UHY LLP
Certified Public Accountants

ALBA PUBLIC SCHOOL

ALBA, MICHIGAN

JUNE 30, 2023

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Alba Public Schools
Alba, 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 Alba Public Schools, Alba, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Alba Public Schools, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the Unites 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 Alba Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

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

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

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

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alba Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-10 and 44-49 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 Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2023, on our consideration of Alba Public 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 Alba Public 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 Alba Public Schools' internal control over financial reporting and compliance.

UHY LLP

Cadillac, Michigan
August 25, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

This section of Alba Public School’s (“the District”) annual report presents our discussion and analysis of the District’s financial performance during the year ended June 30, 2023. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

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

A. Government-Wide Financial Statements

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

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

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

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

B. Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

C. Notes to Financial Statements

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

D. Other Information

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

E. Summary of Net Position

The following schedule summarizes the net position at June 30:

	2023	2022
Assets		
Current Assets	$ 752,549	$ 704,211
Non Current Assets		
Capital Assets Not Being Depreciated	87,608	87,608
Capital Assets Being Depreciated	1,704,285	1,762,291
Total Non Current Assets	1,791,893	1,849,899
Total Assets	2,544,442	2,554,110
Deferred Outflows of Resources	863,839	470,731

	2023	2022
Liabilities		
Current Liabilities	401,400	415,878
Non Current Liabilities	2,451,307	1,890,390
Total Liabilities	2,852,707	2,306,268
Deferred Inflows of Resources	721,842	1,231,098
Net Position		
Net Investment in Capital Assets	1,591,893	1,424,899
Restricted for Specific Purposes	95,373	101,399
Unrestricted (Deficit)	(1,853,534)	(2,038,823)
Total Net Position (Deficit)	$ (166,268)	$ (512,525)

F. Analysis of Financial Position

During the fiscal year ended June 30, 2023, the District's net position increased by $346,257. A few of the more significant factors affecting net position during the year are discussed below:

1. *Depreciation Expense*

Districts are required to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2023, $107,479 was recorded for depreciation expense.

2. *Pension and Other Postemployment Benefits (OPEB) Expense*

GASB 68 and GASB 75 require the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liabilities increase or decrease in any given year. For the year ended June 30, 2023, the District reported an increase in net position related to GASB 68 and GASB 75.

G. Results of Operations

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

	2023	2022
General Revenues		
Property Taxes	$ 897,092	$ 848,451
Investment Earnings	1,079	42
State Sources	253,080	314,633
Other	40,123	42,199
Total General Revenues	1,191,374	1,205,325
Program Revenues		
Charges for Services	1,532	1,224
Operating Grants	640,443	602,641
Total Program Revenues	641,975	603,865
Total Revenues	1,833,349	1,809,190
Expenses		
Instruction	587,874	531,795
Supporting Services	659,026	565,940
Community Services	479	477
Payments to Other Governmental Agencies	652	5,015
Food Service	115,915	101,340
Interest on Long-Term Debt	15,667	23,573
Other Transactions	0	2,145
Unallocated Depreciation	107,479	154,334
Total Expenses	1,487,092	1,384,619
Change in Net Position	$ 346,257	$ 424,571

H. Financial Analysis of the District's Funds

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

	2023	2022	Increase (Decrease)
Major Funds			
General Fund	$ 422,713	$ 355,540	$ 67,173
2007 Debt Service Fund	45,036	51,090	(6,054)
2017 Debt Service Fund	6,499	8,010	(1,511)
Sinking Fund	45,155	45,029	126
Nonmajor Funds			
Food Service	10,534	36,266	(25,732)
Student Activities	22,529	20,128	2,401
Total Governmental Funds	$ 552,466	$ 516,063	$ 36,403

General Fund – In 2022-2023, the General Fund's fund balance increased by $67,173. Increases in federal funding that allows for supplanting of expenditures has caused the increase in fund balance over the past couple of years.

2007 Debt Service Fund – In 2022-2023, the 2007 Debt Service Fund's fund balance decreased because debt obligations were surpassed by the amount of revenue generated by the tax levy.

