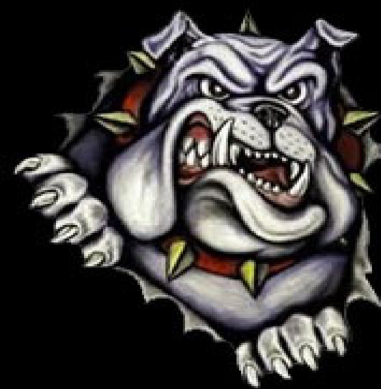

Summerfield Schools

Year Ended June 30, 2023

Financial Statements

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SUMMERFIELD SCHOOLS

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SUMMERFIELD SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 19, 2023

Board of Education
Summerfield Schools
Petersburg, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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1249 Griswold Street, Suite 201, Detroit, MI 48226 313.202.7400

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

Independent Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements 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 were derived from and relate 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 19, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rehmann Robson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Summerfield Schools (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2023.

Financial Highlights

· Total net position	$ (7,953,519)
· Change in total net position	1,039,565
· Fund balances, governmental funds	2,473,428
· Change in fund balances, governmental funds	66,592
· Unassigned fund balance, general fund	1,222,631
· Change in fund balance, general fund	166,238
· General obligation bonds outstanding	3,865,000
· Change in general obligation bonds outstanding	(315,000)

Overview of the Financial Statements

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

Government-wide Financial Statements. The g*overnment-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, liabilities, and deferred inflows of resources with the residual balance 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 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements report functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, supporting services, food services, community recreation, technology, and athletics. The District has no business-type activities for the year.

Management's Discussion and Analysis

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 and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported 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 evaluating 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 the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains various individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of fund revenues, expenditures, and changes in fund balances for the general fund and the technology special revenue fund, the District's major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements following the required supplementary information.

The District adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for the general fund and technology special revenue fund herein to demonstrate compliance with the budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary consisting of this management's discussion and analysis and the schedules for the Michigan Public Schools Employees' Retirement System pension and other postemployment benefit plans immediately following the notes to the financial statements. Also, the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the pension and other postemployment benefit plans schedules.

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $7,953,527 at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g., land, land improvements, buildings and improvements, machinery and equipment, and leased equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position	
	2023	**2022**
Current and other assets	$ 3,736,455	$ 3,411,787
Capital assets, net	4,305,167	4,367,562
Total assets	8,041,622	7,779,349
Deferred outflows of resources	4,947,781	2,529,633
Other liabilities	1,279,627	1,023,018
Long-term liabilities	17,800,145	13,124,485
Total liabilities	19,079,772	14,147,503
Deferred inflows of resources	1,863,150	5,154,563
Net position:		
Net investment in capital assets	338,786	54,342
Restricted	650,730	730,850
Unrestricted (deficit)	(8,943,035)	(9,778,276)
Total net position	$ (7,953,519)	$ (8,993,084)

$650,730 of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position, which has a negative balance.

Management's Discussion and Analysis

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net position for the fiscal year 2023.

	Change in Net Position	
	2023	2022
Revenues		
Program revenues:		
Charges for services	$ 256,388	$ 178,604
Operating grants and contributions	2,830,353	3,003,751
General revenues:		
Property taxes	1,085,362	982,186
State aid unrestricted	5,162,262	4,901,880
Unrestricted investment earnings	66,207	12,228
Gain on sale of capital assets	-	3,000
Other	37,408	43,209
Total revenues	9,437,980	9,124,858
Expenses		
Instruction	3,956,831	3,490,344
Supporting services	2,804,809	2,426,793
Food services	364,120	415,631
Community recreation	156,107	194,673
Technology	281,440	244,644
Athletics	263,583	217,604
Other	33,389	10,097
Interest on long-term debt	101,683	110,663
Unallocated depreciation and amortization	436,453	430,605
Total expenses	8,398,415	7,541,054
Change in net position	1,039,565	1,583,804
Net position, beginning of year	(8,993,084)	(10,576,888)
Net position, end of year	$ (7,953,519)	$ (8,993,084)

Governmental Activities. Governmental activities net position increased by $1,039,565, primarily due to use of federal and State funding grants, as well as reduction in the District's net pension and net OPEB liabilities. Fluctuations in expense categories were driven by a number of factors including changes in the net pension and OPEB liabilities, different federal and state grants available to the District, and staffing changes for the changing needs of students.

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $2,473,428, an increase of $66,592 over the prior year. Approximately 49.4% of this total amount, $1,222,631 constitutes unassigned fund balance, which is available for spending at the District's discretion. The District reported $151,412 as committed for student/school activity. The District reported $429,273 as assigned fund balance to support a portion of next year's expenditures. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for new spending because the underlying assets are included in inventory, prepaids, or endowments and are not available for current expenditure, or the fund balances are constrained by externally imposed restrictions.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,222,631. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 15.5% of total general fund expenditures.

