

MORLEY STANWOOD COMMUNITY SCHOOLS
ANNUAL FINANCIAL REPORT
(with required supplementary and additional information)
JUNE 30, 2024

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Morley Stanwood Community Schools
Morley, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-12 and 49-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morley Stanwood Community Schools basic financial statements. The accompanying combining fund

financial statements and financial statements of individual funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and financial statements of individual funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the bond schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2024, on our consideration of Morley Stanwood Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Morley Stanwood Community 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 Morley Stanwood Community Schools' internal control over financial reporting and compliance.

UHY LLP

Cadillac, Michigan
September 16, 2024

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

This section of Morley Stanwood Community Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

A. Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents the information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide statements distinguish functions of the District that are principally supported by state aid and property taxes (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, food service activities, school operated public library activities, community services, interest and other transactions.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds.

Governmental Funds Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand

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FOR FISCAL YEAR ENDED JUNE 30, 2024

the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in both the government-wide and the fund financial statements.

Other Information

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

C. Summary of Net Position

The following schedule summarizes the net position at fiscal years ended June 30:

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	\$ 9,763,706	\$ 14,016,265
Non Current Assets		
Capital and Right to Use Assets (Net of Accumulated Depreciation/Amortization)	23,979,246	19,401,818
Net Other Post Employment Benefits Asset	366,643	0
Total Non Current Assets	<u>24,345,889</u>	<u>19,401,818</u>
Total Assets	34,109,595	33,418,083
Deferred Outflows of Resources	<u>7,473,213</u>	<u>9,554,647</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 41,582,808</u>	<u>\$ 42,972,730</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

	2024	2023
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities	\$ 3,090,468	\$ 3,420,357
Non Current Liabilities	31,679,214	36,512,625
Total Liabilities	34,769,682	39,932,982
Deferred Inflows of Resources	6,861,453	4,984,476
Net Position		
Net Investment in Capital Assets	13,114,390	12,567,289
Restricted for Specific Purposes	985,611	470,885
Unrestricted (Deficit)	(14,148,328)	(14,982,902)
Total Net Position (Deficit)	(48,327)	(1,944,728)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 41,582,808	\$ 42,972,730

D. Analysis of Financial Position

During the fiscal year ended June 30, 2024, the District's net position increased by \$1,896,401. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation/Amortization Expense

GASB 34 and GASB 87 require school districts to maintain a record of annual depreciation/amortization expense and the accumulation of depreciation/amortization expense over time. The net increase in accumulated depreciation/amortization expense is a reduction in net position.

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation/amortization expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2024, \$1,058,302 was recorded for depreciation/amortization expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2024, \$5,635,730 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, the current year's depreciation and current year disposal of capital assets is an increase to capital assets in the amount of \$4,577,428 for the fiscal year ended June 30, 2024.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

3. Pension Expense

GASB 68 and GASB 75 require the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liabilities increase or decrease in any given year. For the year ended June 30, 2024, the District reported an increase in net position related to GASB 68 and GASB 75.

E. Results of Operations

The following schedule summarizes the results of operations, on a district-wide basis, for the years ended June 30:

	<u>2024</u>	<u>2023</u>
General Revenues		
Property Taxes	\$ 3,303,958	\$ 3,067,185
Investment Earnings	302,808	267,967
State Sources	7,286,988	7,611,242
Other	60,319	36,626
Total General Revenues	<u>10,954,073</u>	<u>10,983,020</u>
Program Revenues		
Charges for Services	105,912	92,104
Operating Grants and Contributions	7,384,498	8,964,027
Capital Grants and Contributions	27,200	0
Total Program Revenues	<u>7,517,610</u>	<u>9,056,131</u>
Total Revenues	<u>18,471,683</u>	<u>20,039,151</u>
Expenses		
Instruction	8,483,513	9,076,236
Supporting Services	6,576,304	6,328,217
Community Services	135,190	105,403
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	4,627	3,834
Interest on Long-Term Debt	317,346	333,538
Unallocated Depreciation	1,058,302	693,210
Total Expenses	<u>16,575,282</u>	<u>16,540,438</u>
Changes in Net Position	<u>\$ 1,896,401</u>	<u>\$ 3,498,713</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

F. Financial Analysis of the District's Funds

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

	2024	2023	Increase (Decrease)
Major Funds			
General Fund	\$ 5,263,101	\$ 5,515,775	\$ (252,674)
Food Service Fund	306,782	389,762	(82,980)
2020 Debt Retirement Fund	652,791	508,948	143,843
2020 Capital Projects Fund	0	51,945	(51,945)
2022 Capital Projects Fund	1,921	3,521,846	(3,519,925)
Nonmajor Funds			
Public Library Fund	80,209	86,950	(6,741)
Student Activity Fund	136,678	151,565	(14,887)
2013 School Improvement Fund	0	0	0
2010 Energy Debt Fund	0	0	0
Capital Projects Fund	957,705	1,157,180	(199,475)
Total Governmental Funds	<u>\$ 7,399,187</u>	<u>\$ 11,383,971</u>	<u>\$ (3,984,784)</u>

In 2023-2024, the General Fund experienced a decrease in fund balance of \$252,674. An increase in capital outlay expenditures was the primary reason for the decrease. The District entered into a lease agreement for the use of multiple buses which resulted in the increase in expenditures. \$26,074 of the fund balance is nonspendable for prepaid expenditures, \$1,059,774 is assigned for subsequent year budget shortfall, and the remaining \$4,177,253 is unassigned.

The Food Service Fund decreased its fund balance significantly as part of the District's spend down plan, due to having too high of a fund balance. The District spent its funds on improvements to its facilities and purchasing food service equipment. As of June 30, 2024 the Food Service Fund no longer has an excess fund balance. Of the total fund balance of \$306,782, \$11,674 is nonspendable for inventory, \$43,952 is nonspendable for prepaid expenditures, and \$251,156 is restricted for food service.

The 2020 Debt Retirement Fund increased its fund balance during the year. Property tax revenues outpaced the debt obligations, resulting in the increase. The entire fund balance is restricted for debt service.

The 2020 Capital Projects Fund is the fund the District uses to account for Series I of its 2020 bond issue. The District has spent all of these funds during the fiscal year. This fund is closed as of year-end.

The 2022 Capital Projects Fund is the fund the District uses to account for Series II of its 2020 bond issue. The District is in the process of spending down these funds on various capital projects, causing the decrease in fund balance. The entire fund balance is restricted for capital projects.

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FOR FISCAL YEAR ENDED JUNE 30, 2024

The Public Library Fund decreased its fund balance slightly during the year. Expenditures of the fund outpaced revenues, causing the decrease in fund balance. The entire fund balance is restricted for public library.

The Student Activity Fund decreased its fund balance slightly during the year as the expenditures related to student activities outpaced the revenues. The nature of these activities lend itself for expenditures and revenues to be similar each year, and that was the case in 2023-2024. The entire fund balance is assigned for student activities.

The 2013 School Improvement Debt Fund and the 2010 Energy Debt Fund have revenue or transfers that match the debt payments that the District is obligated to pay each year, therefore, typically there is no change in fund balance.

The Capital Projects Fund decreased its fund balance by \$199,475 during the year due to capital outlay expenditures exceeding investment income and transfers in from the General Fund. \$20,131 of the fund balance is committed for future contracts and the remaining \$937,574 is committed for capital projects.

G. Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies approximately 18 mills of property taxes for operations on real non-homestead properties and 6 mills of property taxes for operations on commercial non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2023-2024 fiscal year, the District levied \$2,277,655 in non-homestead property taxes.

The following table summarizes the general fund non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-Homestead Tax Levy
2023-2024	\$ 2,277,655
2022-2023	2,092,280
2021-2022	2,047,555
2020-2021	2,013,255
2019-2020	1,948,053

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FOR FISCAL YEAR ENDED JUNE 30, 2024

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's fall count and 10% of the prior year's spring count. For the 2023-2024 fiscal year, the District received \$9,608 per student FTE.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five fiscal years:

Fiscal Year	Blended Student FTE
2023-2024	989
2022-2023	1,060
2021-2022	1,079
2020-2021	1,161
2019-2020	1,181

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2024, federal, state, and other grants of this type were \$7,384,498.

H. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30. For the 2023-2024 fiscal year, the District amended the general fund budget various times throughout the year. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations.

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>	\$ 14,413,342	\$ 15,695,268	\$ 15,378,535
<u>EXPENDITURES</u>			
Instruction	\$ 9,122,515	\$ 9,308,648	\$ 9,280,209
Supporting Services	5,792,342	6,001,022	7,450,620
Community Services	49,931	60,245	60,245
Debt Service	291,005	291,005	291,005
Total Expenditures	\$ 15,255,793	\$ 15,660,920	\$ 17,082,079

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FOR FISCAL YEAR ENDED JUNE 30, 2024

The revenue budget was amended once it became clear how much the District would receive in state and federal funding. The expenditures were amended because a lot of the expenditures are revenue driven and once the revenue picture became clearer, the District was able to allocate additional funds for expenditures it had not allocated for in its original budget. Expenditures were also reallocated between functions.

The variance between budgeted and actual revenues is mainly due to the District budgeting for more revenue than what was actually received for federal sources.

The variance between budgeted and actual expenditures was due to the District not budgeting for the lease of multiple buses which ended up being expensed.

I. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2024, the District has \$35,337,197 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment including leased equipment. Depreciation/amortization expense for the year amounted to \$1,058,302 bringing the accumulated depreciation/amortization to \$11,357,951 as of June 30, 2024. The District expended \$5,635,730 on capital items during the year, with the majority of that amount (\$3,766,057) coming from its bond proceeds for various building upgrades. Office furniture and food service equipment (\$55,049), multiple buses (\$1,645,840), and various other building and site improvements (\$168,784) made up the rest of the capital items. The District is committed to spend approximately \$927,000 related to its bond project in 2024-2025.