2017 Debt Service Fund- In 2022-2023, the fund balance decreased slightly as the property tax revenue generated was exceeded by the debt obligations of the fund.

Sinking Fund – In 2022-2023, the Sinking Fund's fund balance increased by $126. The District did not levy any taxes for the sinking fund as the millage has expired. The only activity for the fiscal year was investment earnings on deposits.

Food Service Fund – In 2022-2023, the Food Service Fund's fund balance decreased by $25,732. Capital outlay purchases during the fiscal year contributed to the decrease in fund balance.

Student Activities Fund – In 2022-2023, the Student Activities Fund's fund balance experienced a slight increase during the year of $2,401. This fund should operate close to a break even each year due to the nature of revenues coming in and subsequently being spent.

I. General Fund Budgetary Highlights

The Uniform Accounting and Budgeting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30. For the 2022-2023 fiscal year, the District amended the General Fund at various time throughout the year, with the Board adopting the changes as summarized below. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES	$ 1,610,767	$ 1,546,608	$ 1,542,829
EXPENDITURES			
Instruction	$ 1,062,904	$ 858,362	$ 764,018
Supporting Services	775,703	788,758	710,507
Community Services	850	850	479
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	5,630	5,630	652
Total Expenditures	$ 1,845,087	$ 1,653,600	$ 1,475,656

The changes from original budget and final budget resulted from funding amounts for various programs and associated expenditures becoming clearer throughout the year. Variances between final budgeted expenditures and actual figures were a result of the District not expending as much on Added Needs and General Administration as anticipated.

J. Capital Asset and Debt Administration

1. Capital Assets

At the end of the 2022-2023 fiscal year, the District had invested $1,791,893 net of depreciation, in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net decrease of $58,006 from the prior fiscal year. Depreciation expense for the year amounted to $107,479 bringing the accumulation to $2,617,744 as of June 30, 2023. The District expended $21,824 on security cameras, $20,000 on a used bus, and $7,649 on a freezer for the food service program.

2. Long-Term Obligations

At June 30, 2023, the District had $200,000 in obligations outstanding. This represents a decrease of $225,000 from the amount outstanding at the close of the prior fiscal year due to the District satisfying its required debt obligations for the year. Additionally, at June 30, 2023, the District reported its net share of the pension liability of $2,326,092 and its net share of the other postemployment benefits liability of $125,215.

K. Factors Bearing on the District's Future

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

- The current retirement rate for the next fiscal year is expected to be 48.23%. We are concerned about how the future retirement rates will be calculated with changes in legislation.

- The District continues to monitor certain one-time funding sources, primarily federal funding due to pandemic recovery efforts. As these funding sources go away, it is unlikely that the revenue received from these sources will be made up.

- As student count is the driving force behind the District's revenue streams, the District continues to be concerned with declining enrollment as any loss in students will have a direct impact on the District's revenue.

- The District has finalized teacher and support staff contracts for the 2023-2024 school year.

- The District has been affected by supply chain shortages for many supplies and products that are used in day-to-day activities. We are hopeful in future years the shortages will become less significant, especially with upcoming bond projects.

- The District has faced significant staffing challenges for almost all positions including, but not limited to, full time teaching staff, substitute teacher staff, and other support staff.

L. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Superintendent, Alba Public School, 5935 Elm Street, Elmira, MI 49730.

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$	533,603
Due from Other Governmental Units		201,839
Prepaid Expenses		13,804
Inventory		3,303
Total Current Assets		752,549
NON CURRENT ASSETS		
Capital Assets (Net of Accumulated Depreciation)		
Capital Assets Not Being Depreciated		87,608
Capital Assets Being Depreciated		1,704,285
Total Non Current Assets		1,791,893
TOTAL ASSETS		2,544,442
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pensions		698,724
Deferred Outflows of Resources Related to Other Postemployment Benefits		165,115
TOTAL DEFERRED OUTFLOWS OF RESOURCES		863,839