The fund balance of the District's general fund increased by $166,238 during the current fiscal year. This is primarily attributable to an increase in State revenue, conservative spending practices, and the timing of projects for the District.

The fund balance of the District's technology fund decreased by $45,156 during the current fiscal year. This is primarily attributable to the number of devices purchased for student use during the year. Many technology initiatives are ongoing and require additional resources of spending.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted before the 2022-23 year end. A statement showing the District’s original and final budget amounts compared with amounts actually paid and received is provided as part of the District's basic financial statements.

Differences between the original and final amended budgets relate to updates in state funding, grant funding allocations, changes in salaries and benefits costs, and student count for the District. Once this additional information was known, subsequent budget amendments recognized the shifting of revenue sources/additional revenue along with adjusting expenditures in District program budgets that were impacted by the changes. Some of the more significant changes between the original adopted budget and final amended budgets were:

- Budgeted federal revenues were increased by $90,639 from the original to the final amended budget to better reflect allocated funding and carryover of grants from year to year. State revenues increased by $914,757 from the original to the final amended budget due to the conservative budgeting during spring versus the final State budget and final student count that provided a large increase in the State Aid allocation. The State also provided a large one-time pay down of Retirement Liabilities that came through districts.

- Budgeted expenditures were increased by $892,285 from the original to the final amended budget to better reflect costs of operation, including the addition of multiple federal grants during the school year and included carryover of grants from year to year. With the federal and state government providing several coronavirus pandemic related grants in prior years, budgets were increased to account for the final spending out of these grants.

In accordance with State statute, the District is prohibited from amending the budget after year-end. As the District's books are not closed for accounting purposes at that point, a certain level of estimation is required in determining actual need. Actual expenditures ended the year under the final budget by $602,481 or approximately 7.1%.

Capital Asset and Debt Administration

Capital Assets. The District’s investment in capital assets for its governmental activities as of June 30, 2023, amounted to $4,305,167 (net of accumulated depreciation/amortization). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, and leased equipment.

Management's Discussion and Analysis

The major capital asset events during the current fiscal year were purchases for a new digital sign ($28,045), security cameras ($61,899), a new PA system in buildings ($115,422), Boiler pumps ($94,600), walk-in refrigerator ($7,245), a preschool sandbox ($5,017), and a large group of chromebooks ($64,227).

	Capital Assets (Net of Depreciation /Amortization)	
	2023	2022
Land	$ 137,972	$ 137,972
Land improvements	102,373	129,220
Buildings and improvements	3,225,241	3,550,495
Machinery and equipment	824,475	527,217
Leased equipment	15,106	22,658
Total capital assets, net	$ 4,305,167	$ 4,367,562

Additional information on the District’s capital assets can be found in Note 6 of this report.

Long-term Debt. At the end of the current fiscal year, the District had bonded debt outstanding of $3,865,000. This amount represents general obligations of the District that constitute an indebtedness of the District within any constitutional or statutory limitations.

Additional information on the District’s long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year’s Budget and Rates

Our elected officials and administration considered many factors when setting the District’s 2024 fiscal year budget (2023-2024). The most important factors affecting the budget are as follows:

- The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2024 fiscal year will be 90% of the October 2023 and 10% of the February 2023 student counts, respectively.

- The 2024 fiscal year budget was adopted in June 2023, based on an estimate of students that will be funded for the 2023-24 year (a blended figure is used based on the percentages above). Based on our internal analysis, we conservatively estimate that our student count will increase by 3 students in 2023-2024.

- Approximately 70% of all revenues received by the District are directly related to state aid (approximately 81% of general fund revenues).

- Under State law, the only means that the District has to access additional property tax revenue for general operations is through a county-wide enhancement millage. Accordingly, District funding is heavily dependent on the State’s ability to fund local school operations.

- Once the final student count and related per pupil (State) funding is validated, the District will amend the budget to reflect updated revenues and expenditures. Current state legislative budgetary changes will adjust revenues and expenditures for new categorical State allocations.

The following factors were also considered in preparing the District's budget for the 2023-24 fiscal year:

- There continues to be a high degree of uncertainty regarding potential changes to state and federal funding and the ability to sustain the current levels of financing operations. In addition, the District is continuously evaluating the impacts of the pandemic and student safety as it determines the appropriate methods to deliver education to students in a safe environment. These factors will have a significant impact on the operational and financial performance of the District.

- The amount received on a county-wide basis for the costs of the special education program is another major factor influencing the District revenues. The 2023-24 preliminary budget assumes a flat funding level due to consistent spending and the reimbursement nature of the funding. However legislative changes to special education funding will impact adjustments to the 2023-24 revenues.

- The retirement cost for the District will increase slightly in 2023-24. More significant is the retirement costs being reimbursed by the State in Section 147c categorical payments. These monies are flow-through, and impact revenues and expenditures equally in the budget.

- For the 2023-24 fiscal year, the District's staffing was anticipated to remain stable. Staffing adjustments due to retirements and staff changing employment during the summer are not reflected in the 2023-24 preliminary budget.