2. Long-Term Obligations

At June 30, 2024, the District had \$9,008,000 in general obligation bonds outstanding. This represents a decrease of \$750,000 from the amount outstanding at the close of the prior fiscal year. The District also reports a net pension liability of \$21,400,815. The District reports a liability for compensated absences of \$103,748 at June 30, 2024 and the District also had \$1,235,143 in notes from direct borrowings and direct placements outstanding at June 30, 2024. More information regarding the long-term obligations of the District can be found in the footnotes to the report.

J. Factors Bearing on the District's Future

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

- The District continues to monitor the pupil count, as that remains the driving force behind its state revenue stream. The District is optimistic that because of its upgraded facilities and programs that the student count will remain stable or even increase.
- Certain one-time funding sources, primarily Federal funding, due to pandemic recovery efforts have been exhausted. As these funding sources go away, it is unlikely that the revenue received from these sources

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

will be made up. The District will be cognizant of a drop in revenues and the impact these lost revenues have on the fund balance of the General Fund.

- Supply chain shortages for many supplies and products that are used in day-to-day activities still exist and the District is doing what it can to mitigate these shortages.
- Staffing certain positions throughout the District remains a challenge the District faces. The District is doing what it can to make the District attractive to prospective employees.
- In August 2020, voters in the District approved a bond proposal. The bond proposal will provide district-wide improvements to address identified and ongoing facility needs based on detailed strategic planning, facility assessments, and community input. The bond proposal was developed to create safe and modern schools and address the aging facilities; the school buildings are between 25 and 60 years old. The District received its first series of these bonds in 2020-2021 and began putting those dollars to work immediately. In 2021-2022, the District received its second series of bonds. The District will issue the another series of the bond in fiscal year 2024-2025.

K. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Morley Stanwood Community Schools, 4700 Northland Drive, Morley, Michigan 49336.

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 6,798,511
Accounts Receivable	93,444
Due from Other Governments	2,788,130
Inventories	11,674
Restricted Investments	1,921
Prepaid Expense	70,026
Total Current Assets	<u>9,763,706</u>
<u>NON CURRENT ASSETS</u>	
Capital and Right to Use Assets (Net of Accumulated Depreciation/Amortization)	
Assets Being Depreciated/Amortized	23,979,246
Net Other Postemployment Benefits Asset	366,643
Total Non Current Assets	<u>24,345,889</u>
TOTAL ASSETS	<u>34,109,595</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to Other Postemployment Benefits	1,320,192
Deferred Outflows of Resources Related to Pensions	6,153,021
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>7,473,213</u>

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

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts and Retainage Payable	452,765
Due to Other Governments	2,306
Accrued Interest Payable	33,823
Salaries and Fringes Payable	1,123,822
Unearned Revenue	785,626
Current Portion of Non Current Liabilities	692,126
Total Current Liabilities	<u>3,090,468</u>
<u>NON CURRENT LIABILITIES</u>	
Bonds Payable - Net	9,631,634
Lease Liability	1,235,143
Compensated Absences	103,748
Net Pension Liability	21,400,815
Less Current Portion of Non Current Liabilities	(692,126)
Total Non Current Liabilities	<u>31,679,214</u>
TOTAL LIABILITIES	<u>34,769,682</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources Related to Other Postemployment Benefits	3,028,032
Deferred Inflows of Resources Related to Pensions	3,833,421
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,861,453</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	13,114,390
Restricted for Debt Service	618,968
Restricted for Net Other Postemployment Benefits	366,643
Unrestricted (Deficit)	<u>(14,148,328)</u>
TOTAL NET POSITION (Deficit)	<u>\$ (48,327)</u>

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

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 8,483,513	\$ 0	\$ 3,700,405	\$ 0	\$ (4,783,108)
Supporting Services	6,576,304	105,912	3,484,336	27,200	(2,958,856)
Community Services	135,190	0	119,641	0	(15,549)
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	4,627	0	0	0	(4,627)
Interest on Long-Term Debt	317,346	0	80,116	0	(237,230)
Unallocated Depreciation	1,058,302	0	0	0	(1,058,302)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 16,575,282	\$ 105,912	\$ 7,384,498	\$ 27,200	(9,057,672)
<u>GENERAL REVENUES</u>					
Property Taxes - General Purposes					2,277,655
Property Taxes - Debt Service					1,026,303
Investment Earnings					302,808
State Sources					7,286,988
Other					60,319
Total General Revenues					10,954,073
Change in Net Position					1,896,401
<u>NET POSITION - Beginning of Year (Deficit)</u>					<u>(1,944,728)</u>
<u>NET POSITION - End of Year (Deficit)</u>					<u>\$ (48,327)</u>

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

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2024

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 CAPITAL PROJECTS FUND	2022 CAPITAL PROJECTS FUND	OTHER		TOTAL GOVERNMENTAL FUNDS
						NONMAJOR GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS	
<u>ASSETS</u>								
Cash	\$ 4,628,998	\$ 341,253	\$ 653,668	\$ 0	\$ 0	\$ 0	\$ 1,174,592	\$ 6,798,511
Accounts Receivable	93,444	0	0	0	0	0	0	93,444
Due from Other Governments	50,877	0	0	0	0	0	0	50,877
Due from Other Governments	2,783,411	4,719	0	0	0	0	0	2,788,130
Inventories	0	11,674	0	0	0	0	0	11,674
Restricted Investments	0	0	0	0	1,921	0	0	1,921
Prepaid Expenditures	26,074	43,952	0	0	0	0	0	70,026
TOTAL ASSETS	\$ 7,582,804	\$ 401,598	\$ 653,668	\$ 0	\$ 1,921	\$ 0	\$ 1,174,592	\$ 9,814,583
<u>LIABILITIES AND FUND BALANCES</u>								
<u>LIABILITIES</u>								
Accounts and Retainage Payable	\$ 441,478	\$ 11,287	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 452,765
Due to Other Governments	0	2,306	0	0	0	0	0	2,306
Salaries and Fringes Payable	1,092,599	31,223	0	0	0	0	0	1,123,822
Due to Other Funds	0	50,000	877	0	0	0	0	50,877
Unearned Revenue	785,626	0	0	0	0	0	0	785,626
Total Liabilities	2,319,703	94,816	877	0	0	0	0	2,415,396
<u>FUND BALANCES</u>								
Nonspendable, Inventory	0	11,674	0	0	0	0	0	11,674
Nonspendable, Prepaid Expenditures	26,074	43,952	0	0	0	0	0	70,026
Restricted for Public Library	0	0	0	0	0	0	80,209	80,209
Restricted for Debt Service	0	0	652,791	0	0	0	0	652,791
Restricted for Food Service	0	251,156	0	0	0	0	0	251,156
Restricted for Capital Projects	0	0	0	0	1,921	0	0	1,921
Committed for Future Contracts	0	0	0	0	0	0	20,131	20,131
Committed for Capital Projects	0	0	0	0	0	0	937,574	937,574
Assigned for Student Activities	0	0	0	0	0	0	136,678	136,678
Assigned for Subsequent Year Budget Shortfall	1,059,774	0	0	0	0	0	0	1,059,774
Unassigned	4,177,253	0	0	0	0	0	0	4,177,253
Total Fund Balances	5,263,101	306,782	652,791	0	1,921	0	1,174,592	7,399,187
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,582,804	\$ 401,598	\$ 653,668	\$ 0	\$ 1,921	\$ 0	\$ 1,174,592	\$ 9,814,583

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

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

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

JUNE 30, 2024

Total Governmental Fund Balances		\$ 7,399,187
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital/right to use assets is	\$ 35,337,197	
Accumulated depreciation/amortization is	<u>(11,357,951)</u>	23,979,246
Bond discounts (premiums) and deferred charges for bonds issued are expenditures at the modified accrual fund level, but are capitalized and written off over the life of the bonds payable at the district-wide full accrual level.		
Bond Discount (Premium)		(623,634)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(9,008,000)
Compensated Absences		(103,748)
Net Pension Liability		(21,400,815)
Lease Liability		(1,235,143)
Some assets are not current financial resources and are not reported in the funds.		
Net Other Postemployment Benefits Asset		366,643
Accrued interest is not included as a liability in government funds. It is recorded when paid.		
		(33,823)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Inflows of Resources Related to Pensions and Other Postemployment Benefits		(6,861,453)
Deferred Outflows of Resources Related to Pensions and Other Postemployment Benefits		<u>7,473,213</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (48,327)</u>

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

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

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

YEAR ENDED JUNE 30, 2024

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 CAPITAL PROJECTS FUND	2022 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Local Sources	\$ 2,669,303	\$ 36,403	\$ 1,056,721	\$ 821	\$ 88,974	\$ 259,584	\$ 4,111,806
State Sources	11,133,845	80,251	80,116	0	0	7,032	11,301,244
Federal Sources	1,031,346	952,607	0	0	0	0	1,983,953
Other Transactions	544,041	0	0	0	0	0	544,041
Total Revenues	15,378,535	1,069,261	1,136,837	821	88,974	266,616	17,941,044
EXPENDITURES							
Instruction							
Basic Programs	6,893,530	0	0	0	0	108,043	7,001,573
Added Needs	2,386,679	0	0	0	0	0	2,386,679
Supporting Services							
Pupil	863,830	0	0	0	0	0	863,830
Instructional Staff	686,230	0	0	0	0	0	686,230
General Administration	466,744	0	0	0	0	0	466,744
School Administration	845,438	0	0	0	0	0	845,438
Business	282,086	0	0	0	0	0	282,086
Operation and Maintenance of Plant	1,363,872	0	0	0	0	106,545	1,470,417
Pupil Transportation Services	2,310,665	0	0	0	0	0	2,310,665
Support Services	631,755	1,102,241	0	0	0	165,813	1,899,809
Community Services							
Community Activities	60,245	0	0	0	0	0	60,245
School Operated Public Library	0	0	0	0	0	74,945	74,945
Payments to Other Governmental Agencies, Facilities Acquisition and Prior Period Adjustments							
Site Improvement Services	0	0	0	38,808	85,762	0	124,570
Building Improvement Services	0	0	0	0	3,537,095	52,373	3,589,468
Debt Service							
Principal	0	0	655,000	0	0	95,000	750,000
Interest and Other	0	0	337,994	0	0	10,278	348,272
Payment on Lease Obligations	291,005	0	0	0	0	0	291,005
Total Expenditures	17,082,079	1,102,241	992,994	38,808	3,622,857	612,997	23,451,976
Excess (Deficiency) of Revenues Over Expenditures	(1,703,544)	(32,980)	143,843	(37,987)	(3,533,883)	(346,381)	(5,510,932)
OTHER FINANCING SOURCES (USES)							
Transfers In	50,000	0	0	0	13,958	125,278	189,236
Transfers Out	(125,278)	(50,000)	0	(13,958)	0	0	(189,236)
Proceeds from Lease Transactions	1,526,148	0	0	0	0	0	1,526,148
Total Other Financing Sources (Uses)	1,450,870	(50,000)	0	(13,958)	13,958	125,278	1,526,148
Net Change in Fund Balance	(252,674)	(82,980)	143,843	(51,945)	(3,519,925)	(221,103)	(3,984,784)
FUND BALANCE - Beginning of Year	5,515,775	389,762	508,948	51,945	3,521,846	1,395,695	11,383,971
FUND BALANCE - End of Year	\$ 5,263,101	\$ 306,782	\$ 652,791	\$ 0	\$ 1,921	\$ 1,174,592	\$ 7,399,187

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

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

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

YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances Total Governmental Funds \$ (3,984,784)

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities these costs are allocated over their estimated useful lives as depreciation/amortization.

