Orchard View Schools

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended June 30, 2024

Orchard View Schools

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Orchard View Schools
Muskegon, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Report on the Audit of the Financial Statements—Continued

Responsibilities of Management for the Financial Statements—Continued

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 Orchard View Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 Orchard View Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Orchard View Schools' ability to continue as a going concern for a reasonable period of time.

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

Report on the Audit of the Financial Statements—Continued

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Orchard View Schools' basic financial statements. The accompanying combining nonmajor 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor 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 31, 2024, on our consideration of Orchard View Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Orchard View Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Orchard View Schools' internal control over financial reporting and compliance.

Brickley DeLong, P.C.

Muskegon, Michigan
October 31, 2024

Orchard View Schools
STATEMENT OF NET POSITION
June 30, 2024

	Governmental activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 5,865,592
Receivables	83,067
Due from other governmental units	7,224,643
Inventories	42,533
Prepaid items	435,058
Total current assets	13,650,893
Noncurrent assets	
Capital assets, net	
Nondepreciable/amortizable	320,500
Depreciable/amortizable	38,740,463
Net other postemployment benefits asset	863,747
Total noncurrent assets	39,924,710
Total assets	53,575,603
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	534,933
Related to other postemployment benefits	3,577,718
Related to pensions	15,058,051
Total deferred outflows of resources	19,170,702
Total assets and deferred outflows of resources	72,746,305
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	3,790,864
Due to other governmental units	642,706
Unearned revenue	1,835,224
Bonds and other obligations, due within one year	2,840,792
Total current liabilities	9,109,586
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	30,368,193
Net pension liability	48,345,650
Total noncurrent liabilities	78,713,843
Total liabilities	87,823,429
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	6,843,008
Related to pensions	7,940,521
Total deferred inflows of resources	14,783,529
Total liabilities and deferred inflows of resources	102,606,958
NET POSITION	
Net investment in capital assets	14,045,641
Restricted	
Debt service	230,107
Capital projects	226,642
Technology	231,349
Net other postemployment benefits	863,747
Unrestricted	(45,458,139)
Total net position	**$ (29,860,653)**

The accompanying notes are an integral part of this statement.

Orchard View Schools
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenue: Charges for services	Program Revenue: Operating grants and contributions	Net (Expense) Revenue and Changes in Net Position: Governmental activities
Governmental activities				
Instruction	$ 20,712,360	$ 276,063	$ 9,562,664	$ (10,873,633)
Support services	11,829,083	-	7,700,991	(4,128,092)
Community services	1,767,287	611,708	1,400,436	244,857
Food services	2,900,307	123,371	2,631,965	(144,971)
Student/school activities	391,641	-	389,957	(1,684)
Athletics	476,382	45,912	-	(430,470)
Interest on long-term obligations	1,462,609	-	-	(1,462,609)
Total governmental activities	**$ 39,539,669**	**$ 1,057,054**	**$ 21,686,013**	(16,796,602)
General revenues				
Property taxes				6,425,795
Grants and contributions not restricted to specific programs				16,860,120
Investment earnings				71,442
Total general revenues				23,357,357
Change in net position				6,560,755
Net position at beginning of year, as previously reported				(36,703,445)
Adjustments to beginning net position				282,037
Net position at beginning of year, as restated				(36,421,408)
Net position at end of year				**$ (29,860,653)**

The accompanying notes are an integral part of this statement.

Orchard View Schools
BALANCE SHEET
Governmental Funds
June 30, 2024

	General Fund	Special revenue Community Education	Other governmental funds	Total governmental funds
ASSETS				
Cash and cash equivalents	$ 5,002,831	$ 8,207	$ 854,554	$ 5,865,592
Receivables	11,331	71,721	15	83,067
Due from other governmental units	5,499,311	1,351,375	373,957	7,224,643
Due from other funds	1,454,827	-	380,211	1,835,038
Inventories	-	-	42,533	42,533
Prepaid items	310,989	40,180	83,889	435,058
Total assets	**$ 12,279,289**	**$ 1,471,483**	**$ 1,735,159**	**$ 15,485,931**
LIABILITIES				
Accounts payable	$ 125,303	$ 113,022	$ 98,514	$ 336,839
Accrued liabilities	3,044,164	221,268	30,793	3,296,225
Due to other governmental units	544,657	77,574	20,475	642,706
Due to other funds	301,786	985,260	547,992	1,835,038
Unearned revenue	1,805,224	-	30,000	1,835,224
Total liabilities	5,821,134	1,397,124	727,774	7,946,032
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	71,000	-	71,000
FUND BALANCES				
Nonspendable				
Inventories	-	-	42,533	42,533
Prepaid items	310,989	40,180	83,889	435,058
Restricted				
Debt service	-	-	387,907	387,907
Sinking fund	-	-	226,642	226,642
Technology	-	-	228,396	228,396
Committed				
Capital projects	-	-	56,968	56,968
Student/school activities	-	-	314,390	314,390
Unassigned	6,147,166	(36,821)	(333,340)	5,777,005
Total fund balances (deficit)	6,458,155	3,359	1,007,385	7,468,899
Total liabilities, deferred inflows of resources and fund balances (deficit)	**$ 12,279,289**	**$ 1,471,483**	**$ 1,735,159**	**$ 15,485,931**

The accompanying notes are an integral part of this statement.

