000	2.00	May 2028	4,035,000
\$18,275,000 2023 School Building & Site Bonds (2023 Series I)	\$550,000-\$1,245,000	5.00	May 2048	<u>17,925,000</u>
Total				<u>\$ 54,325,000</u>
Direct borrowing - \$2,500,000 installment purchase agreement (2014)	\$281,847	2.72	July 2024	\$ 281,847

Other Long-term Liabilities

Compensated absences attributable to the governmental activities and the net pension liability and the net OPEB liability will be liquidated from the funds from which the employees' salaries are paid, generally the General Fund.

Note 8 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 5,751,847	\$ 2,442,514	\$ 8,194,361
2026	5,620,000	2,243,318	7,863,318
2027	5,780,000	2,029,360	7,809,360
2028	5,955,000	1,806,556	7,761,556
2029	1,300,000	1,575,000	2,875,000
2030-2034	7,400,000	6,843,750	14,243,750
2035-2039	9,190,000	4,818,500	14,008,500
2040-2044	8,635,000	2,401,500	11,036,500
2045-2049	4,975,000	622,250	5,597,250
Total	<u>\$ 54,606,847</u>	<u>\$ 24,782,748</u>	<u>\$ 79,389,595</u>

School Loan Revolving Fund

The School Loan Revolving Fund payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005 (the "Act"), as amended. The School Loan Revolving Fund is accessible to school districts for borrowings that initiated after July 19, 2005. Interest during the year ended June 30, 2024 ranged from 4.14 to 4.59 percent. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2030. Due to the variability of the factors that affect the timing of repayment, including the future amount of state equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule. The School Loan Revolving Fund principal and interest outstanding balances at June 30, 2024 were \$3,277,919 and \$92,020, respectively.

Bond Refunding

In previous years, the School District defeased certain bonds by completing advance refundings. As of June 30, 2024, there is still \$11,875,000 of bonds outstanding that are considered defeased and continue to be serviced with the related refunding bond proceeds that are held in trust.

Note 9 - Restricted Assets

At June 30, 2024, restricted assets are composed of the following:

Unspent bond proceeds and related interest	\$ 17,824,014
Unspent debt service funds	38,983
Unspent Act 177 capital project funds	<u>2,187,201</u>
Total	<u>\$ 20,050,198</u>

Note 10 - Risk Management

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

The School District participates in the MASB-SEG Property Casualty Pool program. This program provides substantially all the insurance needs of the School District, including property, general liability, automobile, and umbrella. The contributions made by the School District fund the program at rates predicated on expected losses, excess insurance premium contribution, and administration costs, including appropriate state assessment. The members of the trust have contributed amounts sufficient to fund individual and aggregate losses of up to \$1,000,000 each, along with \$5,000,000 umbrella coverage. The expenditures for the year were approximately \$146,000.

The School District is insured under the Michigan Workers' Disability Compensation Act through the SEG Workers' Compensation Fund. The fund (risk-sharing pool) pays the first \$1,000,000 of any workers' compensation and \$1,500,000 of employers' liability exposure. The expenditures for the year were approximately \$52,000.

Note 11 - 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.

Depending on the member's date of hire, MPERS 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.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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

Note 11 - 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, 2024 were \$7,686,193, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the School District's required and actual pensions contributions include an allocation of \$3,456,049 in revenue received from the State of Michigan.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$1,624,258, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2024, the School District reported a liability of \$57,579,132 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. 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, 2023 and 2022, the School District's proportion was 0.1779 and 0.1801 percent, respectively, representing a change of (1.25) percent.

Net OPEB Asset

At June 30, 2024, the School District reported an asset of \$993,450 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated asset to September 30, 2023. The School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2023 and 2022, the School District's proportion was 0.1756 and 0.1794 percent, respectively, representing a change of (2.13) percent.

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

For 2024, the School District recognized pension expense of \$7,659,835, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, 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	\$ 1,817,598	\$ (88,202)
Changes in assumptions	7,802,234	(4,498,591)
Net difference between projected and actual earnings on pension plan investments	-	(1,178,255)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	417,455	(562,975)
The School District's contributions to the plan subsequent to the measurement date	6,595,103	-
Total	<u>\$ 16,632,390</u>	<u>\$ (6,328,023)</u>

Note 11 - Michigan Public School Employees' Retirement System (Continued)

The \$3,456,019 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, 2025. 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
2025	\$ 1,390,624
2026	834,125
2027	2,389,810
2028	<u>(905,295)</u>
Total	<u>\$ 3,709,264</u>

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, 2024, the School District recognized OPEB recovery of \$1,539,497.