Depreciation/Amortization Expense	(1,058,302)
Capital Outlay	5,635,730

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities over the life of the long-term bond issue.

Amortization of Bond Premium	26,686
Proceeds from Lease Transactions	(1,526,148)
Payments on Lease Liability	291,005

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

Accrued Interest Payable - Beginning of Year	38,063
Accrued Interest Payable - End of Year	(33,823)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the Statement of Activities (where it is a reduction of liabilities).	750,000
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Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	117,920
Compensated Absences - End of Year	(103,748)

Governmental funds report District pension and other postemployment benefit contributions as expenditures. However, in the Statement of Activities, the cost of pension and other postemployment benefits earned net of employee contributions is reported as an expense.

Change in Pension and Other Postemployment Benefits Related Items	1,213,163
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Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension benefit contributions subsequent to the measurement date.

Change in State Aid Funding for Pension Benefits	<u>530,639</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,896,401</u></u>
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The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District ("the District") is located in Mecosta, Newaygo, and Montcalm Counties with its administrative offices located in Morley, Michigan. The District operates under an elected 7-member board of education and provides services to its approximately 1,000 students in elementary, middle school, high school, special education, guidance, health, transportation, food service and community services. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

The *Food Service Fund* accounts for the resources that are restricted for the operation of the District's food service that is provides to its students.

The *2020 Debt Retirement Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2020 Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

The *2022 Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

Other non-major funds:

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

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

The *Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

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

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

E. Measurement Focus and Basis of Accounting

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

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

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

F. Budgetary Information

1. Budgetary Basis of Accounting

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

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

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

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

- a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.
- b) A public hearing is conducted during June to obtain taxpayer comments.
- c) Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

- d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
- e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- g) Budgeted amounts are as originally adopted in June 2023, or as amended by the School Board of Education throughout the year.

2. Excess of Expenditures Over Appropriations

	APPROPRIATIONS	EXPENDITURES
General Fund		
Supporting Services		
General Administration	\$ 455,537	\$ 466,744
Pupil Transportation Services	795,179	2,310,665

These overages were funded by available fund balance and proceeds from a lease transaction.

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

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration and the rate of return is fixed, and the District intends to hold the investment until maturity.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings, and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, banker's acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Investments in the U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest may be purchased in any dollar amount or up to 100 percent of the available reserves.

All investments must mature or be redeemable within two years of the date of purchase. The District's deposits and investments are held separately by several of the District's funds.

3. *Inventory and Prepaid Items*

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

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

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

4. *Capital Assets*

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at acquisition value at the date of the donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Additions	50 years
Machinery and Equipment	5-15 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

5. *Unearned Revenue*

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

to the resources, revenue is recognized. The District recognizes unearned revenue related to grants received but unspent due to restrictions on how they can be spent.

6. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has various deferred outflows and deferred inflows of resources related to the pension and other post-employment benefit plans its employees participate in. More detail of these deferred outflows and deferred inflows of resources can be found in footnotes 3 – I and 3 – J of this report.

7. *Net Position Flow Assumption*

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

8. *Fund Balance Flow Assumption*

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

9. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to

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the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

10. Defined Benefit Plans

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

11. Use of Estimates

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

12. Long-Term Obligations

In the government-wide financial statements, long-term other obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related obligation.

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

13. Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited by applicable spending requirements, and they are maintained in separate bank accounts.

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14. Leases

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

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

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

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

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

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

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2024, the foundation allowance was based on pupil membership counts taken in October 2023 and February 2023. For fiscal year ended June 30, 2024, the per pupil foundation allowance was \$9,608 for Morley Stanwood Community Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2023 to August 2024. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

2. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The various counties in which the District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

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

<u>Fund</u>	<u>Mills</u>
General Fund - Non-Homestead Real	18.0000
General Fund - Commercial PPT	6.0000
Debt Service Fund - Homestead and Non-Homestead	3.0000

4. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay and vacation time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2024.

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NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2024, the District’s bank balance was \$6,835,185 and \$6,331,010 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books consisted of deposits of \$6,798,361 and petty cash of \$150.

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Michigan CLASS Investment Pool	\$ 1,921	N/A
Portfolio Weighted Average Maturity		N/A

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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

Investment Type	Fair Value	Standard & Poor's Rating
Michigan CLASS Investment Pool	\$ 1,921	AAAm

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

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Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices from similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant unobservable inputs may be used. Unobservable inputs reflect the reporting entity’s own assumptions about the factors market participants would use in pricing the security and would be based on the best information available.

Investments in Entities that Calculate Net Asset Value Per Share

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

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated “A1” or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

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

Investment Type	Fair Value	Unfunded Commitments	Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	<u>\$ 1,921</u>	<u>\$ 0</u>	No Restrictions	None

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

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

	Primary Government
Cash	\$ 6,798,511
Restricted Investments	1,921
	\$ 6,800,432

B. Receivables

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

	General	Food Service	Total
Receivables			
Accounts	\$ 93,444	\$ 0	\$ 93,444
Due from Other Governments	2,783,411	4,719	2,788,130
Total Receivables	\$ 2,876,855	\$ 4,719	\$ 2,881,574

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

C. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2024, were as follows:

	General Fund	Food Service Fund	Total Governmental Funds
Salaries	\$ 799,832	\$ 22,980	\$ 822,812
Employee Benefits	292,767	8,243	301,010
Total Accrued Liabilities	\$ 1,092,599	\$ 31,223	\$ 1,123,822

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D. Capital and Right to Use Assets

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets being depreciated/amortized				
Buildings and Additions	\$ 27,915,217	\$ 3,934,841	\$ 0	\$ 31,850,058
Machinery and Equipment	5,789,069	55,049	4,149,503	1,694,615
Right to Use - Leased Equipment	0	1,526,148	0	1,526,148
Transportation Equipment	146,684	119,692	0	266,376
Subtotal	<u>33,850,970</u>	<u>5,635,730</u>	<u>4,149,503</u>	<u>35,337,197</u>
Less accumulated depreciation/amortization for:				
Buildings and Additions	9,360,400	343,235	0	9,703,635
Machinery and Equipment	5,037,191	179,082	4,149,503	1,066,770
Right to Use - Leased Equipment	0	508,716	0	508,716
Transportation Equipment	51,561	27,269	0	78,830
Accumulated depreciation/amortization	<u>14,449,152</u>	<u>1,058,302</u>	<u>4,149,503</u>	<u>11,357,951</u>
Net Capital assets being depreciated/amortized	<u>\$ 19,401,818</u>	<u>\$ 4,577,428</u>	<u>\$ 0</u>	<u>\$ 23,979,246</u>

Depreciation/amortization for the fiscal year ended June 30, 2024, amounted to \$1,058,302. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

E. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of the long-term obligation transactions for the District for the year ended June 30, 2024:

	COMPENSATED ABSENCES	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	GENERAL OBLIGATION BONDS	TOTAL
Balance, July 1, 2023	\$ 117,920	\$ 0	\$ 9,758,000	\$ 9,875,920
Additions	4,570	1,526,148	0	1,530,718
Deletions	(18,742)	(291,005)	(750,000)	(1,059,747)
Balance, June 30, 2024	103,748	1,235,143	9,008,000	10,346,891
Less current portion	Unknown	(201,126)	(491,000)	(692,126)
Total due after one year	<u>\$ 103,748</u>	<u>\$ 1,034,017</u>	<u>\$ 8,517,000</u>	<u>\$ 9,654,765</u>

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The District's debt obligations at June 30, 2024, are comprised of the following issues:

General Obligation Bonds

2010 Series B Energy bond due in annual installments \$15,000 through May 2025, with interest at 4.30%.	\$ 15,000
2010 Energy bond due in annual installments of \$75,000 through May 2025, with interest at 4.60%.	75,000
2013 School Improvement bond due in annual installments of \$11,000 to \$13,000 through May 2028, with interest at 2.90% to 3.25%.	48,000
2020 School Building and Site bond, Series I due in annual installments of \$145,000 to \$290,000 through May 2047, with interest at 2.00% to 5.00%.	4,390,000
2022 School Building and Site bond, Series I due in annual installments of \$100,000 to \$450,000 through May 2048, with interest at 3.00% to 5.00%.	4,480,000

Notes From Direct Borrowings and Direct Placements

Bus Lease due in annual installments of \$201,126 to \$818,256 through with interest at 7.00%.	1,235,143
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Compensated Absences

103,748
<u>\$ 10,346,891</u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$1,235,143 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

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The annual requirements to amortize all long-term obligations outstanding as of June 30, 2024, including interest payments of \$3,973,927 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS		NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2025	\$ 491,000	\$ 309,820	\$ 201,126	\$ 89,879	\$ 1,091,825
2026	357,000	285,904	215,761	75,244	933,909
2027	302,000	268,294	818,256	59,543	1,448,093
2028	313,000	253,416	0	0	566,416
2029	310,000	237,994	0	0	547,994
2030-2034	1,670,000	984,120	0	0	2,654,120
2035-2039	1,820,000	748,501	0	0	2,568,501
2040-2044	2,000,000	499,787	0	0	2,499,787
2045-2049	1,745,000	161,425	0	0	1,906,425
	<u>\$9,008,000</u>	<u>\$3,749,261</u>	<u>\$ 1,235,143</u>	<u>\$ 224,666</u>	<u>14,217,070</u>
Compensated Absences					103,748
					<u>\$14,320,818</u>

Interest expense for the year ended June 30, 2024 was approximately \$317,346.