- Although there is student increase anticipated, recent years has proven the District continues to receive additional students through the school of choice program prior to the start of the next school year. However, budgetary amendments are needed to make adjustments for items that are estimates to start the budget.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent's Office, Summerfield Schools, 17555 Ida West Road, Petersburg, Michigan 49270.

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BASIC FINANCIAL STATEMENTS

SUMMERFIELD SCHOOLS

Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	$ 2,321,646
Receivables	1,402,092
Inventory and prepaid items	12,717
Capital assets not being depreciated	137,972
Capital assets being depreciated/amortized, net	4,167,195
Total assets	8,041,622
Deferred outflows of resources	
Deferred charge on refunding	42,368
Deferred pension amounts	3,936,890
Deferred other postemployment benefit amounts	968,523
Total deferred outflows of resources	4,947,781
Liabilities	
Accounts payable and accrued liabilities	932,552
Unearned revenue	347,075
Bonds, notes and other long-term liabilities:	
Due within one year	354,840
Due in more than one year	3,668,649
Net pension liability (due in more than one year)	13,041,489
Net other postemployment benefit liability (due in more than one year)	735,167
Total liabilities	19,079,772
Deferred inflows of resources	
Deferred pension amounts	272,450
Deferred other postemployment benefit amounts	1,590,700
Total deferred inflows of resources	1,863,150
Net position	
Net investment in capital assets	338,786
Restricted for:	
Food service	225,347
Community recreation	55,399
Technology	231,376
Scholarships	1,000
Debt service	97,297
Permanent fund:	
Expendable	35,000
Non-expendable	5,311
Unrestricted (deficit)	(8,943,035)
Total net position	$ (7,953,519)

The accompanying notes are an integral part of these financial statements.

SUMMERFIELD SCHOOLS

Statement of Activities

For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
Governmental activities				
Instruction	$ 3,956,831	$ -	$ 2,048,409	$ (1,908,422)
Supporting services	2,804,809	-	264,873	(2,539,936)
Food services	364,120	114,429	219,594	(30,097)
Community recreation	156,107	93,165	62,751	(191)
Technology	281,440	-	192,851	(88,589)
Athletics	263,583	48,794	41,875	(172,914)
Other	33,389	-	-	(33,389)
Interest on long-term debt	101,683	-	-	(101,683)
Unallocated depreciation/amortization	436,453	-	-	(436,453)
Total governmental activities	$ 8,398,415	$ 256,388	$ 2,830,353	(5,311,674)

General revenues	
Property taxes	1,085,362
State aid unrestricted	5,162,262
Unrestricted investment earnings	66,207
Other	37,408
Total general revenues	6,351,239
Change in net position	1,039,565
Net position, beginning of year	(8,993,084)
Net position, end of year	$ (7,953,519)

The accompanying notes are an integral part of these financial statements.

SUMMERFIELD SCHOOLS

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Technology Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,456,903	$ 238,534	$ 626,209	$ 2,321,646
Accounts receivable	17,148	-	-	17,148
Due from other governments	1,380,947	540	3,457	1,384,944
Inventory	-	-	6,555	6,555
Prepaid items	1,182	2,800	2,180	6,162
Total assets	$ 2,856,180	$ 241,874	$ 638,401	$ 3,736,455
Liabilities				
Accounts payable	$ 108,359	$ 7,374	$ 18,095	$ 133,828
Accrued salaries payable	383,478	1,536	1,185	386,199
Accrued expenditures	393,772	1,588	565	395,925
Unearned revenue	317,485	-	29,590	347,075
Total liabilities	1,203,094	10,498	49,435	1,263,027
Fund balances				
Nonspendable:				
Inventory	-	-	6,555	6,555
Prepaid items	1,182	2,800	2,180	6,162
Endowments	-	-	35,000	35,000
Restricted for:				
Food service	-	-	218,792	218,792
Community recreation	-	-	54,819	54,819
Technology	-	228,576	-	228,576
Scholarships	-	-	6,311	6,311
Debt service	-	-	113,897	113,897
Committed for -				
Student/school activity	-	-	151,412	151,412
Assigned -				
Budgeted use of fund balance	429,273	-	-	429,273
Unassigned	1,222,631	-	-	1,222,631
Total fund balances	1,653,086	231,376	588,966	2,473,428
Total liabilities and fund balances	$ 2,856,180	$ 241,874	$ 638,401	$ 3,736,455

The accompanying notes are an integral part of these financial statements.

SUMMERFIELD SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

Fund balances - total governmental funds	$ 2,473,428
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 therefore are not reported in the fund statement.	
Capital assets not being depreciated	137,972
Capital assets being depreciated/amortized	14,604,632
Accumulated depreciation/amortization	(10,437,437)
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bond, notes, and other long-term liabilities	(3,890,631)
Unamortized charge on refunding	42,368
Unamortized bond premium	(118,118)
Compensated absences	(14,740)
Accrued interest on long-term debt	(16,600)
Certain pension and other postemployment benefit-related amounts, such as the net pension liability, net other postemployment benefit liability, and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(13,041,489)
Deferred outflows related to the net pension liability	3,936,890
Deferred inflows related to the net pension liability	(272,450)
Net other postemployment benefit liability	(735,167)
Deferred outflows related to the net other postemployment benefit liability	968,523
Deferred inflows related to the net other postemployment benefit liability	(1,590,700)
Net position of governmental activities	$ (7,953,519)

The accompanying notes are an integral part of these financial statements.