Orchard View Schools

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

June 30, 2024

Total fund balances—governmental funds		$ 7,468,899
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some assets are not current financial resources and therefore are not reported in the governmental funds balance sheet. Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		863,747
Capital assets used in governmental activities are not current financial resources and are not reported in the governmental funds.		
Cost of capital assets	$ 69,203,637	
Accumulated depreciation/amortization	(30,142,674)	39,060,963
Deferred charges on refunding are not capitalized and amortized in the governmental funds.		
Deferred charges on refunding	2,325,533	
Accumulated amortization	(1,790,600)	534,933
Deferred inflows and outflows of resources related to pensions and other postemployment benefits are not reported in the governmental funds.		
Deferred outflows of resources - related to other postemployment benefits	3,577,718	
Deferred inflows of resources - related to other postemployment benefits	(6,843,008)	
Deferred outflows of resources - related to pensions	15,058,051	
Deferred inflows of resources - related to pensions	(7,940,521)	3,852,240
Accrued interest in governmental activities is not reported in the governmental funds.		(157,800)
Other assets that are not available to pay for current period expenditures and are reported as unavailable revenue in the governmental funds.		71,000
Long-term obligations in governmental activities are not due and payable in the current period and are not reported in the governmental funds.		(81,554,635)
Net position of governmental activities		**$ (29,860,653)**

The accompanying notes are an integral part of this statement.

Orchard View Schools
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
For the year ended June 30, 2024

	General Fund	Special revenue Community Education	Other governmental funds	Total governmental funds
REVENUES				
Local sources				
Property taxes	$ 2,685,431	$ -	$ 3,740,364	$ 6,425,795
Investment earnings	70,009	-	1,433	71,442
Fees and charges	45,912	28,680	123,371	197,963
Student/school activity income	-	-	389,957	389,957
Other	1,185,676	583,028	519,828	2,288,532
Total local sources	3,987,028	611,708	4,774,953	9,373,689
State sources	26,047,051	3,649,826	288,183	29,985,060
Federal sources	3,094,132	1,281,552	2,337,169	6,712,853
Total revenues	33,128,211	5,543,086	7,400,305	46,071,602
EXPENDITURES				
Current				
Instruction	19,316,543	2,391,580	-	21,708,123
Support services	11,717,597	2,121,677	454,198	14,293,472
Community services	143,791	1,914,434	-	2,058,225
Food services	-	-	3,776,959	3,776,959
Student/school activities	-	-	391,641	391,641
Capital outlay	-	93,598	-	93,598
Debt service				
Principal repayment	178,990	1,267	2,540,000	2,720,257
Interest and other charges	222,223	113	894,339	1,116,675
Capital projects	-	-	115,849	115,849
Total expenditures	31,579,144	6,522,669	8,172,986	46,274,799
Excess (deficiency) of revenues over (under) expenditures	1,549,067	(979,583)	(772,681)	(203,197)
OTHER FINANCING SOURCES (USES)				
Transfers in	71,000	-	-	71,000
Transfers out	-	-	(71,000)	(71,000)
Loan proceeds	-	-	71,355	71,355
Total other financing sources (uses)	71,000	-	355	71,355
Net change in fund balances	1,620,067	(979,583)	(772,326)	(131,842)
Fund balances at beginning of year, as previously reported	4,838,088	820,123	1,779,711	7,437,922
Adjustments to beginning fund balances	-	162,819	-	162,819
Fund balances at beginning of year, as restated	4,838,088	982,942	1,779,711	7,600,741
Fund balances at end of year	**$ 6,458,155**	**$ 3,359**	**$ 1,007,385**	**$ 7,468,899**

The accompanying notes are an integral part of this statement.

Orchard View Schools

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

For the year ended June 30, 2024

Net change in fund balances—total governmental funds		$ (131,842)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities these costs are depreciated over their estimated useful lives.		
Depreciation/amortization expense	$ (1,612,931)	
Capital outlay	3,043,709	1,430,778
Governmental funds report outlays for deferred charges on refunding as expenditures; in the Statement of Activities these costs are amortized over the bond period.		(139,606)
Debt proceeds are other financing sources in the governmental funds, but the proceeds increase long-term debt in the Statement of Net Position.		(71,355)
Revenue reported in the Statement of Activities that does not provide current financial resources are not reported as revenue in the governmental funds.		(873,914)
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		2,522,629
Interest expense on long-term obligations is recorded in the Statement of Activities when incurred, but is not reported in governmental funds until paid.		(8,700)
Compensated absences reported in the Statement of Activities do not require the use of current financial resources. They are reported as expenditures when financial resources are used in the governmental funds.		(23,315)
Some other postemployment benefit related 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 governmental funds.		2,884,191
Some pension related 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 governmental funds.		971,889
Change in net position of governmental activities		**$ 6,560,755**

The accompanying notes are an integral part of this statement.

Orchard View Schools
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Custodial Funds		
	Combined	Other organizations	Student Loan Fund
ASSETS			
Cash and cash equivalents	$ 200,606	$ 168,687	$ 31,919
LIABILITIES			
Accounts payable	69,768	69,768	-
NET POSITION			
Restricted for individuals and organizations	**$ 130,838**	**$ 98,919**	**$ 31,919**

The accompanying notes are an integral part of this statement.

Orchard View Schools

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2024

	Custodial Funds		
	Combined	Other organizations	Student Loan Fund
ADDITIONS			
Investment earnings	$ 4,250	$ 4,250	$ -
Travel activities	1,169,763	1,169,763	-
Total additions	1,174,013	1,174,013	-
DEDUCTIONS			
Travel activities	1,332,548	1,332,548	-
Change in net position	(158,535)	(158,535)	-
Net position at beginning of year, as previously reported	452,192	420,273	31,919
Adjustments to beginning net position	(162,819)	(162,819)	-
Net position at beginning of year, as restated	289,373	257,454	31,919
Net position at end of year	**$ 130,838**	**$ 98,919**	**$ 31,919**

The accompanying notes are an integral part of this statement.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity
The School District is governed by an elected seven-member Board of Education (Board), which has responsibility and control over all activities related to public school education within the School District. The School District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities.