The annual requirements to amortize the compensated absences and the net pension liability are uncertain because it is unknown when the repayments will be made. These liabilities will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

F. Interfund Receivables, Payables, and Transfers

Individual fund interfund receivable and payable balances at June 30, 2024, were:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	\$ 50,000
General Fund	2020 Debt Retirement Fund	877
		<u>\$ 50,877</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Any interfund balances are expected to be repaid within one year.

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Individual fund transfers at June 30, 2024, were:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Food Service Fund	\$ 50,000
2022 Capital Projects Fund	2020 Capital Projects Fund	13,958
2013 School Improvement Debt Fund	General Fund	11,760
2010 Energy Debt Fund	General Fund	93,518
Capital Projects Fund	General Fund	20,000
		<u>\$ 189,236</u>

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

G. GASB Statement No. 96 – Subscription-based Information Technology Arrangements

It has been determined that the District has subscription-based information technology arrangements as defined by GASB Statement No. 96. However, the total of these subscription-based information technology arrangements has been determined they are not significant enough to warrant disclosure.

H. Defined Benefit Plan and Postemployment Benefits

Plan Description

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

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

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

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Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

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

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

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

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

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018, and created a new, optional Pension Plus 2 Plan with similar plan

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benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

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Member Contributions

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

Employer Contributions

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

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

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

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

	<u>Pension</u>	<u>Other Postemployment Benefit</u>
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%

The District's pension contributions for the year ended June 30, 2024, were equal to the required contribution total. Total pension contributions were approximately \$2,748,000. Of the total pension contributions, approximately \$2,694,000 was contributed to fund the Defined Benefit Plan and approximately \$54,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2024, were equal to the required contribution total. Total OPEB contributions were approximately \$551,000. Of the total OPEB contributions, approximately \$510,000 was contributed to fund the Defined Benefit Plan and approximately \$41,000 was contributed to fund the Defined Contribution Plan.

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

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

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

MPSERS (Plan) Non-University Employers Net Pension Liability

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total Pension Liability	\$ 94,947,828,557	\$ 95,876,795,620
Fiduciary Net Position	(62,581,762,238)	(58,268,076,344)
Net Pension Liability	<u>\$ 32,366,066,319</u>	<u>\$ 37,608,719,276</u>
District's Proportionate Share %	0.06612115%	0.06731724%
District's Proportionate Share of Net Pension Liability	\$ 21,400,815	\$ 25,317,152

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

For the year ended June 30, 2024, the District recognized pension expense of \$2,614,885.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 675,558	\$ 32,783
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	1,267,275
Changes of assumptions	2,899,908	1,672,021
Net difference between projected and actual earnings on pension plan investments	0	437,930
Changes in proportion and differences between District contributions and proportionate share of contributions	38,508	423,412
District contributions subsequent to the measurement date	2,539,047	0
Total	<u>\$ 6,153,021</u>	<u>\$ 3,833,421</u>

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\$2,539,047 reported as deferred outflows of resources and \$1,267,275 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

<u>Year Ended September 30,</u>	<u>Amount</u>
2024	\$ 364,511
2025	202,344
2026	832,600
2027	(351,627)
	\$ 1,047,828

J. OPEB Liabilities/Assets, OPEB Expense/Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

MPSERS (Plan) Non-University Employers Net OPEB Liability (Asset)

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total OPEB Liability	\$ 11,223,648,949	\$ 12,522,713,324
Fiduciary Net Position	(11,789,347,341)	(10,404,650,683)
Net OPEB Liability (Asset)	\$ (565,698,392)	\$ 2,118,062,641
District's Proportionate Share %	0.06481237%	0.06700619%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ (366,643)	\$ 1,419,233

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

For the year ended June 30, 2024, the District recognized OPEB benefit of \$647,780.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 2,770,539
Changes of assumptions	816,210	98,287
Net difference between projected and actual earnings on OPEB plan investments	1,118	0
Changes in proportion and differences between District contributions and proportionate share of contributions	53,413	159,206
District contributions subsequent to the measurement date	449,451	0
Total	\$ 1,320,192	\$ 3,028,032

\$449,451 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or as an increase of the net OPEB asset in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2024	\$ (676,816)
2025	(643,091)
2026	(279,922)
2027	(256,414)
2028	(199,481)
Thereafter	(101,567)
	\$ (2,157,291)

K. Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

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

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.50% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and graded to 3.5% in year fifteen.

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

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

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

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

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

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
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 & Infrastructure Pools	10.00%	6.40%
Absolute Return Pools	9.00%	4.80%
Real Return/Oppportunistic Pools	10.00%	7.30%
Short-Term Investment Pools	2.00%	0.30%
	<u>100%</u>	

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

Rate of Return

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

Pension Discount Rate

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

OPEB Discount Rate

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

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term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/asset.

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

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

Pension				
1% Decrease	Pension Discount Rate	1% Increase		
\$ 28,912,439	\$ 21,400,815	\$ 15,147,117		

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

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the District's proportionate share of the 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:

OPEB				
1% Decrease	OPEB Discount Rate	1% Increase		
\$ 380,098	\$ (366,643)	\$ (1,008,393)		

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

The following presents the District's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate as well as what the District's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

OPEB				
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase		
\$ (1,009,993)	\$ (366,643)	\$ 329,674		

L. Pension and OPEB Plan Fiduciary Net Position

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

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M. Payables to the Pension and OPEB Plan

As of June 30, 2024, the District is current on all required pension and OPEB plan payments. As of June 30, 2024, the District reported payables in the amount of \$473,699 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

N. Risk Management

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

The District participates in a distinct pool of schools within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health, accident insurance and workers' disability compensation. The pool is considered a public entity risk pool. The school pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

O. Single Audit Report

The District is required to have an audit performed in accordance with the guidelines of the Single Audit Act of 1984, as amended. This audit has been performed and the reports based thereon have been issued under separate cover.

P. Commitments & Contingencies

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

As of June 30, 2024, the District has committed to spending \$1,862,940 for various construction projects, of which \$935,725 has been expensed and \$927,215 remains committed.

Q. Capital Projects Funds

The Capital Projects Funds include capital project activities funded with bonds. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the Revised School Code.

Beginning with the year of bond issuance, the District has reported the annual construction activity in the 2020 Capital Projects Fund. The project for which the 2020 School Building and Site and Bonds, Series I were issued was considered complete on June 30, 2024 and the cumulative expenditures recognized for the construction period were \$6,895,401.

Beginning with the year of bond issuance, the District has reported the annual construction activity in the 2022 Capital Projects Fund. The project for which the 2022 School Building and Site and Bonds, Series II were issued was considered complete on June 30, 2024 and the cumulative expenditures recognized for the construction period were \$5,586,505.

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NOTE 4 – UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

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

- a. Management’s discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;

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- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

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

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REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2024

	GENERAL FUND				FOOD SERVICE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES								
Local Sources	\$ 2,472,439	\$ 2,656,072	\$ 2,669,303	\$ 13,231	\$ 18,716	\$ 18,716	\$ 36,403	\$ 17,687
State Sources	10,585,026	11,146,500	11,133,845	(12,655)	44,000	44,000	80,251	36,251
Federal Sources	855,877	1,348,655	1,031,346	(317,309)	930,693	930,693	952,607	21,914
Other Transactions	500,000	544,041	544,041	0	0	0	0	0
Total Revenues	14,413,342	15,695,268	15,378,535	(316,733)	993,409	993,409	1,069,261	75,852
EXPENDITURES								
Instruction								
Basic Programs	6,692,466	6,916,728	6,893,530	(23,198)	0	0	0	0
Added Needs	2,430,049	2,391,920	2,386,679	(5,241)	0	0	0	0
Supporting Services								
Pupil	810,331	874,465	863,830	(10,635)	0	0	0	0
Instructional Staff	738,555	689,829	686,230	(3,599)	0	0	0	0
General Administration	570,124	455,537	466,744	11,207	0	0	0	0
School Administration	842,871	859,937	845,438	(14,499)	0	0	0	0
Business	226,412	316,133	282,086	(34,047)	0	0	0	0
Operation and Maintenance of Plant	1,193,854	1,364,853	1,363,872	(981)	0	0	0	0
Pupil Transportation Services	796,733	795,179	2,310,665	1,515,486	0	0	0	0
Support Services	613,462	645,089	631,755	(13,334)	978,646	1,174,175	1,102,241	(71,934)
Community Services								
Community Activities	49,931	60,245	60,245	0	0	0	0	0
Debt Service	291,005	291,005	291,005	0	0	0	0	0
Total Expenditures	15,255,793	15,660,920	17,082,079	1,421,159	978,646	1,174,175	1,102,241	(71,934)
Excess (Deficiency) of Revenues Over Expenditures	(842,451)	34,348	(1,703,544)	(1,737,892)	14,763	(180,766)	(32,980)	147,786
OTHER FINANCING SOURCES (USES)								
Transfers In (Out)	(67,648)	(65,277)	(75,278)	(10,001)	(25,000)	(50,000)	(50,000)	0
Proceeds from Lease Transactions	0	0	1,526,148	1,526,148	0	0	0	0
Total Other Financing Sources (Uses)	(67,648)	(65,277)	1,450,870	1,516,147	(25,000)	(50,000)	(50,000)	0
Net Change in Fund Balance	(910,099)	(30,929)	(252,674)	(221,745)	(10,237)	(230,766)	(82,980)	147,786
FUND BALANCE - Beginning of Year	5,531,465	5,515,775	5,515,775	0	231,685	389,762	389,762	0
FUND BALANCE - End of Year	\$ 4,621,366	\$ 5,484,846	\$ 5,263,101	\$ (221,745)	\$ 221,448	\$ 158,996	\$ 306,782	\$ 147,786