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

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	5,509
Salaries and Benefits Payable	108,292
Accrued Interest Payable	1,317
State Aid Note Payable	23,995
Unearned Revenue	62,287
Current Portion of Non Current Liabilities	200,000
Total Current Liabilities	401,400
NON CURRENT LIABILITIES	
Bonds Payable	200,000
Net Pension Liability	2,326,092
Net Other Postemployment Benefits Liability	125,215
Less Current Portion of Non Current Liabilities	(200,000)
Total Non Current Liabilities	2,451,307
TOTAL LIABILITIES	2,852,707
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	387,936
Deferred Inflows of Resources Related to Other Postemployment Benefits	333,906
TOTAL DEFERRED INFLOWS OF RESOURCES	721,842
NET POSITION	
Net Investment in Capital Assets	1,591,893
Restricted for Debt Service	50,337
Restricted for Capital Projects	45,036
Unrestricted (Deficit)	(1,853,534)
TOTAL NET POSITION (DEFICIT)	$ (166,268)

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

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

		PROGRAM REVENUES			GOVERNMENTAL ACTIVITIES
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 587,874	$ 0	$ 474,264	$ 0	$ (113,610)
Supporting Services	659,026	250	64,788	0	(593,988)
Community Services	479	0	479	0	0
Payments to Other Governmental Agencies	652	0	0	0	(652)
Food Service	115,915	1,282	96,550	0	(18,083)
Interest on Long-Term Debt	15,667	0	4,362	0	(11,305)
Unallocated Depreciation	107,479	0	0	0	(107,479)
TOTAL GOVERNMENTAL ACTIVITIES	$ 1,487,092	$ 1,532	$ 640,443	$ 0	(845,117)
GENERAL REVENUES					
Property Taxes - General Purposes					665,132
Property Taxes - Debt Service					231,960
Investment Earnings					1,079
State Sources					253,080
Other					40,123
Total General Revenues					1,191,374
Change in Net Position					346,257
NET POSITION - Beginning of Year - (Deficit)					(512,525)
NET POSITION - End of Year - (Deficit)					$ (166,268)

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

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	2007 DEBT SERVICE FUND	2017 DEBT SERVICE FUND	SINKING FUND	NON-MAJOR FUNDS: FOOD SERVICE FUND	NON-MAJOR FUNDS: STUDENT ACTIVITIES FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash and Cash Equivalents	$ 413,983	$ 45,036	$ 6,499	$ 45,155	$ 0	$ 22,930	$ 533,603
Due from Other Funds	2,452	0	0	0	0	0	2,452
Due from Other Governmental Units	187,258	0	0	0	14,381	200	201,839
Prepaid Expenditures	13,804	0	0	0	0	0	13,804
Inventory	0	0	0	0	3,303	0	3,303
TOTAL ASSETS	$ 617,497	$ 45,036	$ 6,499	$ 45,155	$ 17,684	$ 23,130	$ 755,001
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	$ 5,509	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,509
Salaries and Benefits Payable	108,292	0	0	0	0	0	108,292
State Aid Note Payable	23,995	0	0	0	0	0	23,995
Unearned Revenue	56,988	0	0	0	5,299	0	62,287
Due to Other Funds	0	0	0	0	1,851	601	2,452
Total Liabilities	194,784	0 .	0	0 .	7,150	601	202,535
FUND BALANCES							
Nonspendable, Inventory	0	0	0	0	3,303	0	3,303
Nonspendable, Prepaid Expenditures	13,804	0	0	0	0	0	13,804
Restricted for Debt Service	0	45,036	6,499	0	0	0	51,535
Restricted for Capital Projects	0	0	0	45,155	0	0	45,155
Restricted for Food Service	0	0	0	0	7,231	0	7,231
Committed for Student Activities	0	0	0	0	0	22,529	22,529
Assigned for Subsequent Budget Shortfall	263,730	0	0	0	0	0	263,730
Unassigned	145,179	0	0	0	0	0	145,179
Total Fund Balances	422,713	45,036	6,499	45,155	10,534	22,529	552,466
TOTAL LIABILITIES AND FUND BALANCES	$ 617,497	$ 45,036	$ 6,499	$ 45,155	$ 17,684	$ 23,130	$ 755,001