SUMMERFIELD SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Technology Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 813,674	$ 473	$ 866,703	$ 1,680,850
State sources	6,588,022	2,651	31,448	6,622,121
Federal sources	418,422	-	253,355	671,777
Interdistrict sources and other	270,381	192,851	-	463,232
Total revenues	8,090,499	195,975	1,151,506	9,437,980
Expenditures				
Current:				
Instruction	4,387,781	-	-	4,387,781
Supporting services	3,124,901	-	265,351	3,390,252
Food services	-	-	364,120	364,120
Community recreation	-	-	163,998	163,998
Technology	43,180	241,131	-	284,311
Athletics	299,366	-	-	299,366
Other	33,571	-	-	33,571
Debt service:				
Principal	23,548	-	315,000	338,548
Interest and fiscal charges	998	-	110,443	111,441
Total expenditures	7,913,345	241,131	1,218,912	9,373,388
Revenues over (under) expenditures	177,154	(45,156)	(67,406)	64,592
Other financing sources (uses)				
Proceeds from sale of capital assets	2,000	-	-	2,000
Transfers in	-	-	12,916	12,916
Transfers out	(12,916)	-	-	(12,916)
Total other financing sources (uses)	(10,916)	-	12,916	2,000
Net change in fund balances	166,238	(45,156)	(54,490)	66,592
Fund balances, beginning of year	1,486,848	276,532	643,456	2,406,836
Fund balances, end of year	$ 1,653,086	$ 231,376	$ 588,966	$ 2,473,428

The accompanying notes are an integral part of these financial statements.

SUMMERFIELD SCHOOLS

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	$ 66,592
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Capital assets purchased	376,458
Depreciation/amortization expense	(436,453)
Loss on disposal of capital assets	(400)
Proceeds from sale of capital assets	(2,000)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on bonds, notes and other long-term liabilities	338,548
Amortization of bond premium	13,588
Amortization of deferred charge on refunding	(5,297)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in net pension liability and related deferred amounts	112,567
Change in net other postemployment benefit liability and related deferred amounts	573,976
Change in accrued interest payable on long-term debt	1,467
Change in the accrual for compensated absences	519
Change in net position of governmental activities	$ 1,039,565

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	$ 682,578	$ 797,854	$ 813,674	$ 15,820
State sources	5,869,029	6,783,786	6,588,022	(195,764)
Federal sources	397,317	487,956	418,422	(69,534)
Interdistrict sources and other	241,000	269,853	270,381	528
Total revenues	7,189,924	8,339,449	8,090,499	(248,950)
Expenditures				
Current:				
Instruction:				
Basic programs	3,534,559	3,788,598	3,652,834	(135,764)
Added needs	673,550	914,992	734,947	(180,045)
Total instruction	4,208,109	4,703,590	4,387,781	(315,809)
Supporting services:				
Pupil	507,217	527,213	453,211	(74,002)
Instructional services	57,108	56,028	42,050	(13,978)
General administration	329,073	353,908	342,179	(11,729)
School administration	557,173	586,105	560,496	(25,609)
Business	218,420	215,156	200,038	(15,118)
Operations and maintenance	881,197	1,173,797	1,116,835	(56,962)
Pupil transportation services	507,686	472,595	397,420	(75,175)
Central services	8,001	16,157	12,672	(3,485)
Total supporting services	3,065,875	3,400,959	3,124,901	(276,058)
Technology	41,387	46,924	43,180	(3,744)
Athletics	285,034	302,734	299,366	(3,368)
Other	8,030	33,935	33,571	(364)
Debt service:				
Principal	14,008	26,586	23,548	(3,038)
Interest and fiscal charges	998	998	998	-
Total debt service	15,006	27,584	24,546	(3,038)
Total expenditures	7,623,441	8,515,726	7,913,345	(602,381)
Revenues over (under) expenditures	(433,517)	(176,277)	177,154	353,431
Other financing sources (uses)				
Proceeds from sale of capital assets	1,500	2,000	2,000	-
Transfers out	(14,045)	(12,296)	(12,916)	620
Total other financing sources (uses)	(12,545)	(10,296)	(10,916)	620
Net change in fund balance	(446,062)	(186,573)	166,238	352,811
Fund balance, beginning of year	1,486,848	1,486,848	1,486,848	-
Fund balance, end of year	$ 1,040,786	$ 1,300,275	$ 1,653,086	$ 352,811

The accompanying notes are an integral part of these financial statements.