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)	0.06612%	0.06732%	0.06751%	0.06788%	0.06660%	0.06631%	0.06670%	0.66193%	0.06585%	0.06426%
District's proportionate share of net pension liability	\$ 21,400,815	\$ 25,317,152	\$ 15,983,827	\$ 23,316,491	\$ 22,055,876	\$ 19,934,136	\$ 17,284,969	\$ 16,514,525	\$ 16,083,819	\$ 14,153,363
District's covered payroll	6,449,148	6,476,921	6,002,833	6,020,362	5,836,227	5,614,114	5,589,654	5,576,641	5,474,204	5,453,008
District's proportionate share of net pension liability as a percentage of its covered payroll	331.84%	390.88%	266.27%	387.29%	377.91%	355.07%	309.23%	296.14%	293.81%	259.55%
Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 2,694,475	\$ 3,037,330	\$ 2,244,828	\$ 1,925,442	\$ 1,774,093	\$ 1,721,487	\$ 1,688,984	\$ 1,599,065	\$ 1,540,005	\$ 1,147,420
Contributions in relation to statutorily required contributions *	2,694,475	3,037,330	2,244,828	1,925,442	1,774,093	1,721,487	1,688,984	1,599,065	1,540,005	1,147,420
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 6,568,157	\$ 6,606,805	\$ 6,147,491	\$ 5,956,554	\$ 6,038,000	\$ 5,778,458	\$ 5,532,841	\$ 5,781,596	\$ 5,548,095	\$ 5,467,359
Contributions as a percentage of covered payroll	41.02%	45.97%	36.52%	32.32%	29.38%	29.79%	30.53%	27.66%	27.76%	20.99%

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

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY/ASSET
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2024

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability/asset (%)				0.06481%	0.06701%	0.06688%	0.06814%	0.06688%	0.06602%	0.06666%
District's proportionate share of net OPEB liability/asset			\$ (366,643)	\$ 1,419,233	\$ 1,020,845	\$ 3,650,519	\$ 4,800,596	\$ 5,247,778	\$ 5,903,056	
District's covered payroll			6,449,148	6,476,921	6,002,833	6,020,362	5,836,227	5,614,114	5,589,654	
District's proportionate share of net OPEB liability/asset as a percentage of its covered payroll		-5.69%	21.91%	17.01%	60.64%	82.26%	93.47%	105.61%		
Plan fiduciary net position as a percentage of total OPEB liability/asset		105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%		

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2024

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions			\$ 509,808	\$ 509,808	\$ 483,655	\$ 476,077	\$ 433,243	\$ 425,932	\$ 441,772	\$ 404,398
Contributions in relation to statutorily required contributions *			509,808	509,808	483,655	476,077	433,243	425,932	441,772	404,398
Contribution deficiency (excess)			\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll			\$ 6,568,157	\$ 6,606,805	\$ 6,147,491	\$ 5,956,554	\$ 6,038,000	\$ 5,778,458	\$ 5,532,841	
Contributions as a percentage of covered payroll			7.76%	7.32%	7.74%	7.27%	7.05%	7.65%	7.31%	

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

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2024

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2023.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2023, were:

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

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2023.

Changes of Assumptions – The assumption changes for the plan year ending September 30, 2023, were:

Healthcare cost trend rate

- Pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen.
- Post 65 increased to 6.25% for year one and graded to 3.5% for year fifteen from 5.25% for year one and graded to 3.5% for year fifteen.

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

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2024

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT RETIREMENT FUNDS</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash	\$ 216,887	\$ 0	\$ 957,705	\$ 1,174,592
<hr/>				
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0	\$ 0
<hr/>				
<u>FUND BALANCE</u>				
Restricted for Public Library	80,209	0	0	80,209
Committed for Capital Projects	0	0	937,574	937,574
Committed for Future Contracts	0	0	20,131	20,131
Assigned for Student Activities	136,678	0	0	136,678
<hr/>				
Total Fund Balances	216,887	0	957,705	1,174,592
<hr/>				
TOTAL LIABILITIES AND FUND BALANCES	\$ 216,887	\$ 0	\$ 957,705	\$ 1,174,592
<hr/>				

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2024

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT FUNDS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 212,098	\$ 0	\$ 47,486	\$ 259,584
State Sources	7,032	0	0	7,032
Total Revenues	219,130	0	47,486	266,616
<u>EXPENDITURES</u>				
Instruction				
Basic Programs				
Elementary	0	0	17,595	17,595
High School	0	0	90,448	90,448
Support Services				
Operations and Maintenance	0	0	106,545	106,545
Student Activities	165,813	0	0	165,813
Community Services				
School Operated Public Library	74,945	0	0	74,945
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments				
Facilities Acquisition, Construction and Improvements	0	0	52,373	52,373
Debt Service				
Principal	0	95,000	0	95,000
Interest and Other	0	10,278	0	10,278
Total Expenditures	240,758	105,278	266,961	612,997
Excess (Deficiency) of Revenues Over Expenditures	(21,628)	(105,278)	(219,475)	(346,381)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	0	105,278	20,000	125,278
Net Change in Fund Balance	(21,628)	0	(199,475)	(221,103)
<u>FUND BALANCE</u> - Beginning of Year	238,515	0	1,157,180	1,395,695
<u>FUND BALANCE</u> - End of Year	\$ 216,887	\$ 0	\$ 957,705	\$ 1,174,592

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash	\$ 4,628,998	\$ 4,988,106
Accounts Receivable	93,444	77,920
Due from Other Funds	50,877	40,540
Due from Other Governments	2,783,411	2,387,653
Prepaid Expenditures	26,074	16,590
	<hr/>	<hr/>
TOTAL ASSETS	\$ 7,582,804	\$ 7,510,809
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 441,478	\$ 397,997
Salaries and Fringes Payable	1,092,599	1,030,597
Unearned Revenue	785,626	566,440
	<hr/>	<hr/>
Total Liabilities	2,319,703	1,995,034
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Nonspendable, Prepaid Expenditures	26,074	16,590
Assigned for Subsequent Year Budget Shortfall	1,059,774	910,099
Unassigned	4,177,253	4,589,086
	<hr/>	<hr/>
Total Fund Balance	5,263,101	5,515,775
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,582,804	\$ 7,510,809
	<hr/> <hr/>	<hr/> <hr/>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>REVENUES</u>		
Local Sources	\$ 2,669,303	\$ 2,388,173
State Sources	11,133,845	10,826,294
Federal Sources	1,031,346	4,503,922
Other Transactions	544,041	516,485
	<hr/>	<hr/>
Total Revenues	15,378,535	18,234,874
 <u>EXPENDITURES</u>		
Instruction		
Basic Programs		
Elementary	3,221,553	3,215,790
Middle/Junior High	1,513,468	1,538,230
High School	2,158,509	2,774,257
Added Needs		
Special Education	1,725,075	1,636,080
Compensatory Education	661,604	559,726
Supporting Services		
Pupil		
Truancy/Absenteeism Services	9,573	3,538
Guidance Services	122,185	141,130
Social Work Services	609,301	539,268
Other Pupil Services	122,771	63,959
Instructional Staff		
Improvement of Instruction	538,582	565,008
Educational Media Services	42,276	40,958
Supervision and Direction of Instructional Staff	97,204	47,445
Academic Student Assessment	8,168	7,846
General Administration		
Board of Education	73,261	56,479
Executive Administration	381,379	359,870
Grant Writer	12,104	64,085
School Administration		
Office of the Principal	845,438	786,466
Business		
Fiscal Services	251,615	193,039
Other Business Services	30,471	24,082
Operation and Maintenance of Plant		
Operating Building Services	1,359,872	1,333,782
Security Services	4,000	0
Pupil Transportation Services		
Pupil Transportation Services	2,310,665	660,724

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
Support Services		
Staff Personnel Services	9,727	19,174
Support Services Technology	271,653	223,551
Athletic Activities	350,375	285,223
Community Services		
Community Activities	54,609	31,940
Welfare Activities	5,636	0
Debt Service		
Payments on Lease Obligations	291,005	207,855
Total Expenditures	<u>17,082,079</u>	<u>15,379,505</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,703,544)</u>	<u>2,855,369</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In (Out)		
Food Service Fund	50,000	40,000
2013 School Improvement Debt Retirement Fund	(11,760)	(12,025)
2010 Energy Bond Debt Retirement Fund	(93,518)	(97,298)
Capital Projects Fund	(20,000)	(1,000,000)
Proceeds from Lease Transactions	1,526,148	0
Total Other Financing Sources (Uses)	<u>1,450,870</u>	<u>(1,069,323)</u>
Net Change in Fund Balance	(252,674)	1,786,046
<u>FUND BALANCE - Beginning of Year</u>	<u>5,515,775</u>	<u>3,729,729</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 5,263,101</u>	<u>\$ 5,515,775</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF REVENUES