Generally accepted accounting principles require that if the School District is considered to be financially accountable for other organizations, those organizations should be included as component units in the School District's financial statements. Since no organizations met this criterion, none are included in the financial statements.

Basis of Presentation—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 nonfiduciary activities of the School District. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The fund financial statements provide information about the School District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental funds:

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

The Community Education Fund accounts for community education, early childhood, adult and alternative education, and employment development programs.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-wide and Fund Financial Statements—Continued

Additionally, the School District reports the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The School District accounts for its food service, student/school activities, and technology activities in the school service special revenue funds.

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

The capital projects funds account for the financial resources to be used for the acquisition of fixed assets or construction of major capital projects.

The custodial funds are custodial in nature and used to account for assets held by the School District as an agent for another organization or individual.

During the course of operations the School District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued
Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

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

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

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

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

The custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

Cash and Investments
The School 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.

Investments for the School District are reported at fair value (generally based on quoted market prices). Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the School District intends to hold the investment until maturity.

State statutes authorize the School District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The School District is also authorized to invest in U. S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The School District's deposits and investments are in accordance with statutory authority.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Inventories and Prepaid Items
All inventories are valued at cost using the first-in/first-out method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

Capital Assets
Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

As the School District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. Right to use assets of the School District are amortized using the straight-line method over the shorter of the lease period or the estimated useful life. The other property, plant, and equipment, of the School District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Buildings and improvements	20-50
Furniture and equipment	5-20
Vehicles and equipment	8
Right to use - vehicles and equipment	2-5
Right to use - subscription-based IT	3

Long-term Obligations
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year in which they are incurred.

In the fund financial statements, governmental fund types 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.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

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

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

In addition to liabilities, the Statement of Net 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption
Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the computation of net investment in capital assets, School Loan Revolving Fund debt is not considered to be capital related debt.

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

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

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

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

Leases and Subscription Based IT Arrangements (SBITA)
Lessee/subscriber: The School District is a lessee for a noncancelable lease/subscription of equipment and an IT arrangement. The School District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The School District recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements

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

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

> The School 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 School District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
>
> The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Leases and Subscription Based IT Arrangements (SBITA)—Continued
The School District monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

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

Compensated Absences
The liability for compensated absences reported in the government-wide statement consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

For fund financial statements, no compensated absence liability is reported for current employees, and a compensated absence liability is reported for terminated employees only when the termination date is on or before year end.

Revenues and Expenditures/Expenses

Program Revenues
Amounts reported as 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. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes
Property taxes levied by the School District are collected by various municipalities and periodically remitted to the School District. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. 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.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting
Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, Community Education Fund and special revenue funds. All annual appropriations lapse at year end.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY—Continued

Budgets and Budgetary Accounting—Continued

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by Board of Education resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the General Fund and Community Education Fund are noted in the required supplementary information section.
4. The Superintendent is authorized to transfer budgeted amounts within major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year.
6. The budget is amended during the year with supplemental appropriations, the last one approved prior to June 30, 2024.

Sinking Fund

The Sinking Fund Capital Project Fund records capital project activities funded with a Sinking Fund millage. For this fund the School District has complied with the applicable provisions of §1212 of the Revised School Code.

NOTE C—DEPOSITS AND INVESTMENTS

Interest rate risk

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

State law limits investments in commercial paper and corporate bonds to the three highest classifications issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk

The School District does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the School District investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

NOTE C—DEPOSITS AND INVESTMENTS—Continued

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2024, $5,939,044 of the School District's bank balance of $6,439,044 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments

This is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, brokers, dealers, intermediaries and advisors with which the School District will do business.

Foreign currency risk

The School District is not authorized to invest in investments which have this type of risk.

NOTE D—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July, 1, 2023, as restated	Additions	Deductions	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	$ 200,000	$ -	$ -	$ 200,000
Construction in progress	3,301,405	120,500	3,301,405	120,500
Total capital assets, not being depreciated/amortized	3,501,405	120,500	3,301,405	320,500
Capital assets, being depreciated/amortized:				
Buildings and improvements	55,285,248	5,232,476	-	60,517,724
Furniture and equipment	5,699,626	992,138	-	6,691,764
Vehicles and equipment	254,897	-	-	254,897
Right to use - vehicles and equipment	1,607,420	-	254,250	1,353,170
Right to use - subscription-based IT	65,582	-	-	65,582
Total capital assets, being depreciated/amortized	62,912,773	6,224,614	254,250	68,883,137
Less accumulated depreciation/amortization:				
Buildings and improvements	23,781,686	1,149,724	-	24,931,410
Furniture and equipment	4,295,880	223,499	-	4,519,379
Vehicles and equipment	192,739	8,984	-	201,723
Right to use - vehicles	500,698	209,252	254,250	455,700
Right to use - subscription-based IT	12,990	21,472	-	34,462
Total accumulated depreciation/amortization	28,783,993	1,612,931	254,250	30,142,674
Total capital assets, being depreciated/amortized, net	34,128,780	4,611,683	-	38,740,463
Capital assets, net	**$ 37,630,185**	**$ 4,732,183**	**$ 3,301,405**	**$ 39,060,963**

NOTE D—CAPITAL ASSETS—Continued

Depreciation/amortization
Depreciation/amortization expense has been charged to functions as follows:

	Amount
Instruction	$ 1,044,388
Support services	447,472
Community services	51,635
Food services	60,457
Athletics	8,979
	$ 1,612,931

NOTE E—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2024 is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	Community Education Fund	$ 927,796
General Fund	Other governmental funds	527,031
Other governmental funds	General Fund	301,786
Other governmental funds	Community Education Fund	57,464
Other governmental funds	Other governmental funds	20,961
		$ 1,835,038

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

Interfund Transfers
The Food Service Fund transferred $71,000 to the General Fund to cover allowable indirect costs.