SUMMERFIELD SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Technology Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	$ -	$ 411	$ 473	$ 62
State sources	-	2,572	2,651	79
Interdistrict sources and other	185,000	187,000	192,851	5,851
Total revenues	185,000	189,983	195,975	5,992
Expenditures				
Current -				
Technology	276,564	257,236	241,131	(16,105)
Net change in fund balance	(91,564)	(67,253)	(45,156)	22,097
Fund balance, beginning of year	276,532	276,532	276,532	-
Fund balance, end of year	$ 184,968	$ 209,279	$ 231,376	$ 22,097

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Summerfield Schools (the "District") has followed the guidelines of the Governmental Accounting Standards Board and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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, or one year for expenditure-driven grants. 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.

Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The g*eneral fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *technology special revenue fund* is used to account for and report financial resources restricted to expenditure of the technology related purchases.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The *debt service funds* are used to account for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

The *permanent fund* accounts for contributions earmarked for scholarships available to qualifying students of the District.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

Inventory and Prepaid Items

Inventory is valued at the lower of cost (first in, first out) or market. Inventory in the food service fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Land improvements	5-20
Buildings and improvements	50
Machinery and equipment	8

Deferred Outflows of Resources

In addition to assets, the statement of financial 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 will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows for the charge on refunding. This amount represents the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit liability and costs.

Salaries Payable and Accrued Employee Benefits

A liability is recorded at year end for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year. The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

Compensated Absences

Employees can accumulate compensated absences by not using the number of sick days allotted each year. The maximum number of allowable accumulated sick days varies for employees depending on the capacity in which the District employs him/her. The vested liability for compensated absences is based on a dollar amount multiplied by the number of days accumulated for a maximum of 100 days, by employees who have been employed by the District for ten or more years. The current portion represents the estimated amount that will be paid to employees in the next fiscal year.

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Leases

Lessee. The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

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 judgments 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 noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) 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.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources related to pension and other postemployment benefit costs.

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance,* if applicable, is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action if the government’s highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports *assigned fund balance* for amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Superintendent or his/her designee. *Unassigned fund balance* is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit 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 plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. BUDGETARY INFORMATION

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis.

All annual appropriations lapse at fiscal year end.

3. EXCESS OF EXPENDITURES OVER BUDGET

During the year the District incurred certain expenditures in excess of the amounts appropriated as follows:

	Final Budget	Actual	Over Final Budget
General fund			
Transfers out	$ 12,296	$ 12,916	$ 620

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position follows:

Statement of Net Position	
Cash and cash equivalents	$ 2,321,646
Deposits and investments	
Checking and savings accounts	$ 2,265,113
Certificates of deposit (due within one year)	51,358
Certificates of deposit (due within one to five years)	4,975
Cash on hand	200
Total	$ 2,321,646

Statutory Authority

State statutes authorize the District to invest in:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than five years after the purchase dates.

- Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.

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

- Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.

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

- Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for all of these types of investments.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The District had monies in certificates of deposits at year end.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District had no investments at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, $2,185,396 of the District's bank balance of $2,460,689 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. The District had no investments at year end.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. The District had no investments at year end.

5. RECEIVABLES

Receivables as of year end for the District's individual major funds and nonmajor governmental funds in the aggregate, are as follows:

	General Fund	Technology Special Revenue Fund	Nonmajor Governmental Funds	Total
Accounts receivable	$ 17,148	$ -	$ -	$ 17,148
Due from other governments	1,380,947	540	3,457	1,384,944
	$ 1,398,095	$ 540	$ 3,457	$ 1,402,092

Notes to Financial Statements

6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated -					
Land	$ 137,972	$ -	$ -	$ -	$ 137,972
Capital assets being depreciated/amortized:					
Land improvements	1,183,862	-	-	-	1,183,862
Buildings and improvements	11,501,535	-	-	-	11,501,535
Machinery and equipment	1,623,976	376,458	(111,409)	-	1,889,025
Leased equipment (note 9)	30,210	-	-	-	30,210
	14,339,583	376,458	(111,409)	-	14,604,632
Less accumulated depreciation/amortization for:					
Land improvements	(1,054,642)	(26,847)	-	-	(1,081,489)
Buildings and improvements	(7,951,040)	(325,254)	-	-	(8,276,294)
Machinery and equipment	(1,096,759)	(76,800)	109,009	-	(1,064,550)
Leased equipment (note 9)	(7,552)	(7,552)	-	-	(15,104)
	(10,109,993)	(436,453)	109,009	-	(10,437,437)
Total capital assets being depreciated/ amortized, net	4,229,590	(59,995)	(2,400)	-	4,167,195
Governmental activities capital assets, net	$ 4,367,562	$ (59,995)	$ (2,400)	$ -	$ 4,305,167

Depreciation/amortization expense of $436,453 was reported as “unallocated depreciation and amortization,” and was not allocated to individual functions.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year end for the District's individual major funds and nonmajor governmental funds in the aggregate, are as follows:

	General Fund	Technology Special Revenue Fund	Nonmajor Governmental Funds	Total
Fund Financial Statements				
Accounts payable	$ 108,359	$ 7,374	$ 18,095	$ 133,828
Accrued salaries payable	383,478	1,536	1,185	386,199
Accrued expenditures	393,772	1,588	565	395,925
	$ 885,609	$ 10,498	$ 19,845	915,952
Government-wide Financial Statements				
Accrued interest on long-term debt				16,600
				$ 932,552

8. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

The following is a summary of bonds, notes, and other long-term liabilities activity of the District for the year ended June 30, 2023:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	$ 4,180,000	$ -	$ (315,000)	$ 3,865,000	$ 315,000
Notes from direct borrowings and direct placements - Financed purchases	28,509	-	(14,008)	14,501	14,501
Lease payable (note 9)	20,670	-	(9,540)	11,130	9,540
Bond premium	131,706	-	(13,588)	118,118	13,588
Compensated absences	15,259	5,736	(6,255)	14,740	2,211
	$ 4,376,144	$ 5,736	$ (358,391)	$ 4,023,489	$ 354,840

Compensated absences are generally liquidated by the general fund.

General obligation bonds payable at June 30, 2023, consists of the following:

$4,035,000 2015 Refunding Bond, due in annual installments of $205,000 to $305,000 through May 1, 2031; interest at 3.00%.	$ 2,230,000
$1,825,000 2020 School Building and Site Bond, due in annual installments of $60,000 to $250,000 through May 1, 2035; interest at 2.00%.	1,635,000
Total general obligation bonds	$ 3,865,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 315,000	$ 99,600	$ 414,600
2025	335,000	90,800	425,800
2026	345,000	81,500	426,500
2027	355,000	71,950	426,950
2028	365,000	62,100	427,100
2029-2033	1,650,000	158,850	1,808,850
2034-2035	500,000	15,000	515,000
Totals	$ 3,865,000	$ 579,800	$ 4,444,800

The District has one financed purchase agreement for buses with an original cost of $94,967. The net book value of the capital asset acquired through the financed purchase was $26,709 as of year end. Annual debt service requirements to maturity for the financed purchase is as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 14,501	$ 507	$ 15,008

9. LEASES PAYABLE

The District is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the District will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

The right-to-use-assets and the related activity are included in Note 6, Capital Assets. The lease liability and related activity are presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

	Remaining Term of Agreements
Asset Type	
Equipment	2 years

The assets acquired through leases in governmental activities are summarized as follows:

Equipment	$ 30,210
Less accumulated amortization	(15,104)
Net book value	$ 15,106

The net present value of future minimum payments as of June 30, 2023, were as follows:

Year Ended June 30,	Principal	Interest
2024	$ 9,540	$ 3,038
2025	1,590	506
Total	$ 11,130	$ 3,544

10. 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 has purchased commercial insurance for general liability, property, and casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

Notes to Financial Statements

11. PROPERTY TAXES

Property taxes levied by the District are collected by the Townships of Dundee, Ida, and Summerfield and the City of Petersburg and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "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. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System’s pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System’s health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees’ Retirement Act (1980 PA 300 as amended).

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 Treasurer serves as the investment officer and custodian for the System.

The System’s financial statements are available at the ORS website at www.michigan.gov/orsschools.

Pension Benefits Provided

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. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. 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.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member’s rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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 healthcare 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. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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 were deposited into their 401(k) account.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. 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 portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.14% - 20.16%
Member Investment Plan (MIP)	3.00% - 7.00%	20.14% - 20.16%
Pension Plus	3.00% - 6.40%	17.22% - 17.24%
Pension Plus 2	6.20%	19.93% - 19.95%
Defined Contribution	0.00%	13.73% - 13.75%

For the year ended June 30, 2023, required and actual contributions from the District to the pension plan were $1,254,231, which included $606,849, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate. In addition, the District had additional contributions of $353,421, which was a one-time, state payment toward the MPSERS unfunded liability.

The table below summarizes OPEB contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.21% - 7.23%

For the year ended June 30, 2023, required and actual contributions from the District to the OPEB plan were $271,775.

Notes to Financial Statements

The table below summarizes defined contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2023, required and actual contributions from the District for those members with a defined contribution benefit were $95,910.

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

At June 30, 2023, the District reported a liability of $13,041,489 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was 0.03468%, which was a decrease of 0.00003% from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $1,489,903. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 130,460	$ 29,159	$ 101,301
Changes in assumptions	2,240,995	-	2,240,995
Net difference between projected and actual earnings on pension plan investments	30,582	-	30,582
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,019	243,291	(233,272)
	2,412,056	272,450	2,139,606
District contributions subsequent to the measurement date	1,524,834	-	1,524,834
Total	$ 3,936,890	$ 272,450	$ 3,664,440

The amount reported as deferred outflows 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 year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2024	$ 570,807
2025	415,688
2026	404,928
2027	748,183
Total	$ 2,139,606

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

At June 30, 2023, the District reported a liability of $735,167 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was 0.03471% which was a decrease of 0.00009% from its proportion measured as of September 30, 2021.