YEAR ENDED JUNE 30,

	2024	2023
<u>LOCAL SOURCES</u>		
Property Tax Levy	\$ 2,276,709	\$ 2,092,225
Other Taxes	946	55
Earnings on Investments	132,328	39,092
Other Local Revenues		
Athletics	64,206	56,609
Medicaid Fees	61,619	68,257
Transportation Reimbursements	29,113	25,193
Miscellaneous	104,382	106,742
Total Local Sources	2,669,303	2,388,173
 <u>STATE SOURCES</u>		
Grants-In-Aid		
Received through the State		
State School Aid	11,133,845	10,826,294
 <u>FEDERAL SOURCES</u>		
Grant-In-Aid Restricted		
Received through the State		
Title I	551,428	506,679
Title II Part A Teacher Training	86,364	102,598
Title V	32,711	56,043
Title IV	38,251	34,464
ESSER II	0	92,616
ESSER III	232,987	3,692,716
ARP Homeless	6,883	0
GEER - Learning Loss	38,823	0
P-EBT Administration	0	3,135
Received through the County		
Schools and Roads	4,284	3,959
Received through Intermediate School District		
Title I	33,436	6,054
Medicaid Outreach	6,179	5,658
Total Federal Sources	1,031,346	4,503,922
 <u>OTHER TRANSACTIONS</u>		
Transfers from Other Governmental Units	544,041	516,485
Total Revenues	15,378,535	18,234,874
 <u>OTHER FINANCING SOURCES</u>		
Transfers In	50,000	40,000
Proceeds from Lease Transactions	1,526,148	0
Total Other Financing Sources	1,576,148	40,000
 TOTAL REVENUES AND OTHER SOURCES	 \$ 16,954,683	 \$ 18,274,874

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

<u>INSTRUCTION</u>	<u>2024</u>	<u>2023</u>
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries	\$ 1,568,776	\$ 1,511,929
Employee Benefits	1,428,674	1,294,628
Purchased Services	90,721	136,218
Supplies and Materials	132,880	272,941
Dues, Fees and Miscellaneous	502	74
Total Elementary	<u>3,221,553</u>	<u>3,215,790</u>
<u>Middle School/Junior High</u>		
Salaries	693,483	706,997
Employee Benefits	652,773	620,596
Purchased Services	108,957	66,547
Supplies and Materials	58,066	112,001
Capital Outlay	0	32,004
Dues, Fees and Miscellaneous	189	85
Total Middle School/Junior High	<u>1,513,468</u>	<u>1,538,230</u>
<u>High School</u>		
Salaries	956,711	995,479
Employee Benefits	841,133	1,392,582
Purchased Services	169,108	107,723
Supplies and Materials	177,714	270,353
Capital Outlay	0	6,296
Dues, Fees and Miscellaneous	13,843	1,824
Total High School	<u>2,158,509</u>	<u>2,774,257</u>
<u>Added Needs</u>		
<u>Special Education</u>		
Salaries	924,090	891,153
Employee Benefits	782,877	737,460
Purchased Services	4,524	4,484
Supplies and Materials	11,147	1,360
Dues, Fees and Miscellaneous	2,437	1,623
Total Special Education	<u>1,725,075</u>	<u>1,636,080</u>
<u>Compensatory Education</u>		
Salaries	320,210	285,976
Employee Benefits	267,576	257,387
Purchased Services	6,089	3,235
Supplies and Materials	67,729	13,128
Total Compensatory Education	<u>661,604</u>	<u>559,726</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>SUPPORTING SERVICES</u>		
<u>Pupil Services</u>		
<u>Truancy/Absenteeism Services</u>		
Dues, Fees, and Miscellaneous	9,573	3,538
<u>Guidance Services</u>		
Salaries of Counselors	65,305	84,220
Employee Benefits	41,880	41,910
Purchased Services	15,000	15,000
Total Guidance Services	<u>122,185</u>	<u>141,130</u>
<u>Social Work Services</u>		
Salaries	335,013	296,668
Employee Benefits	258,121	213,127
Purchased Services	499	0
Supplies and Materials	15,668	29,473
Total Social Work Services	<u>609,301</u>	<u>539,268</u>
<u>Other Pupil Services</u>		
Salaries	84,605	45,970
Employee Benefits	38,131	17,989
Supplies and Materials	35	0
Total Other Pupil Services	<u>122,771</u>	<u>63,959</u>
<u>Instructional Staff</u>		
<u>Improvement of Instruction</u>		
Salaries	288,390	280,181
Employee Benefits	183,670	200,595
Purchased Services	63,664	81,706
Supplies and Materials	2,708	1,076
Dues, Fees and Miscellaneous	150	1,450
Total Improvement of Instruction	<u>538,582</u>	<u>565,008</u>
<u>Educational Media Services</u>		
Salaries	23,430	22,055
Employee Benefits	18,846	18,903
Total Educational Media Services	<u>42,276</u>	<u>40,958</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	2024	2023
<u>Supervision and Direction of Instructional Staff</u>		
Salaries	80,855	43,637
Employee Benefits	16,155	3,808
Purchased Services	194	0
Total Supervision and Direction of Instructional Staff	97,204	47,445
 <u>Academic Student Assessment</u>		
Purchased Services	8,168	7,846
 <u>General Administrative Services</u>		
<u>Board of Education</u>		
Salaries	2,130	2,220
Employee Benefits	275	192
Purchased Services	65,240	49,860
Dues, Fees and Miscellaneous	5,616	4,207
Total Board of Education	73,261	56,479
 <u>Executive Administration</u>		
Salaries	171,285	160,750
Employee Benefits	151,792	151,631
Purchased Services	16,992	23,291
Supplies and Materials	22,973	2,416
Dues, Fees and Miscellaneous	18,337	21,782
Total Executive Administration	381,379	359,870
 <u>Grant Writer</u>		
Salaries	7,823	36,090
Employee Benefits	4,231	27,836
Supplies and Materials	0	108
Dues, Fees and Miscellaneous	50	51
Total Grant Writer	12,104	64,085
 <u>School Administrative Services</u>		
<u>Office of the Principal</u>		
Salaries	456,868	430,209
Employee Benefits	380,622	350,293
Purchased Services	1,528	3,229
Materials and Supplies	3,722	2,156
Dues, Fees, and Miscellaneous	2,698	579
Total Office of the Principal	845,438	786,466

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>Business Services</u>		
<u>Fiscal Services</u>		
Salaries	142,870	94,658
Employee Benefits	103,391	88,185
Purchased Services	1,815	1,775
Supplies and Materials	2,766	8,017
Dues, Fees, and Miscellaneous	773	404
Total Fiscal Services	<u>251,615</u>	<u>193,039</u>
<u>Other Business Services</u>		
Purchased Services	20,663	23,200
Dues, Fees, and Miscellaneous	9,808	882
Total Other Business	<u>30,471</u>	<u>24,082</u>
<u>Operation and Maintenance of Plant</u>		
<u>Operating Building Services</u>		
Salaries of Custodians	12,318	10,419
Employee Benefits	6,726	5,742
Purchased Services	916,362	931,255
Materials and Supplies	421,820	382,796
Capital Outlay	0	1,582
Dues, Fees and Miscellaneous	2,646	1,988
Total Operating Building Services	<u>1,359,872</u>	<u>1,333,782</u>
<u>Security Services</u>		
Purchased Services	<u>4,000</u>	<u>0</u>
<u>Pupil Transportation Services</u>		
<u>Pupil Transportation Services</u>		
Salaries	322,755	304,942
Employee Benefits	231,675	190,805
Purchased Services	23,860	17,751
Supplies and Materials	83,977	104,296
Capital Outlay	1,645,840	35,000
Dues, Fees and Miscellaneous	2,558	7,930
Total Pupil Transportation Services	<u>2,310,665</u>	<u>660,724</u>
<u>Support Services</u>		
<u>Staff Personnel Services</u>		
Employee Benefits	5,511	0
Purchased Services	2,432	19,174
Dues, Fees and Miscellaneous	1,784	0
Total Staff Personnel Services	<u>9,727</u>	<u>19,174</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>Support Services - Technology</u>		
Salaries	96,359	81,812
Employee Benefits	75,916	66,029
Purchased Services	64,740	56,415
Supplies and Materials	27,143	16,347
Dues, Fees and Miscellaneous	7,495	2,948
Total Support Services - Technology	<u>271,653</u>	<u>223,551</u>
<u>Athletic Activities</u>		
Salaries	153,306	132,020
Employee Benefits	93,693	56,824
Purchased Services	65,194	54,601
Supplies and Materials	24,780	33,491
Capital Outlay	6,180	0
Dues, Fees and Miscellaneous	7,222	8,287
Total Athletic Activities	<u>350,375</u>	<u>285,223</u>
<u>COMMUNITY SERVICES</u>		
<u>Community Activities</u>		
Salaries	14,658	8,325
Employee Benefits	5,160	2,991
Supplies and Materials	34,791	20,624
Total Community Activities	<u>54,609</u>	<u>31,940</u>
<u>Welfare Activities</u>		
Supplies and Materials	<u>5,636</u>	<u>0</u>
<u>DEBT SERVICE</u>		
<u>Debt Service</u>		
Payments on Lease Obligations	<u>291,005</u>	<u>207,855</u>
Total Expenditures	<u>17,082,079</u>	<u>15,379,505</u>
<u>OTHER FINANCING USES</u>		
<u>Transfers Out</u>		
2013 School Improvement Debt Retirement Fund	11,760	12,025
2010 Energy Bond Debt Retirement Fund	93,518	97,298
Capital Projects Fund	20,000	1,000,000
Total Transfers Out	<u>125,278</u>	<u>1,109,323</u>
Total Other Financing Uses	<u>125,278</u>	<u>1,109,323</u>
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 17,207,357</u>	<u>\$ 16,488,828</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash	\$ 341,253	\$ 404,778
Due from Other Governments	4,719	84,495
Inventory	11,674	13,829
Prepaid Expenditures	43,952	40,540
	<hr/>	<hr/>
TOTAL ASSETS	\$ 401,598	\$ 543,642
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 11,287	\$ 20,833
Due to Other Governments	2,306	0
Salaries and Fringes Payable	31,223	92,507
Due to Other Funds	50,000	40,540
	<hr/>	<hr/>
Total Liabilities	94,816	153,880
	<hr/> <hr/>	<hr/> <hr/>
<u>FUND BALANCE</u>		
Nonspendable, Inventory	11,674	13,829
Nonspendable, Prepaid Expenditures	43,952	40,540
Restricted for Food Service	251,156	335,393
	<hr/>	<hr/>
Total Fund Balance	306,782	389,762
	<hr/> <hr/>	<hr/> <hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 401,598	\$ 543,642
	<hr/> <hr/>	<hr/> <hr/>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 558	\$ 815
Children's Lunches	7,988	10,117
Adult Lunches	7,216	5,346
Snack Bar	717	317
Miscellaneous	19,924	5,045
Total Local Sources	<u>36,403</u>	<u>21,640</u>
State Sources		
State Aid - Regular	55,251	16,897
State Aid - 147C	25,000	90,365
Total State Sources	<u>80,251</u>	<u>107,262</u>
Federal Sources		
Federal Aid - Regular	890,373	895,596
Federal Aid - U.S.D.A. Commodities	62,234	71,161
Total Federal Sources	<u>952,607</u>	<u>966,757</u>
Total Revenues	<u>1,069,261</u>	<u>1,095,659</u>
<u>EXPENDITURES</u>		
Salaries	230,058	182,652
Employee Benefits	173,914	209,183
Purchased Services	152,392	183,945
Supplies and Materials	448,152	471,397
Capital Outlay	92,045	85,637
Other Expenditures	5,680	2,968
Total Expenditures	<u>1,102,241</u>	<u>1,135,782</u>
Excess (Deficiency) of Revenues Over Expenditures	(32,980)	(40,123)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers Out	<u>(50,000)</u>	<u>(40,000)</u>
Net Change in Fund Balance	(82,980)	(80,123)
<u>FUND BALANCE</u> - Beginning of Year	<u>389,762</u>	<u>469,885</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 306,782</u>	<u>\$ 389,762</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 DEBT RETIREMENT FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2024	2023
<u>ASSETS</u>		
Cash	\$ 653,668	\$ 508,948
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 877	\$ 0
<u>FUND BALANCE</u>		
Restricted for Debt Service	652,791	508,948
TOTAL LIABILITIES AND FUND BALANCE	\$ 653,668	\$ 508,948