At June 30, 2024, 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	\$ -	\$ (7,507,020)
Changes in assumptions	2,211,593	(266,318)
Net difference between projected and actual earnings on OPEB plan investments	3,029	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	218,433	(200,214)
Employer contributions to the plan subsequent to the measurement date	<u>1,141,137</u>	<u>-</u>
Total	<u>\$ 3,574,192</u>	<u>\$ (7,973,552)</u>

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 asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2025	\$ (1,721,030)
2026	(1,682,121)
2027	(698,295)
2028	(657,429)
2029	(516,917)
Thereafter	<u>(264,705)</u>
Total	<u>\$ (5,540,497)</u>

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB asset as of September 30, 2023 are based on the results of an actuarial valuation as of September 30, 2022 and rolled forward. The total pension liability and OPEB asset 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	6.25% - 7.50%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100% (retirees: 116% for males and 116% for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
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 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Significant assumption changes since the prior measurement date, September 30, 2022, for the pension and OPEB plans include a decrease in the health care cost trend rate of 0.25 percent for members under 65 and an increase of 1.0 percent for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

Discount Rate

The discount rate used to measure the total pension and OPEB asset was 6.00 percent as of September 30, 2023. 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 asset.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.80 %
Private equity pools	16.00	9.60
International equity pools	15.00	6.80
Fixed-income pools	13.00	1.30
Real estate and infrastructure pools	10.00	6.40
Absolute return pools	9.00	4.80
Real return/opportunistic pools	10.00	7.30
Short-term investment pools	2.00	0.30
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.7 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	\$ 77,789,238	\$ 57,579,132	\$ 40,753,487

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

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability (asset) 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 (asset) of the School District	\$ 1,029,910	\$ (993,450)	\$ (2,732,329)

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB (asset) 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 Discount Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the School District	\$ (2,736,665)	\$ (993,450)	\$ 893,280

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, 2024, the School District reported a payable of \$1,098,392 and \$170,763 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Required Supplementary Information

Wayland Union Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 6,633,605	\$ 7,568,028	\$ 8,008,270	\$ 440,242
State sources	29,764,836	31,550,757	30,615,440	(935,317)
Federal sources	918,233	600,181	913,263	313,082
Interdistrict sources	1,146,641	1,440,826	1,577,367	136,541
Total revenue	38,463,315	41,159,792	41,114,340	(45,452)
Expenditures				
Current:				
Instruction:				
Basic programs	18,043,432	19,026,953	18,859,929	(167,024)
Added needs	3,585,293	3,994,279	4,039,617	45,338
Total instruction	21,628,725	23,021,232	22,899,546	(121,686)
Support services:				
Pupil	2,564,204	2,855,387	2,741,080	(114,307)
Instructional staff	1,549,384	1,665,691	1,681,709	16,018
General administration	495,920	523,596	578,371	54,775
School administration	2,294,883	2,446,830	2,523,076	76,246
Business	509,148	504,641	489,372	(15,269)
Operations and maintenance	3,157,400	3,422,887	4,108,422	685,535
Pupil transportation services	1,790,426	1,996,578	1,806,007	(190,571)
Central	977,479	1,193,696	1,320,794	127,098
Athletics	1,466,796	1,394,053	1,069,334	(324,719)
Community services	373,370	533,464	541,782	8,318
Payments to other public schools (ISDs and LEAs)	497,061	439,190	379,347	(59,843)
Debt service	103,366	116,000	-	(116,000)
Total expenditures	37,408,162	40,113,245	40,138,840	25,595
Excess of Revenue Over Expenditures	1,055,153	1,046,547	975,500	(71,047)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	12,400	12,400	-
Transfers out	(1,055,153)	(1,058,947)	(1,099,770)	(40,823)
Total other financing uses	(1,055,153)	(1,046,547)	(1,087,370)	(40,823)
Net Change in Fund Balance	-	-	(111,870)	(111,870)
Fund Balance - Beginning of year	8,122,156	8,122,156	8,122,156	-
Fund Balance - End of year	<u>\$ 8,122,156</u>	<u>\$ 8,122,156</u>	<u>\$ 8,010,286</u>	<u>\$ (111,870)</u>