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

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

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

JUNE 30, 2023

Total Governmental Fund Balances		$ 552,466
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 4,409,637	
Accumulated depreciation is	(2,617,744)	1,791,893
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(200,000)
Net Pension Liability		(2,326,092)
Other Postemployment Benefits Liability		(125,215)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions and Other Postemployment Benefits		863,839
Deferred Inflows of Resources Related to Pensions and Other Postemployment Benefits		(721,842)
Accrued interest on bonds is not included as a liability in government funds, it is recorded when paid.		(1,317)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (166,268)

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

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

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

YEAR ENDED JUNE 30, 2023

					NON-MAJOR FUNDS		
	GENERAL FUND	2007 DEBT SERVICE FUND	2017 DEBT SERVICE FUND	SINKING FUND	FOOD SERVICE FUND	STUDENT ACTIVITIES FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Local Sources	$ 668,219	$ 202,611	$ 29,414	$ 126	$ 1,282	$ 16,209	$ 917,861
State Sources	600,028	3,809	553	0	2,863	0	607,253
Federal Sources	198,217	0	0	0	93,687	0	291,904
Other Transactions	76,365	0	0	0	0	0	76,365
Total Revenues	1,542,829	206,420	29,967	126	97,832	16,209	1,893,383
EXPENDITURES							
Instruction	764,018	0	0	0	0	0	764,018
Supporting Services	710,507	1,872	0	0	0	13,808	726,187
Community Activities	479	0	0	0	0	0	479
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	652	0	0	0	0	0	652
Food Service	0	0	0	0	123,564	0	123,564
Debt Service	0	210,602	31,478	0	0	0	242,080
Total Expenditures	1,475,656	212,474	31,478	0	123,564	13,808	1,856,980
Excess (Deficiency) of Revenues over Expenditures	67,173	(6,054)	(1,511)	126	(25,732)	2,401	36,403
FUND BALANCE - Beginning of Year	355,540	51,090	8,010	45,029	36,266	20,128	516,063
FUND BALANCE - End of Year	$ 422,713	$ 45,036	$ 6,499	$ 45,155	$ 10,534	$ 22,529	$ 552,466

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

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

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

YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances Total Governmental Funds	$ 36,403
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.	
Capital Outlay	49,473
Depreciation Expense	(107,479)
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued Interest Payable - Beginning of Year	2,730
Accrued Interest Payable - End of Year	(1,317)
Governmental funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension and other postemployment benefits earned net of employee contributions are reported as expenses.	
Change in Pension and Other Postemployment Benefits Related Items	201,481
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147C pension contributions subsequent to the measurement date.	
Change in State Aid Funding for Pension Benefits	(60,034)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the Statement of Activities (where it is a reduction of liabilities).	
Repayment of Principal	225,000
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 346,257

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District ("the District") is located in Antrim County with its administrative offices located in Alba, Michigan. The District operates under an elected board of education which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

The *2007 DEBT SERVICE FUND* accounts for the revenues and expenditures related to the 2007 General Obligation Bonds.

The *2017 DEBT SERVICE FUND* accounts for the revenues and expenditures related to the 2017 School Bus Bonds.

The *SINKING FUND* accounts for revenues and expenditures related to capital projects.

Other non-major funds:

The *FOOD SERVICE FUND* accounts for revenue sources that are legally restricted to expenditures for food service.

The *STUDENT ACTIVITIES FUND* accounts for revenue sources that are received and ultimately expended on student activities.

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

F. Budgetary Information

1. Budgetary Basis of Accounting

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

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

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

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

a. In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.

b. A public hearing is conducted during June to obtain taxpayer comments.

c. Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

d. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

e. For purposes of meeting emergency needs of the District, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

f. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.

g. Budgeted amounts are as originally adopted in June 2022, or as amended by the School Board of Education throughout the year.