NOTE G—LONG-TERM OBLIGATIONS

The School District issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Notes from direct borrowings and direct placements include the School Loan Revolving Fund and capital lease obligations.

NOTE G—LONG-TERM OBLIGATIONS—Continued

The following is a summary of long-term obligations activity for the School District for the year ended June 30, 2024:

	Balance July, 1, 2023, as restated	Additions	Reductions	Balance June 30, 2024	Due within one year
Governmental activities					
Bonds	$ 26,465,000	$ -	$ 2,540,000	$ 23,925,000	$ 2,615,000
Premium	677,933	-	109,982	567,951	-
Notes from direct borrowings and direct placements	6,987,846	378,965	19,935	7,346,876	21,000
Leases	1,170,954	-	144,187	1,026,767	158,000
SBITA	32,927	-	16,135	16,792	16,792
Compensated absences	302,284	103,569	80,254	325,599	30,000
	$ 35,636,944	**$ 482,534**	**$ 2,910,493**	**$ 33,208,985**	**$ 2,840,792**

The additions for notes from direct borrowings and direct placements represent new School Loan Revolving Fund proceeds of $71,355 and accrued interest added to principal of $307,610.

The governmental activities refunding bonds are secured by future state aid and property tax revenues of the School District. If the School District defaults, the bonds are callable.

The governmental activity notes from direct borrowings and direct placements are comprised of notes payable to the State of Michigan under the School Loan Revolving Fund which are secured by future state aid and property tax revenues of the School District. In the event of default, the State of Michigan can withhold future state aid payments. The capital lease and right to use transportation equipment are non-cancellable by the School District and are secured by the equipment. The capital lease obligations include a 10 percent late charge if any payment is not made within 5 days of its original due date. The right to use assets for transportation equipment do not contain any late payment penalties.

General obligation bonds and notes from direct borrowings and direct placements consist of the following:

	Interest Rate	Date of Maturity	Balance
Governmental activities			
General obligation bonds			
2015A Refunding General Obligation Bond	4%	May 2026	$ 3,400,000
2016 Refunding General Obligation Bond	4%	May 2033	6,345,000
2017 Refunding General Obligation Bond	4%	May 2030	6,345,000
2019 Refunding General Obligation Bond	2.02-2.69%	May 2031	7,835,000
			$ 23,925,000
Notes from direct borrowings and direct placements			
School Loan Revolving Fund	4.56%	May 2039	$ 7,303,131
Capital lease obligation	3%	October 2026	3,089
Capital lease obligation	3%	June 2026	40,656
			$ 7,346,876

NOTE G—LONG-TERM OBLIGATIONS—Continued

The annual requirements of principal and interest to amortize the bonds and notes from direct borrowings and direct placements outstanding as of June 30, 2024 follow:

	Governmental activities			
Year ended June 30,	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	$ 2,615,000	$ 839,852	$ 21,000	$ 1,887
2026	2,705,000	750,555	22,000	688
2027	2,805,000	658,253	745	3
2028	2,885,000	561,583	-	-
2029	2,985,000	561,583	-	-
2030-2034	9,930,000	1,298,572	-	-
2035-2039	-	-	7,303,131	-
	$ 23,925,000	**$ 4,670,398**	**$ 7,346,876**	**$ 2,578**

NOTE H—LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (SBITA)

The School District leases the right to use assets from various third parties. These assets include vehicles under lease agreements and IT subscription assets under SBITAs. Payments on leases and SBITAs are generally fixed annual amounts. The lease terms vary from 3 to 7 years and have a discount rate of 3 to 21 percent. The SBITA term is 3 years and has a discount rate of 4 percent.

Right-to-use vehicle assets and right-to-use subscription-based IT assets are included in Note D. Lease and SBITA obligations are included in Note G.

The annual requirements of principal and interest to amortize the lease and SBITA obligations outstanding as of June 30, 2024 follows:

	Governmental activities			
Year ended June 30,	Leases		SBITA	
	Principal	Interest	Principal	Interest
2025	$ 158,000	$ 193,355	$ 16,792	$ 684
2026	156,000	164,260	-	-
2027	191,000	129,060	-	-
2028	234,000	85,897	-	-
2029	287,767	32,963	-	-
	$ 1,026,767	**$ 605,535**	**$ 16,792**	**$ 684**

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. 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 on the ORS website at Michigan.gov/ORSSchools.

Benefits Provided – Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected (Basic, Member Investment Plan (MIP), Pension Plus, Pension Plus 2), member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. 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 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.

Pension Reform 2010

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

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – Pension—Continued

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

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a DC plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made, they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Employees in the Pension Plus and DC plans are immediately vested in their own contributions and earnings on those contributions. The employee becomes vested in the employer match contribution at the following rates: 50 percent after two years of service, 75 percent after three years of service, and 100 percent after four years of service. Non-vested contributions are forfeited upon termination of employment. Forfeitures during a plan year are credited to a forfeitures account. Forfeitures are first applied to restore any forfeited amounts that are required to be restored. The remaining amounts in the forfeitures account may be maintained in reserve, used to cover a portion of the plan's administrative expenses or offset future employer contributions, as determined by the plan administrator.