Notes to Financial Statements

For the year ended June 30, 2023, the District recognized OPEB expense of $(302,724). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 1,439,911	$ (1,439,911)
Changes in assumptions	655,278	53,356	601,922
Net difference between projected and actual earnings on OPEB plan investments	57,459	-	57,459
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,418	97,433	(78,015)
	732,155	1,590,700	(858,545)
District contributions subsequent to the measurement date	236,368	-	236,368
Total	$ 968,523	$ 1,590,700	$ (622,177)

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. 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 June 30,	Amount
2024	$ (294,952)
2025	(268,996)
2026	(251,412)
2027	(27,611)
2028	(15,497)
Thereafter	(77)
Total	$ (858,545)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2021 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2022, are based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.3922 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2250 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, 6.00% for the Pension Plus Plan, and 6.00% for OPEB.

Long-term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	100.00%		4.67%
Inflation			2.20%
Risk adjustment			-0.87%
Investment rate of return			6.00%

Long-term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	100.00%		4.67%
Inflation			2.20%
Risk adjustment			-0.87%
Investment rate of return			6.00%

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was -4.18% and -4.99%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	$ 17,209,921	$ 13,041,489	$ 9,606,514

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB liability	$ 1,233,172	$ 735,167	$ 315,785

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 307,853	$ 735,167	$ 1,214,836

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2023, the District reported a payable of $252,531 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2023.

Payable to the OPEB Plan

At June 30, 2023, the District reported a payable of $31,166 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2023.

13. CONTINGENCIES

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

As is the case with other entities, the District faces exposure from potential claims and legal proceedings involving environmental matters. No such claims or proceedings have been asserted as of June 30, 2023.

14. NET INVESTMENT IN CAPITAL ASSETS

As of June 30, 2023, the District's net investment in capital assets was comprised of the following:

Capital assets	
Capital assets not being depreciated	$ 137,972
Capital assets being depreciated/amortized, net	4,167,195
Total capital assets	4,305,167
Capital related debt	
Bonds payable	(3,865,000)
Notes from direct borrowings	(14,501)
Leases payable	(11,130)
Unamortized charge on refunding	42,368
Bond premium	(118,118)
Total capital related debt	(3,966,381)
Net investment in capital assets	$ 338,786

Notes to Financial Statements

15. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the District to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past three years, the District has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately $355,000 was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the District.

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

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

	Year Ended June 30,			
	2023	2022	2021	2020
District's proportionate share of the net pension liability	$ 13,041,489	$ 8,217,153	$ 12,214,536	$ 12,091,984
District's proportion of the net pension liability	0.03468%	0.03471%	0.03556%	0.03651%
District's covered payroll	$ 3,428,727	$ 3,180,626	$ 3,159,221	$ 3,227,096
District's proportionate share of the net pension liability as a percentage of its covered payroll	380.36%	258.35%	386.63%	374.70%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	72.60%	59.72%	60.31%

See notes to required supplementary information.

Year Ended June 30,				
2019	2018	2017	2016	2015
$ 10,879,932	$ 9,349,564	$ 9,056,728	$ 9,219,993	$ 7,921,486
0.03619%	0.03608%	0.03630%	0.03775%	0.03596%
$ 3,094,542	$ 3,036,124	$ 3,025,373	$ 3,147,417	$ 3,224,862
351.58%	307.94%	299.36%	292.94%	245.64%
62.36%	64.21%	63.27%	63.17%	66.20%

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan
Schedule of the District's Pension Contributions

	Year Ended June 30,			
	2023	2022	2021	2020
Statutorily required contributions	$ 1,254,231	$ 1,159,200	$ 1,010,772	$ 1,007,530
Contributions in relation to the statutorily required contributions	(1,254,231)	(1,159,200)	(1,010,772)	(1,007,530)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,555,996	$ 3,304,416	$ 3,127,801	$ 3,196,104
Contributions as a percentage of covered payroll	35.27%	35.08%	32.32%	31.52%

See notes to required supplementary information.

Year Ended June 30,				
2019	2018	2017	2016	2015
$ 960,471	$ 989,369	$ 843,958	$ 843,846	$ 713,219
(960,471)	(989,369)	(843,958)	(843,846)	(713,219)
$ -	$ -	$ -	$ -	$ -
$ 3,230,404	$ 3,108,979	$ 3,043,545	$ 3,118,761	$ 3,294,114
29.73%	31.82%	27.73%	27.06%	21.65%

SUMMERFIELD SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30,			
	2023	2022	2021	2020
District's proportionate share of the net OPEB liability	$ 735,167	$ 531,188	$ 1,897,554	$ 2,646,008
District's proportion of the net OPEB liability	0.03471%	0.03480%	0.03542%	0.03686%
District's covered payroll	$ 3,428,727	$ 3,180,626	$ 3,159,221	$ 3,227,096
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.44%	16.70%	60.06%	81.99%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%	48.46%

See notes to required supplementary information.