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>REVENUES</u>		
Local Sources		
Property Tax Levy	\$ 1,026,303	\$ 974,905
Earnings on Investments	30,418	12,113
State Sources		
Personal Property Reimbursement	80,116	49,635
	<hr/>	<hr/>
Total Revenues	1,136,837	1,036,653
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Principal Payments	655,000	505,000
Interest Payments	336,994	353,761
Miscellaneous	1,000	1,280
	<hr/>	<hr/>
Total Expenditures	992,994	860,041
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	143,843	176,612
 <u>FUND BALANCE</u> - Beginning of Year	 <hr/> 508,948	 <hr/> 332,336
 <u>FUND BALANCE</u> - End of Year	 <hr/> \$ 652,791	 <hr/> \$ 508,948
	<hr/> <hr/>	<hr/> <hr/>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Restricted Investments	\$ 0	\$ 37,987
Due from Other Funds	0	13,958
	<hr/>	
Total Assets	\$ 0	\$ 51,945
	<hr/> <hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
	\$ 0	\$ 0
 <u>FUND BALANCE</u>		
Restricted for Capital Projects	0	51,945
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 0	\$ 51,945
	<hr/> <hr/>	

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2024	2023
<u>REVENUES</u>		
Local Sources		
Earnings on Investments	\$ 821	\$ 17,028
<u>EXPENDITURES</u>		
Payments to Other Governmental Agencies, Facilities Acquisition and Prior Period Adjustments		
Facilities Acquisition, Construction and Improvements		
Site Improvements Services	38,808	1,192,648
Building Improvements Services	0	388,956
Total Expenditures	38,808	1,581,604
Excess (Deficiency) of Revenues Over Expenditures	(37,987)	(1,564,576)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers Out		
2022 Capital Projects Fund	(13,958)	0
Net Change in Fund Balance	(51,945)	(1,564,576)
<u>FUND BALANCE - Beginning of Year</u>	51,945	1,616,521
<u>FUND BALANCE - End of Year</u>	\$ 0	\$ 51,945

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2022 CAPITAL PROJECTS FUND
BALANCE SHEET

JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Restricted Investments	\$ 1,921	\$ 4,059,724
	<u>1,921</u>	<u>4,059,724</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 523,920
Due to Other Funds	0	13,958
	<u>0</u>	<u>537,878</u>
Total Liabilities	0	537,878
<u>FUND BALANCE</u>		
Restricted for Capital Projects	1,921	3,521,846
	<u>1,921</u>	<u>3,521,846</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,921	\$ 4,059,724
	<u>1,921</u>	<u>4,059,724</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2022 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2024	2023
<u>REVENUES</u>		
Local Sources		
Earnings on Investments	\$ 88,974	\$ 189,544
<u>EXPENDITURES</u>		
Payments to Other Governmental Agencies, Facilities Acquisition and Prior Period Adjustments		
Facilities Acquisition, Construction and Improvements		
Site Improvements Services	85,762	1,717,529
Building Improvements Services	3,537,095	0
Total Expenditures	3,622,857	1,717,529
Excess (Deficiency) of Revenues Over Expenditures	(3,533,883)	(1,527,985)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
2020 Capital Projects Fund	13,958	0
Net Change in Fund Balance	(3,519,925)	(1,527,985)
<u>FUND BALANCE</u> - Beginning of Year	3,521,846	5,049,831
<u>FUND BALANCE</u> - End of Year	\$ 1,921	\$ 3,521,846

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2024

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2023

	PUBLIC LIBRARY	STUDENT ACTIVITY	<u>TOTALS</u>	
			2024	2023
<u>ASSETS</u>				
Cash	\$ 80,209	\$ 136,678	\$ 216,887	\$ 238,515
<hr/>				
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
	\$ 0	\$ 0	\$ 0	\$ 0
<hr/>				
<u>FUND BALANCE</u>				
Restricted for:				
Public Library	80,209	0	80,209	86,950
Assigned for Student Activities	0	136,678	136,678	151,565
<hr/>				
Total Fund Balance	80,209	136,678	216,887	238,515
<hr/>				
<u>TOTAL LIABILITIES AND FUND BALANCE</u>				
	\$ 80,209	\$ 136,678	\$ 216,887	\$ 238,515
<hr/>				

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2023

	PUBLIC LIBRARY	STUDENT ACTIVITY	TOTALS	
			2024	2023
<u>REVENUES</u>				
Local Sources	\$ 61,172	\$ 150,926	\$ 212,098	\$ 207,475
State Sources	7,032	0	7,032	5,045
Total Revenues	68,204	150,926	219,130	212,520
<u>EXPENDITURES</u>				
Salaries	42,941	0	42,941	40,994
Employee Benefits	17,775	0	17,775	16,711
Purchased Services	13,585	0	13,585	12,736
Other Expenditures	644	165,813	166,457	140,693
Total Expenditures	74,945	165,813	240,758	211,134
Excess (Deficiency) of Revenues Over Expenditures	(6,741)	(14,887)	(21,628)	1,386
<u>FUND BALANCE</u> - Beginning of Year	86,950	151,565	238,515	237,129
<u>FUND BALANCE</u> - End of Year	\$ 80,209	\$ 136,678	\$ 216,887	\$ 238,515

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

PUBLIC LIBRARY FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash	\$ 80,209	\$ 86,950
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted for Public Library	<u>80,209</u>	<u>86,950</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 80,209</u>	<u>\$ 86,950</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

PUBLIC LIBRARY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 2,223	\$ 2,287
Penal Fines	39,426	38,847
Township Aid	12,951	13,470
Miscellaneous	6,572	16,464
Total Local Sources	<u>61,172</u>	<u>71,068</u>
State Sources		
State Aid	<u>7,032</u>	<u>5,045</u>
Total Revenues	<u>68,204</u>	<u>76,113</u>
 <u>EXPENDITURES</u>		
Salaries	42,941	40,994
Employee Benefits	17,775	16,711
Purchased Services	13,585	12,736
Other Expenditures	644	3,022
Total Expenditures	<u>74,945</u>	<u>73,463</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,741)	2,650
<u>FUND BALANCE</u> - Beginning of Year	<u>86,950</u>	<u>84,300</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 80,209</u>	<u>\$ 86,950</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STUDENT ACTIVITY FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash	\$ 136,678	\$ 151,565
	<u>136,678</u>	<u>151,565</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Assigned for Student Activities	<u>136,678</u>	<u>151,565</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 136,678</u>	<u>\$ 151,565</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

STUDENT ACTIVITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>REVENUES</u>		
Local Sources		
Miscellaneous	\$ 150,926	\$ 136,407
<u>EXPENDITURES</u>		
Supporting Services		
Support Services - Other		
Other Student/School Activity Expenditures	<u>165,813</u>	<u>137,671</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,887)	(1,264)
<u>FUND BALANCE - Beginning of Year</u>	<u>151,565</u>	<u>152,829</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 136,678</u>	<u>\$ 151,565</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2024

	2013 SCHOOL IMPROVEMENT DEBT	2010 ENERGY DEBT	TOTALS
<u>ASSETS</u>	\$ 0	\$ 0	\$ 0
<hr/>			
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>	0	0	0
<hr/>			
TOTAL LIABILITIES AND FUND BALANCE	\$ 0	\$ 0	\$ 0
<hr/>			

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR DEBT RETIREMENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2024

	2013 SCHOOL IMPROVEMENT DEBT	2010 ENERGY DEBT	TOTALS
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Payments	10,000	85,000	95,000
Interest Payments	1,760	7,918	9,678
Miscellaneous	0	600	600
Total Expenditures	11,760	93,518	105,278
Excess (Deficiency) of Revenues Over Expenditures	(11,760)	(93,518)	(105,278)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	11,760	93,518	105,278
Net Change in Fund Balance	0	0	0
<u>FUND BALANCE - Beginning of Year</u>	0	0	0
<u>FUND BALANCE - End of Year</u>	\$ 0	\$ 0	\$ 0

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2013 SCHOOL IMPROVEMENT DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

JUNE 30,

	2024	2023
<u>REVENUES</u>	\$ 0	\$ 0
<u>EXPENDITURES</u>		
Debt Service		
Principal Payments	10,000	10,000
Interest Payments	1,760	2,025
Total Expenditures	11,760	12,025
Excess (Deficiency) of Revenues Over Expenditures	(11,760)	(12,025)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
General Fund	11,760	12,025
Net Change in Fund Balance	0	0
<u>FUND BALANCE - Beginning of Year</u>	0	0
<u>FUND BALANCE - End of Year</u>	\$ 0	\$ 0