Pension Reform 2017
On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan (Pension Plus 2) with similar plan benefit calculations, but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6 percent. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85 percent for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – Pension—Continued

Regular Retirement
The pension benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Post-Retirement Adjustments
A retiree who became a Member Investment Plan member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

Plan Status
The Basic, MIP, and Pension Plus plans are closed to new entrants. The Pension Plus 2 plan and the DC plan are still open to new entrants.

Benefits Provided – OPEB
Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree 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 percent beginning January 1, 2013; 90 percent 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.

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – OPEB—Continued

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent contribution and instead opting out of the subsidy benefit and becoming 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions – Pension and OPEB

School Districts 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, 2022 valuation will be amortized over an 16-year period beginning October 1, 2022, and ending September 30, 2038.

The schedules below summarize the contribution rates in effect for the System's fiscal year ended September 30, 2023.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	20.16 %
Member Investment Plan	3.0 - 7.0	20.16
Pension Plus Plan	3.0 - 6.4	17.24
Pension Plus 2 Plan	6.2	19.95
Defined Contribution	0.0	13.75

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0 %	8.07 %
Personal Healthcare Fund	0.0	7.21

The School District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Pension contributions were approximately $6,505,000, including Section 147c(1) contributions.

For the year ended June 30, 2024, the School District and employee defined contribution plan contributions were approximately $234,000 and $356,000, respectively.

The School District's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. OPEB contributions were approximately $1,435,000.

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
At June 30, 2024, the School District reported a liability of $48,345,650 for its proportionate share of the MPSERS net pension liability and an asset of $863,747 for its proportionate share of the MPSERS net OPEB asset.

The net pension liability and OPEB asset were measured as of September 30, 2023, and the total pension and OPEB liabilities used to calculate the net pension liability and OPEB asset were determined by an actuarial valuation rolled forward from September 30, 2022. The School District's proportion of the net pension liability and OPEB asset was determined by dividing each employer's statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions, respectively, required from all applicable employers during the measurement period. At September 30, 2023 and 2022, the School District's pension proportion was 0.14937% and 0.14615% percent, respectively. At September 30, 2023 and 2022, the School District's OPEB proportion was 0.15269% and 0.14491% percent, respectively. For the year ended June 30, 2024, the School District recognized pension expense (benefit) of $6,435,358 and OPEB expense (benefit) of $(1,449,235).

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

	Pension		**OPEB**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 1,526,125	$ 74,058	$ -	$ 6,526,915
Changes of assumptions	6,551,056	3,777,190	1,922,851	231,548
Net difference between projected and actual earnings on plan investments	-	989,308	2,634	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	864,850	78,611	365,383	84,545
State of Michigan Section 147c(1) UAAL rate stabilization state aid payments subsequent to the measurement date	-	3,021,354	-	-
School District contributions subsequent to the measurement date	6,116,020	-	1,286,850	-
Total	**$ 15,058,051**	**$ 7,940,521**	**$ 3,577,718**	**$ 6,843,008**

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources —Continued

The School District's contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB resulting from employer contributions subsequent to the measurement date, in the chart above, will be recognized as a reduction of the net pension liability and the net OPEB asset, respectively, in the year ended June 30, 2025. The State of Michigan Section 147c(1) UAAL rate stabilization state aid payments subsequent to the measurement date reported as deferred inflows of resources will be recognized as revenue in the year ended June 30, 2025.

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

Year ending June 30,	Pension	OPEB
2025	$ 1,320,147	$ (1,535,036)
2026	982,805	(1,399,500)
2027	2,329,939	(536,233)
2028	(610,027)	(510,714)
2029	-	(378,436)
Thereafter	-	(192,221)
	$ 4,022,864	**$ (4,552,140)**

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 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.

Summary of Actuarial Assumptions

Valuation date –	September 30, 2022
Actuarial cost method –	Entry age, Normal
Wage Inflation Rate –	2.75%
Investment rate of return –	6.00% a year for the MIP and Basic plans 6.00% a year for the Pension Plus plan 6.00% a year for the Pension Plus 2 plan 6.00% a year for OPEB
Salary increases –	2.75%-11.55%, including wage inflation at 2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Actuarial assumptions—Continued

Summary of Actuarial Assumptions—Continued

Healthcare cost trend rate –	Pre-65: 7.50% Year 1 graded to 3.5% Year 15
	Post-65: 6.25% Year 1 graded to 3.5% Year 15
Mortality –	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% females and adjusted for mortality improvements using projection scale MP-2021 from 2010
	Active: PubT-2010 Male and Female Retiree Mortality Tables scaled by 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010

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

Survivor Coverage
80 percent of male retirees and 67 percent of female retirees are assumed to have coverages continuing after the retiree's death.

Coverage Election at Retirement
75 percent of male and 60 percent of female future retirees are assumed to elect coverage of one or more dependents.

Experience Study
Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2023 are based on the results of an actual valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Long-Term Expected Rate of Return on Investments
The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Actuarial assumptions—Continued

Long-Term Expected Rate of Return on Investments—Continued
Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8 %
Private Equity Pools	16.0	9.6
International Equity Pools	15.0	6.8
Fixed Income Pools	13.0	1.3
Real Estate and Infrastructure Pools	10.0	6.4
Absolute Return Pools	9.0	4.8
Real Return/Opportunistic Pools	10.0	7.3
Short Term Investment Pools	2.0	0.3
Total	**100.0** %	

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

Rate of return
For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 8.29 percent and 7.94 percent on pension plan and OPEB plan investments, respectively.