2. *Excess of Expenditures Over Appropriations*

	APPROPRIATIONS	EXPENDITURES
General Fund		
Instruction		
Basic Programs	$ 557,171	$ 560,582
Supporting Services		
Business	52,750	54,921

These overages were covered by available fund balance.

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

1. *Cash and Cash Equivalents*

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

2. ***Investments***

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

3. ***Inventory and Prepaid Items***

Inventories are valued at cost using the first in/first out (FIFO) method. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures. The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

4. ***Capital Assets***

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

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

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

Assets	Years
Buildings and Additions	25-50
Furniture and Equipment	5-20
Buses and Other Vehicles	5-20

5. *Unearned Revenue*

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District recognizes unearned revenue related to funds received by the District from the State of Michigan to administer various programs. Additionally, the Food Service Fund recognizes deferred revenue related to a Supply Chain Grant received but not entirely spent.

6. *Defined Benefit Plans*

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the 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.

7. *Long-Term Obligations*

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category except those related to its pension plan and other postemployment benefits plan, which are discussed in Note 3-I and Note 3-J of this report.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category except those related to its pension plan and other postemployment benefits plan, which are discussed in Note 3-I and Note 3-J of this report.

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumption

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

11. Fund Balance Policies

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

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

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

12. Use of Estimates

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

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2023, the foundation allowance was based on pupil membership counts taken in February 2022 and October 2022. This was blended with the pupil counts for February 2020 and October 2020 and February 2021 and October 2021 to arrive at a three-year blended count. For fiscal year ended June 30, 2023, the per pupil foundation allowance was $9,150 for Alba Public School.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2022 to August 2023. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

2. ***Program Revenues***

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

3. ***Property Taxes***

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1, and due July 1. The levy becomes delinquent as of February 14 for all taxpayers. After these dates, unpaid taxes are subject to penalties and interest.

For the year ended June 30, 2023, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund - Non-Homestead	18.0000
General Fund - Commercial PPT	6.0000
2007 Debt Service Fund - PRE, Non-PRE, Commercial Personal Property	3.1000
2017 Debt Service Fund - PRE, Non-PRE, Commercial Personal Property	0.4500

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2023.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits with Financial Institutions

As of June 30, 2023, the District had deposits subject to the following risks:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2023, $292,942 of the District’s bank balance of $542,942 was exposed to custodial credit risk because it was uninsured and uncollateralized. The District's deposits of $533,003 and petty cash of $600 are reported as cash and cash equivalents on the financial statements.

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

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

Concentration of credit risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor consisted solely of due from other governments. The General Fund reported $187,258, the Food Service Fund reported $14,381, and the Student Activities Fund reported $200. Amounts due from other governments include amounts due from federal, state and local sources for various projects and programs.

C. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2023, were as follows:

	General Fund
Salaries	$ 39,402
Employee Benefits	68,890
Total Accrued Liabilities	$ 108,292

D. Short-Term Obligations

On August 22, 2022, the District issued a State Aid Note in the amount of $165,000. The note matures on July 20, 2023, with interest at 1.97%. The note is secured by the full faith and credit of the District, as well as pledged State Aid revenues. In an event of a default on the note, the State may impose a penalty interest rate and, at the State's discretion, accelerate the repayment terms. The purpose of this note was to provide for cash flow needs at the beginning of the school year. Interest expense for the year was $2,962. In July 2022, the District made its final obligated payment on the amount due from the State Aid Note issued in August 2021.