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2010 ENERGY BOND DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>REVENUES</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>EXPENDITURES</u>		
Debt Service		
Principal Payments	85,000	85,000
Interest Payments	7,918	11,698
Miscellaneous	600	600
<u>Total Expenditures</u>	<u>93,518</u>	<u>97,298</u>
Excess (Deficiency) of Revenues Over Expenditures	(93,518)	(97,298)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
General Fund	93,518	97,298
Net Change in Fund Balance	0	0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 0</u>	<u>\$ 0</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2023</u>	<u>2023</u>
<u>ASSETS</u>		
Cash	\$ 957,705	\$ 1,157,180
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Committed for Future Contracts	20,131	0
Committed for Capital Projects	937,574	1,157,180
Total Fund Balance	957,705	1,157,180
TOTAL LIABILITIES AND FUND BALANCE	\$ 957,705	\$ 1,157,180

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments	\$ 47,486	\$ 7,088
<u>EXPENDITURES</u>		
Instruction		
Basic Programs		
Elementary	17,595	0
High School	90,448	0
Supporting Services		
Operations and Maintenance		
Operating Building Services	106,545	0
Payments to Other Governmental Agencies, Facilities Acquisition and Prior Period Adjustments		
Facilities Acquisition, Construction and Improvements		
Building Improvements Services	52,373	0
Total Expenditures	266,961	0
Excess (Deficiency) of Revenues Over Expenditures	(219,475)	7,088
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
General Fund	20,000	1,000,000
Net Change in Fund Balance	(199,475)	1,007,088
<u>FUND BALANCE - Beginning of Year</u>	1,157,180	150,092
<u>FUND BALANCE - End of Year</u>	\$ 957,705	\$ 1,157,180

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2024

<u>TITLE OF ISSUE</u>	2010 Energy Conservation Bonds		
<u>PURPOSE</u>	Energy conservation improvements.		
<u>DATE OF ISSUE</u>	May 12, 2010		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	860,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year		\$	715,000
Redeemed During Current Year			785,000
			70,000
<u>BALANCE OUTSTANDING - June 30, 2024</u>		\$	75,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2024		\$ 1,725	\$ 1,725	
May 1, 2025	4.600%	76,725	1,725	\$ 75,000
		\$ 78,450	\$ 3,450	\$ 75,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2024

<u>TITLE OF ISSUE</u>	2010 Energy Conservation Bonds - Series B		
<u>PURPOSE</u>	Energy conservation improvements.		
<u>DATE OF ISSUE</u>	October 1, 2010		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	165,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	135,000	
Redeemed During Current Year		15,000	150,000
			150,000
<u>BALANCE OUTSTANDING - June 30, 2024</u>		\$	15,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2024		\$ 323	\$ 323	
May 1, 2025	4.300%	15,323	323	\$ 15,000
		\$ 15,646	\$ 646	\$ 15,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2024

<u>TITLE OF ISSUE</u>	2013 School Improvement Bonds		
<u>PURPOSE</u>	Remodeling school buildings with carpet installation.		
<u>DATE OF ISSUE</u>	July 10, 2013		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	139,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	81,000	
Redeemed During Current Year		10,000	91,000
			91,000
<u>BALANCE OUTSTANDING - June 30, 2024</u>		\$	48,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2024		\$ 740	\$ 740	
May 1, 2025	2.90%	11,740	740	\$ 11,000
November 1, 2025		580	580	
May 1, 2026	3.00%	12,580	580	12,000
November 1, 2026		400	400	
May 1, 2027	3.15%	12,400	400	12,000
November 1, 2027		211	211	
May 1, 2028	3.25%	13,211	211	13,000
		\$ 51,862	\$ 3,862	\$ 48,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2024

<u>TITLE OF ISSUE</u>	2020 School Building and Site Bonds, Series I		
<u>PURPOSE</u>	Erecting additions to, remodeling, including security improvements to, furnishing and refurnishing and equipping and reequipping school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and developing and improving playgrounds, athletic fields and facilities, driveways, parking areas and sites and to pay costs of issuance for the bonds.		
<u>DATE OF ISSUE</u>	November 16, 2020		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	6,425,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	1,755,000	
Redeemed During Current Year		280,000	2,035,000
<u>BALANCE OUTSTANDING - June 30, 2024</u>		\$	<u>4,390,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2024		\$ 64,328	\$ 64,328	
May 1, 2025	5.00%	354,328	64,328	\$ 290,000
November 1, 2025		57,078	57,078	
May 1, 2026	5.00%	302,078	57,078	245,000
November 1, 2026		50,953	50,953	
May 1, 2027	5.00%	195,953	50,953	145,000
November 1, 2027		47,328	47,328	
May 1, 2028	5.00%	202,328	47,328	155,000
November 1, 2028		43,453	43,453	
May 1, 2029	5.00%	203,453	43,453	160,000
November 1, 2029		39,453	39,453	
May 1, 2030	5.00%	209,453	39,453	170,000
November 1, 2030		35,203	35,203	
May 1, 2031	2.00%	215,203	35,203	180,000
November 1, 2031		33,403	33,403	
May 1, 2032	2.00%	213,403	33,403	180,000
November 1, 2032		31,603	31,603	

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2024

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2033	2.00%	216,603	31,603	185,000
November 1, 2033		29,753	29,753	
May 1, 2034	2.00%	219,753	29,753	190,000
November 1, 2034		27,853	27,853	
May 1, 2035	2.00%	222,853	27,853	195,000
November 1, 2035		25,903	25,903	
May 1, 2036	2.00%	225,903	25,903	200,000
November 1, 2036		23,903	23,903	
May 1, 2037	2.00%	223,903	23,903	200,000
November 1, 2037		21,903	21,903	
May 1, 2038	2.00%	226,903	21,903	205,000
November 1, 2038		19,853	19,853	
May 1, 2039	2.125%	229,853	19,853	210,000
November 1, 2039		17,622	17,622	
May 1, 2040	2.125%	232,622	17,622	215,000
November 1, 2040		15,338	15,338	
May 1, 2041	2.375%	230,337	15,337	215,000
November 1, 2041		12,784	12,784	
May 1, 2042	2.375%	192,784	12,784	180,000
November 1, 2042		10,647	10,647	
May 1, 2043	2.375%	190,647	10,647	180,000
November 1, 2043		8,509	8,509	
May 1, 2044	2.375%	193,509	8,509	185,000
November 1, 2044		6,313	6,313	
May 1, 2045	2.50%	191,312	6,312	185,000
November 1, 2045		4,000	4,000	
May 1, 2046	2.50%	164,000	4,000	160,000
November 1, 2046		2,000	2,000	
May 1, 2047	2.50%	162,000	2,000	160,000
		<u>\$ 5,648,364</u>	<u>\$ 1,258,364</u>	<u>\$ 4,390,000</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2024

<u>TITLE OF ISSUE</u>	2022 School Building and Site Bonds, Series II		
<u>PURPOSE</u>	Erecting additions to, remodeling, including security improvements to, furnishing and refurnishing and equipping and reequipping school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and developing and improving playgrounds, athletic fields and facilities, driveways, parking areas and sites and to pay costs of issuance for the bonds.		
<u>DATE OF ISSUE</u>	May 16, 2022		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	5,040,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	185,000	
Redeemed During Current Year		375,000	560,000
			560,000
<u>BALANCE OUTSTANDING - June 30, 2024</u>		\$	4,480,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2024		\$ 87,794	\$ 87,794	
May 1, 2025	5.000%	187,794	87,794	\$ 100,000
November 1, 2025		85,294	85,294	
May 1, 2026	5.000%	185,294	85,294	100,000
November 1, 2026		82,794	82,794	
May 1, 2027	5.000%	227,794	82,794	145,000
November 1, 2027		79,169	79,169	
May 1, 2028	5.000%	224,169	79,169	145,000
November 1, 2028		75,544	75,544	
May 1, 2029	5.000%	225,544	75,544	150,000
November 1, 2029		71,794	71,794	
May 1, 2030	5.000%	221,794	71,794	150,000
November 1, 2030		68,044	68,044	
May 1, 2031	5.000%	218,044	68,044	150,000
November 1, 2031		64,294	64,294	
May 1, 2032	5.000%	219,294	64,294	155,000
November 1, 2032		60,419	60,419	

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2024

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2033	3.000%	215,419	60,419	155,000
November 1, 2033		58,094	58,094	
May 1, 2034	3.000%	213,094	58,094	155,000
November 1, 2034		55,769	55,769	
May 1, 2035	3.000%	210,769	55,769	155,000
November 1, 2035		53,444	53,444	
May 1, 2036	3.000%	208,444	53,444	155,000
November 1, 2036		51,119	51,119	
May 1, 2037	3.000%	216,119	51,119	165,000
November 1, 2037		48,541	48,541	
May 1, 2038	3.125%	213,541	48,541	165,000
November 1, 2038		45,963	45,963	
May 1, 2039	3.125%	215,962	45,962	170,000
November 1, 2039		43,200	43,200	
May 1, 2040	3.250%	208,200	43,200	165,000
November 1, 2040		40,519	40,519	
May 1, 2041	3.250%	215,519	40,519	175,000
November 1, 2041		37,675	37,675	
May 1, 2042	3.250%	257,675	37,675	220,000
November 1, 2042		34,100	34,100	
May 1, 2043	4.000%	264,100	34,100	230,000
November 1, 2043		29,500	29,500	
May 1, 2044	4.000%	264,500	29,500	235,000
November 1, 2044		24,800	24,800	
May 1, 2045	4.000%	264,800	24,800	240,000
November 1, 2045		20,000	20,000	
May 1, 2046	4.000%	290,000	20,000	270,000
November 1, 2046		14,600	14,600	
May 1, 2047	4.000%	294,600	14,600	280,000
November 1, 2047		9,000	9,000	
May 1, 2048	4.000%	459,000	9,000	450,000
		<u>\$ 6,962,939</u>	<u>\$ 2,482,939</u>	<u>\$ 4,480,000</u>