Discount rate
In the current year, the discount rates used to measure the total pension and OPEB liabilities were 6.00 percent (6.00 percent for the Pension Plus plan and 6.00 percent for the Pension Plus 2 plan, hybrid plans provided through non-university employers only), and 6.00 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2023 were 6.00 percent (6.00 percent for the Pension Plus Plan and 6.00 percent for the Pension Plus 2 plan, hybrid plans provided through non-university plans only), and 6.00 percent, respectively. These discount rates for the current year were based on the long-term expected rates of return on pension plan and OPEB investments of 6.00 percent (6.00 percent for the Pension Plus plan, 6 percent for the Pension Plus 2 plan) and 6.00 percent, respectively. The projection of cash flows used to determine the discount rate 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 plans' 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.

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Sensitivity of the net pension liability to changes in the discount rate
The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00 percent (6.00 percent for the Pension Plus plan and 6.00 percent for the Pension Plus 2 plan), as well as what the School 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% Lower* (5.0% / 5.0% / 5.0%)	Discount Rate* (6.0% / 6.0% / 6.0%)	1% Higher* (7.0% / 7.0% / 7.0%)
$ 65,314,831	$ 48,345,650	$ 34,218,192

*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

Sensitivity of the net OPEB liability (asset) to changes in the discount rate
The following presents the School District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.00 percent, as well as what the School 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% Lower (5.0%)	Discount Rate (6.0%)	1% Higher (7.0%)
$ 895,446	$ (863,747)	$ (2,375,601)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate
The following presents the School District's proportionate share of the net OPEB liability (asset) calculated using assumed trend rates, as well as what the School District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower	Current Healthcare Cost Trend Rate	1% Higher
$ (2,379,370)	$ (863,747)	$ 776,654

Pension and OPEB Plans Fiduciary Net Position
Detailed information about the pension and OPEB plans' fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System Annual Comprehensive Financial Report available at www.michigan.gov/orsschools.

NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Payable to the pension and OPEB plan

At year end the School District is current on all required pension and OPEB payments. Accruals for July and August deferred payroll and for July and August Section 147c(1) amounts are not considered payables for this purpose.

NOTE J—COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Commitments

As of June 30, 2024, the School District had approved commitments for various building improvement projects for a total remaining cost of approximately $473,000.

Related Party Transactions

The School District contracted with a board member for marketing and supplies expenditures totaling $1,370.

NOTE K—OTHER INFORMATION

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The School District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The School District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of $500,000 for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance.

The School District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2024 or any of the prior three years.

NOTE L—CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY

Correction of an Error in Previously Issued Financial Statements
During the year ended June 30, 2024, the School District determined that certain receivables and revenues, grant receivables and revenues, leases payable and the related right-to-use assets, and certain payables and expenses were not recorded in the prior year.

Adjustments to and Restatements of Beginning Balances
During the year ended June 30, 2024, changes to or within the financial reporting entity and an error correction resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Fund balances	
	Community Education Fund	Total governmental funds
Fund balances at beginning of year, as previously stated	$ 820,123	$ 7,437,922
Correction of an error - understated receivable	162,819	162,819
Fund balances at beginning of year, as restated	**$ 982,942**	**$ 7,600,741**

		Custodial Funds	
	Governmental activities	Combined	Other organizations
Net position at beginning of year, as previously stated	$ (36,703,445)	$ 452,192	$ 420,273
Correction of an error - leases	(67,109)	-	-
Correction of an error - understated payable	-	(162,819)	(162,819)
Correction of an error - understated receivable	162,819	-	-
Correction of an error - grant receivable understated	186,327	-	-
Net position at beginning of year, as restated	**$ (36,421,408)**	**$ 289,373**	**$ 257,454**

	Capital asset	Long-term obligations
Balance as of July 1, 2023, as previously stated	$ 36,597,858	$ 34,537,508
Correction of an error - leases	1,032,327	1,099,436
Balances as of July 1, 2023, as restated	**$ 37,630,185**	**$ 35,636,944**

NOTE M—TAX ABATEMENTS

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions, Brownfield Redevelopment Agreements (BRA), and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

NOTE M—TAX ABATEMENTS—Continued

The property taxes abated for all fund types by municipality under these programs are as follows:

Municipality	Abatement type	Taxes abated
City of Muskegon	IFT	$ 204,712
Muskegon Township	IFT	4,977
		$ 209,689

The tax abatements that reduce the general fund operating tax levy are considered by the State of Michigan when calculating the School District's state aid—section 22 of the State School Aid Act.

There are no significant abatements made by the School District.

NOTE N—UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

NOTE N—UPCOMING ACCOUNTING PRONOUNCEMENTS—Continued

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

- Management's discussion and analysis (MD&A);
    - Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
        - Overview of the Financial Statements,
        - Financial Summary,
        - Detailed Analyses,
        - Significant Capital Asset and Long-Term Financing Activity,
        - Currently Known Facts, Decisions, or Conditions;
    - Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
    - Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- Unusual or infrequent items;
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
    - Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
    - Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