Wayland Union Schools

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

	Last Ten Plan Years Plan Years Ended September 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.17790 %	0.18015 %	0.17900 %	0.17826 %	0.17307 %	0.16662 %	0.16284 %	0.15781 %	0.15875 %	0.15476 %
School District's proportionate share of the net pension liability	\$ 57,579,132	\$ 67,751,939	\$ 42,379,902	\$ 61,235,390	\$ 57,315,124	\$ 50,089,407	\$ 42,199,409	\$ 39,372,274	\$ 38,773,528	\$ 34,087,798
School District's covered payroll	\$ 17,453,627	\$ 17,355,818	\$ 16,099,422	\$ 15,935,578	\$ 15,429,367	\$ 14,425,758	\$ 13,881,001	\$ 13,358,781	\$ 13,263,637	\$ 13,273,958
School District's proportionate share of the net pension liability as a percentage of its covered payroll	329.90 %	390.37 %	263.24 %	384.27 %	371.47 %	347.22 %	304.01 %	294.73 %	292.33 %	256.80 %
Plan fiduciary net position as a percentage of total pension liability	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Wayland Union Schools

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

	Last Ten Fiscal Years Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 7,513,241	\$ 8,313,787	\$ 6,251,574	\$ 5,433,241	\$ 4,943,731	\$ 4,610,817	\$ 4,281,929	\$ 3,812,795	\$ 3,689,628	\$ 2,858,398
Contributions in relation to the statutorily required contribution	<u>7,513,241</u>	<u>8,313,787</u>	<u>6,251,574</u>	<u>5,433,241</u>	<u>4,943,731</u>	<u>4,610,817</u>	<u>4,281,929</u>	<u>3,812,795</u>	<u>3,689,628</u>	<u>2,858,398</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$18,392,456	\$17,284,335	\$17,323,790	\$15,870,026	\$15,829,136	\$15,200,286	\$14,265,203	\$13,739,269	\$13,253,647	\$13,059,499
Contributions as a Percentage of Covered Payroll	40.85 %	48.10 %	36.09 %	34.24 %	31.23 %	30.33 %	30.02 %	27.75 %	27.84 %	21.89 %

Wayland Union Schools

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

	Last Seven Plan Years						
	Plan Years Ended September 30						
	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.17561 %	0.17943 %	0.17870 %	0.18002 %	0.17662 %	0.16955 %	0.16301 %
School District's proportionate share of the net OPEB (asset) liability	\$ (993,450)	\$ 3,800,467	\$ 2,727,692	\$ 9,644,064	\$ 12,677,290	\$ 13,477,052	\$ 14,435,350
School District's covered payroll	\$ 17,453,627	\$ 17,355,818	\$ 16,099,422	\$ 15,935,578	\$ 15,429,367	\$ 14,425,758	\$ 13,881,001
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.69)%	21.90 %	16.94 %	60.52 %	82.16 %	93.42 %	103.99 %
Plan fiduciary net position as a percentage of total OPEB (asset) liability	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Wayland Union Schools

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

	Last Seven Fiscal Years						
	Years Ended June 30						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,511,018	\$ 1,391,251	\$ 1,411,750	\$ 1,320,664	\$ 1,271,966	\$ 1,193,986	\$ 1,030,336
Contributions in relation to the statutorily required contribution	<u>1,511,018</u>	<u>1,391,251</u>	<u>1,411,750</u>	<u>1,320,664</u>	<u>1,271,966</u>	<u>1,193,986</u>	<u>1,030,336</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 18,392,456	\$ 17,284,335	\$ 17,323,790	\$ 15,870,026	\$ 15,829,136	\$ 15,200,286	\$ 14,265,203
Contributions as a Percentage of Covered Payroll	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2024

Pension Information

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:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 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. This, in addition to the actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

June 30, 2024

- 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 the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