Year Ended June 30,	
2019	2018
$ 2,887,784	$ 3,197,634
0.03633%	0.03611%
$ 3,094,542	$ 3,036,124
93.32%	105.32%
42.95%	36.39%

SUMMERFIELD SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,			
	2023	2022	2021	2020
Statutorily required contributions	$ 271,775	$ 255,578	$ 277,095	$ 229,902
Contributions in relation to the statutorily required contributions	(271,775)	(255,578)	(277,095)	(229,902)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,555,996	$ 3,304,416	$ 3,127,801	$ 3,196,104
Contributions as a percentage of covered payroll	7.64%	7.73%	8.86%	7.19%

See notes to required supplementary information.

Year Ended June 30,	
2019	2018
$ 261,112	$ 230,352
(261,112)	(230,352)
$ -	$ -
$ 3,230,404	$ 3,108,979
8.08%	7.41%

Notes to Required Supplementary Information

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

COMBINING FUND
FINANCIAL STATEMENTS

SUMMERFIELD SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2023

	Special Revenue			
	Food Service Fund	Community Recreation Fund	Student/School Activity Fund	Scholarships Fund
Assets				
Cash and cash equivalents	$ 256,334	$ 61,305	$ 153,362	$ 1,000
Due from other governments	2,872	585	-	-
Inventory	6,555	-	-	-
Prepaid items	-	580	1,600	-
Total assets	$ 265,761	$ 62,470	$ 154,962	$ 1,000
Liabilities				
Accounts payable	$ 18,058	$ 20	$ 17	$ -
Accrued salaries payable	-	-	1,185	-
Accrued expenditures	-	565	-	-
Unearned revenue	22,356	6,486	748	-
Total liabilities	40,414	7,071	1,950	-
Fund balances				
Nonspendable:				
Inventory	6,555	-	-	-
Prepaid items	-	580	1,600	-
Endowments	-	-	-	-
Restricted for:				
Food service	218,792	-	-	-
Community recreation	-	54,819	-	-
Scholarships	-	-	-	1,000
Debt service	-	-	-	-
Committed for -				
Student/school activity	-	-	151,412	-
Total fund balances	225,347	55,399	153,012	1,000
Total liabilities and fund balances	$ 265,761	$ 62,470	$ 154,962	$ 1,000

Debt Service		Permanent	
2016 Bond Fund	2020 Bond Fund	Scholarships Fund	Total Nonmajor Governmental Funds
$ 87,906	$ 25,991	$ 40,311	$ 626,209
-	-	-	3,457
-	-	-	6,555
-	-	-	2,180
$ 87,906	$ 25,991	$ 40,311	$ 638,401
$ -	$ -	$ -	$ 18,095
-	-	-	1,185
-	-	-	565
-	-	-	29,590
-	-	-	49,435
-	-	-	6,555
-	-	-	2,180
-	-	35,000	35,000
-	-	-	218,792
-	-	-	54,819
-	-	5,311	6,311
87,906	25,991	-	113,897
-	-	-	151,412
87,906	25,991	40,311	588,966
$ 87,906	$ 25,991	$ 40,311	$ 638,401

SUMMERFIELD SCHOOLS

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			
	Food Service Fund	Community Recreation Fund	Student/School Activity Fund	Scholarships Fund
Revenues				
Local sources	$ 114,576	$ 93,165	$ 236,376	$ 1,000
State sources	18,278	10,565	-	-
Federal sources	201,169	52,186	-	-
Total revenues	334,023	155,916	236,376	1,000
Expenditures				
Current:				
Supporting services	-	-	265,351	-
Food services	364,120	-	-	-
Community recreation	-	163,998	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	364,120	163,998	265,351	-
Revenues over (under) expenditures	(30,097)	(8,082)	(28,975)	1,000
Other financing sources				
Transfers in	-	2,000	10,916	-
Net change in fund balances	(30,097)	(6,082)	(18,059)	1,000
Fund balances, beginning of year	255,444	61,481	171,071	-
Fund balances, end of year	$ 225,347	$ 55,399	$ 153,012	$ 1,000

Debt Service		Permanent	
2016 Bond Fund	2020 Bond Fund	Scholarships Fund	Total Nonmajor Governmental Funds
$ 314,160	$ 107,332	$ 94	$ 866,703
1,938	667	-	31,448
-	-	-	253,355
316,098	107,999	94	1,151,506
-	-	-	265,351
-	-	-	364,120
-	-	-	163,998
250,000	65,000	-	315,000
75,443	35,000	-	110,443
325,443	100,000	-	1,218,912
(9,345)	7,999	94	(67,406)
-	-	-	12,916
(9,345)	7,999	94	(54,490)
97,251	17,992	40,217	643,456
$ 87,906	$ 25,991	$ 40,311	$ 588,966

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Rehmann

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

October 19, 2023

Board of Education
Summerfield Schools
Petersburg, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ***Summerfield Schools*** (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rehmann Robson LLC