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

REQUIRED SUPPLEMENTARY INFORMATION

Orchard View Schools

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

General Fund

For the year ended June 30, 2024

	Budgeted amounts			Variance with
	Original	**Final**	**Actual**	**final budget**
REVENUES				
Local sources	$ 3,362,865	$ 2,928,655	$ 3,987,028	$ 1,058,373
State sources	24,990,150	25,531,727	26,047,051	515,324
Federal sources	2,506,765	3,147,570	3,094,132	(53,438)
Incoming transfers and other transactions	721,000	71,000	71,000	-
Total revenues	31,580,780	31,678,952	33,199,211	1,520,259
EXPENDITURES				
Current				
Instruction				
Basic programs	15,065,332	14,102,082	13,923,830	178,252
Added needs	5,761,974	5,504,821	5,392,713	112,108
Support services				
Pupil	2,088,337	1,889,847	2,046,739	(156,892)
Instructional staff	460,417	464,384	447,975	16,409
General administration	682,538	632,570	587,206	45,364
School administration	2,180,285	1,938,914	1,984,237	(45,323)
Business	488,788	641,539	651,662	(10,123)
Operations and maintenance	2,317,872	3,768,442	3,874,328	(105,886)
Pupil transportation services	1,436,373	1,454,292	1,181,228	273,064
Central	510,745	457,017	417,653	39,364
Athletics	485,987	469,724	526,369	(56,645)
Other	-	-	200	(200)
Community services	110,650	27,935	143,791	(115,856)
Outgoing transfers and other transactions	280,000	237,078	401,213	(164,135)
Total expenditures	31,869,298	31,588,645	31,579,144	9,501
Excess (deficiency) of revenues over (under) expenditures	**$ (288,518)**	**$ 90,307**	1,620,067	**$ 1,529,760**
Fund balance at beginning of year			4,838,088	
Fund balance at end of year			**$ 6,458,155**	

Orchard View Schools
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
Community Education Fund
For the year ended June 30, 2024

	Budgeted amounts Original	Budgeted amounts Final	Actual	Variance with final budget
REVENUES				
Local sources	$ 953,090	$ 1,175,290	$ 611,708	$ (563,582)
State sources	3,005,225	3,329,895	3,649,826	319,931
Federal sources	1,105,856	941,939	1,281,552	339,613
Total revenues	5,064,171	5,447,124	5,543,086	95,962
EXPENDITURES				
Current				
Instruction				
Basic programs	827,807	1,279,909	1,282,809	(2,900)
Adult and continuing education	806,825	1,082,760	1,108,771	(26,011)
Support services				
Pupil	384,799	247,504	272,157	(24,653)
Instructional staff	482,733	652,485	602,654	49,831
General administration	1,590	13,090	13,090	-
Business	83,671	135,900	122,394	13,506
Operations and maintenance	678,989	939,983	970,404	(30,421)
Pupil transportation	957	2,641	7,202	(4,561)
Central	129,617	90,331	115,776	(25,445)
Other	7,784	18,000	18,000	-
Community services	2,053,977	1,859,654	1,914,434	(54,780)
Outgoing transfers and other transactions	-	25,000	94,978	(69,978)
Total expenditures	5,458,749	6,347,257	6,522,669	(175,412)
Excess (deficiency) of revenues over (under) expenditures	**$ (394,578)**	**$ (900,133)**	(979,583)	**$ (79,450)**
Fund balance at beginning of year, as restated			982,942	
Fund balance at end of year			**$ 3,359**	

Orchard View Schools

REQUIRED SUPPLEMENTARY INFORMATION

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

Michigan Public School Employees Retirement System

Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
School District's proportion of the net pension liability (%)	0.14937%	0.14615%	0.14580%	0.14564%	0.14481%	0.14899%	0.15398%	0.15982%	0.15850%	0.15649%
School District's proportionate share of the net pension liability	$ 48,345,650	$ 54,964,854	$ 34,518,991	$ 50,028,124	$ 47,957,584	$ 44,790,037	$ 39,903,417	$ 39,874,528	$ 38,713,755	$ 34,469,046
School District's covered payroll	$ 15,314,392	$ 15,365,139	$ 14,047,769	$ 13,441,621	$ 12,676,024	$ 12,386,753	$ 12,586,401	$ 13,559,988	$ 13,200,847	$ 13,275,702
School District's proportionate share of the net pension liability as a percentage of its covered payroll	315.69%	357.72%	245.73%	372.19%	378.33%	361.60%	317.04%	294.06%	293.27%	259.64%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Orchard View Schools
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement System
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions*	$ 6,504,511	$ 3,158,717	$ 2,855,913	$ 2,572,301	$ 2,462,401	$ 2,213,689	$ 2,258,044	$ 2,370,322	$ 2,755,862	$ 3,173,923
Contributions in relation to the statutorily required contributions	6,504,511	3,158,717	2,855,913	2,572,301	2,462,401	2,213,689	2,258,044	2,370,322	2,755,862	3,173,923
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 16,458,141	$ 17,323,645	$ 15,179,804	$ 13,734,904	$ 13,214,973	$ 12,633,289	$ 12,455,122	$ 12,717,046	$ 13,044,998	$ 13,265,049
Contributions as a percentage of employee payroll	39.5%	18.2%	18.8%	18.7%	18.6%	17.5%	18.1%	18.6%	21.1%	23.9%

*Note: Years prior to 2024 do not include section 147c contributions

Orchard View Schools

REQUIRED SUPPLEMENTARY INFORMATION

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

Michigan Public School Employees Retirement System

Last 7 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability (asset) (%)	0.15269%	0.14491%	0.14575%	0.14591%	14.32100%	0.14579%	0.15441%
School District's proportionate share of the net OPEB liability (asset)	$ (863,747)	$ 3,069,257	$ 2,224,747	$ 7,816,675	$ 10,278,974	$ 11,589,131	$ 13,673,508
School District's covered payroll	$ 15,314,392	$ 15,365,139	$ 14,047,769	$ 13,441,621	$ 12,676,024	$ 12,386,753	$ 12,586,401
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.64%	19.98%	15.84%	58.15%	81.09%	93.56%	108.64%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Note: For years prior to 2017 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for whic information is available.