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

Other Supplementary Information

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	Act 177 Fund	Public Improvement Fund	
Assets					
Cash and investments	\$ 920,184	\$ 265,015	\$ -	\$ -	\$ 1,185,199
Receivables - Other receivables	16,466	-	-	-	16,466
Inventory	40,294	-	-	-	40,294
Restricted assets	-	-	2,187,201	-	2,187,201
Total assets	<u>\$ 976,944</u>	<u>\$ 265,015</u>	<u>\$ 2,187,201</u>	<u>\$ -</u>	<u>\$ 3,429,160</u>
Liabilities					
Accounts payable	\$ 1,567	\$ 4,791	\$ -	\$ -	\$ 6,358
Accrued liabilities and other	1,485	-	-	-	1,485
Unearned revenue	24,159	-	-	-	24,159
Total liabilities	27,211	4,791	-	-	32,002
Fund Balances					
Nonspendable - Inventory	40,294	-	-	-	40,294
Restricted:					
Capital projects	-	-	2,187,201	-	2,187,201
Food service	909,439	-	-	-	909,439
Committed - Student activities	-	260,224	-	-	260,224
Total fund balances	949,733	260,224	2,187,201	-	3,397,158
Total liabilities and fund balances	<u>\$ 976,944</u>	<u>\$ 265,015</u>	<u>\$ 2,187,201</u>	<u>\$ -</u>	<u>\$ 3,429,160</u>

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

Year Ended June 30, 2024

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	Act 177 Fund	Public Improvement Fund	
Revenue					
Local sources	\$ 271,695	\$ 391,293	\$ -	\$ -	\$ 662,988
State sources	909,590	-	-	-	909,590
Federal sources	1,215,380	-	-	-	1,215,380
Total revenue	2,396,665	391,293	-	-	2,787,958
Expenditures					
Current:					
Support services	-	347,416	-	426,437	773,853
Food services	2,199,513	-	-	-	2,199,513
Debt service:					
Principal	-	-	-	273,774	273,774
Interest	-	-	-	15,130	15,130
Capital outlay	432,409	-	-	130,635	563,044
Total expenditures	2,631,922	347,416	-	845,976	3,825,314
Excess of Revenue (Under) Over Expenditures	(235,257)	43,877	-	(845,976)	(1,037,356)
Other Financing Sources - Transfers in	3,794	-	250,000	845,976	1,099,770
Net Change in Fund Balances	(231,463)	43,877	250,000	-	62,414
Fund Balances - Beginning of year	1,181,196	216,347	1,937,201	-	3,334,744
Fund Balances - End of year	\$ 949,733	\$ 260,224	\$ 2,187,201	\$ -	\$ 3,397,158

Other Supplementary Information
Schedule of Bonded Indebtedness

June 30, 2024

Years Ending June 30	2016 Series A	2018 Building and	2019 Refunding	2021 Refunding	2023 Building and	Total
	Refunding Bonds	Site Bonds	Bonds	Bonds	Site Bonds	
	Principal	Principal	Principal	Principal	Principal	
2025	\$ 2,795,000	\$ 350,000	\$ 1,325,000	\$ 1,000,000	\$ -	\$ 5,470,000
2026	2,895,000	375,000	1,340,000	1,010,000	-	5,620,000
2027	3,020,000	400,000	1,350,000	1,010,000	-	5,780,000
2028	3,145,000	425,000	1,370,000	1,015,000	-	5,955,000
2029	-	750,000	-	-	550,000	1,300,000
2030	-	775,000	-	-	575,000	1,350,000
2031	-	800,000	-	-	605,000	1,405,000
2032	-	850,000	-	-	635,000	1,485,000
2033	-	875,000	-	-	665,000	1,540,000
2034	-	925,000	-	-	695,000	1,620,000
2035	-	950,000	-	-	730,000	1,680,000
2036	-	1,000,000	-	-	765,000	1,765,000
2037	-	1,050,000	-	-	800,000	1,850,000
2038	-	1,075,000	-	-	840,000	1,915,000
2039	-	1,100,000	-	-	880,000	1,980,000
2040	-	1,125,000	-	-	925,000	2,050,000
2041	-	1,150,000	-	-	970,000	2,120,000
2042	-	1,150,000	-	-	1,020,000	2,170,000
2043	-	-	-	-	1,120,000	1,120,000
2044	-	-	-	-	1,175,000	1,175,000
2045	-	-	-	-	1,240,000	1,240,000
2046	-	-	-	-	1,245,000	1,245,000
2047	-	-	-	-	1,245,000	1,245,000
2048	-	-	-	-	1,245,000	1,245,000
Total remaining payments	\$ 11,855,000	\$ 15,125,000	\$ 5,385,000	\$ 4,035,000	\$ 17,925,000	\$ 54,325,000
Principal payments due	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	
Interest rate	5.00%	5.00%	2.16%-2.39%	2.00%	5.00%	
Original issue	\$ 22,455,000	\$ 16,780,000	\$ 5,385,000	\$ 5,035,000	\$ 18,275,000	