Orchard View Schools

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the School District's OPEB Contributions

Michigan Public School Employees Retirement System

Last 7 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Statutorily required contributions	$ 1,434,956	$ 1,321,127	$ 1,199,879	$ 1,125,999	$ 1,060,119	$ 992,164	$ 936,193
Contributions in relation to the statutorily required contributions	1,434,956	1,321,127	1,199,879	1,125,999	1,060,119	992,164	936,193
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's covered payroll	$ 16,458,141	$ 17,323,645	$ 15,179,804	$ 13,734,904	$ 13,214,973	$ 12,633,289	$ 12,455,122
Contributions as a percentage of employee payroll	8.7%	7.6%	7.9%	8.2%	8.0%	7.9%	7.5%

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Michigan Public School Employee Retirement System Plans

Pension Information

Benefit changes – there were no changes of benefit terms in 2023.

Changes of assumptions – there were no changes of benefit terms in 2023.

OPEB Information

Benefit changes – there were no changes of benefit terms in 2023.

Changes of assumptions – there were no changes of benefit assumptions in 2023.

OTHER SUPPLEMENTARY INFORMATION

Orchard View Schools
COMBINING BALANCE SHEET
Other Governmental Funds
June 30, 2024

	Total other governmental funds	Special Revenue: Food Service	Special Revenue: Technology Fund	Special Revenue: Student/School Activities	Debt Service	Capital Projects: Building and Site	Capital Projects: 2018 Sinking Fund
ASSETS							
Cash and cash equivalents	$ 854,554	$ -	$ 73,879	$ 314,439	$ 260,787	$ -	$ 205,449
Receivables	15	15	-	-	-	-	-
Due from other governmental units	373,957	371,693	101	-	1,931	-	232
Due from other funds	380,211	498	155,634	-	146,150	56,968	20,961
Inventories	42,533	42,533	-	-	-	-	-
Prepaid items	83,889	80,936	2,953	-	-	-	-
Total assets	**$ 1,735,159**	**$ 495,675**	**$ 232,567**	**$ 314,439**	**$ 408,868**	**$ 56,968**	**$ 226,642**
LIABILITIES							
Accounts payable	$ 98,514	$ 97,247	$ 1,218	$ 49	$ -	$ -	$ -
Accrued liabilities	30,793	30,793	-	-	-	-	-
Due to other governmental units	20,475	20,475	-	-	-	-	-
Due to other funds	547,992	527,031	-	-	20,961	-	-
Unearned revenue	30,000	30,000	-	-	-	-	-
Total liabilities	727,774	705,546	1,218	49	20,961	-	-
FUND BALANCES (DEFICIT)							
Nonspendable							
Inventories	42,533	42,533	-	-	-	-	-
Prepaid items	83,889	80,936	2,953	-	-	-	-
Restricted							
Debt service	387,907	-	-	-	387,907	-	-
Sinking fund	226,642	-	-	-	-	-	226,642
Technology	228,396	-	228,396	-	-	-	-
Committed							
Capital projects	56,968	-	-	-	-	56,968	-
Student/school activities	314,390	-	-	314,390	-	-	-
Unassigned	(333,340)	(333,340)	-	-	-	-	-
Total fund balances (deficit)	1,007,385	(209,871)	231,349	314,390	387,907	56,968	226,642
Total liabilities and fund balances (deficit)	**$ 1,735,159**	**$ 495,675**	**$ 232,567**	**$ 314,439**	**$ 408,868**	**$ 56,968**	**$ 226,642**

Orchard View Schools

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Other Governmental Funds

For the year ended June 30, 2024

	Total other governmental funds	Special Revenue: Food Service	Special Revenue: Technology Fund	Special Revenue: Student/School Activities	Debt Service	Capital Projects: Building and Site	Capital Projects: 2018 Sinking Fund
REVENUES							
Local sources							
Property taxes	$ 3,740,364	$ -	$ -	$ -	$ 3,374,373	$ -	$ 365,991
Investment earnings	1,433	548	225	-	660	-	-
Fees and charges	123,371	123,371	-	-	-	-	-
Student/school activity income	389,957	-	-	389,957	-	-	-
Other	519,828	-	519,828	-	-	-	-
Total local sources	4,774,953	123,919	520,053	389,957	3,375,033	-	365,991
State sources	288,183	288,183	-	-	-	-	-
Federal sources	2,337,169	2,337,169	-	-	-	-	-
Total revenues	7,400,305	2,749,271	520,053	389,957	3,375,033	-	365,991
EXPENDITURES							
Current							
Support services	454,198	-	454,198	-	-	-	-
Food services	3,776,959	3,776,959	-	-	-	-	-
Student/school activities	391,641	-	-	391,641	-	-	-
Debt service							
Principal repayment	2,540,000	-	-	-	2,540,000	-	-
Interest and other charges	894,339	-	-	-	894,339	-	-
Capital projects	115,849	-	-	-	-	-	115,849
Total expenditures	8,172,986	3,776,959	454,198	391,641	3,434,339	-	115,849
Excess (deficiency) of revenues over (under) expenditures	(772,681)	(1,027,688)	65,855	(1,684)	(59,306)	-	250,142
OTHER FINANCING SOURCES (USES)							
Transfers out	(71,000)	(71,000)	-	-	-	-	-
Loan proceeds	71,355	-	-	-	71,355	-	-
Total other financing sources (uses)	355	(71,000)	-	-	71,355	-	-
Net change in fund balances	(772,326)	(1,098,688)	65,855	(1,684)	12,049	-	250,142
Fund balances (deficit) at beginning of year	1,779,711	888,817	165,494	316,074	375,858	56,968	(23,500)
Fund balances (deficit) at end of year	**$ 1,007,385**	**$ (209,871)**	**$ 231,349**	**$ 314,390**	**$ 387,907**	**$ 56,968**	**$ 226,642**