The following is a summary of the short-term obligation transactions for the District for the year ended June 30, 2023:

Short-Term Obligations at July 1, 2022	$ 25,740
New Obligations Issued	165,000
Obligations Retired and Paid	(166,745)
Short-Term Obligations at June 30, 2023	$ 23,995

E. Capital Assets

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 87,608	$ 0	$ 0	$ 87,608
Capital Assets Being Depreciated				
Buildings and Additions	3,560,176	0	0	3,560,176
Furniture and Equipment	627,691	29,473	0	657,164
Buses and Other Vehicles	169,639	20,000	84,950	104,689
Subtotal	4,357,506	49,473	84,950	4,322,029
Less Accumulated Depreciation for:				
Buildings and Additions	1,871,848	71,959	0	1,943,807
Furniture and Equipment	574,867	22,466	0	597,333
Buses and Other Vehicles	148,500	13,054	84,950	76,604
Accumulated Depreciation	2,595,215	107,479	84,950	2,617,744
Net capital assets being depreciated	1,762,291	(58,006)	0	1,704,285
Net capital assets	$ 1,849,899	$ (58,006)	$ 0	$ 1,791,893

Depreciation for the fiscal year ended June 30, 2023, amounted to $107,479. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

F. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2023, were:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	$ 1,851
General Fund	Student Activities Fund	601
		$ 2,452

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2023 are expected to be repaid within one year.

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no interfund transfers during the fiscal year.

G. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligation transactions for the District for the year ended June 30, 2023:

	GENERAL OBLIGATION BONDS	NET PENSION LIABILITY	NET OPEB LIABILITY	TOTAL
Balance, July 1, 2022	$ 425,000	$ 1,591,239	$ 99,151	$ 2,115,390
Additions	0	1,007,247	68,777	1,076,024
Deletions	(225,000)	(272,394)	(42,713)	(540,107)
Balance, June 30, 2023	200,000	2,326,092	125,215	2,651,307
Less current portion	(200,000)	Unknown	Unknown	(200,000)
Total due after one year	$ 0	$ 2,326,092	$ 125,215	$ 2,451,307

At June 30, 2023, the District's long-term debt consisted of the following:

2007 refunding bonds due in an annual installment of $200,000 due May 1, 2024, interest at 3.95%.	$ 200,000
Net Pension Liability	2,326,092
Net Other Postemployment Benefits Liability	125,215
Total	$ 2,651,307

Interest expense for the year ended June 30, 2023, was approximately $15,667.

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2023, including interest payments of $7,900 are as follows:

Year Ending June 30,	Principal	Interest	Amounts Payable
2024	$ 200,000	$ 7,900	$ 207,900

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

H. Defined Benefit Plan and Postemployment Benefits

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

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

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

Benefits Provided- Overall

Introduction

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

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

Benefits Provided – Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

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

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

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

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

Pension Reform of 2017

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

Benefits Provided – Other postemployment benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

Pension and OPEB contributions made in the plan year ending September 30, 2022, were determined as of the September 30, 2019 actuarial valuations. For the pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019, are amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

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

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

The District's pension contributions for the year ended June 30, 2023, were equal to the required contribution total. Total pension contributions were approximately $275,000. Of the total pension contributions approximately $272,000 was contributed to fund the Defined Benefit Plan and approximately $3,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023, were equal to the required contribution total. Total OPEB contributions were approximately $46,000. Of the total OPEB contributions approximately $43,000 was contributed to fund the Defined Benefit Plan and approximately $3,000 was contributed to fund the Defined Contribution Plan.

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

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

Pension Liabilities

At June 30, 2023, the District reported a liability of $2,326,092 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the District's proportion was 0.00618498% and 0.00672106%.

MPSERS (Plan) Non-University Employers Net Pension Liability

	September 30, 2022	September 30, 2021
Total Pension Liability	$ 95,876,795,620	$ 86,392,473,395
Fiduciary Net Position	(58,268,076,344)	(62,717,060,920)
Net Pension Liability	$ 37,608,719,276	$ 23,675,412,475
Fiduciary Net Position as a percentage of Total Pension Liability	60.77%	72.60%
Net Pension Liability as a percentage of Covered Payroll	386.25%	261.68%

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

For the year ended June 30, 2023, the District recognized total pension expense of $191,609. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,269	$ 5,201
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	162,931
Changes of assumptions	399,706	0
Net difference between projected and actual earnings on pension plan investments	5,455	0
Changes in proportion and differences between District contributions and proportionate share of contributions	10,613	219,804
District contributions subsequent to the measurement date	259,681	0
Total	$ 698,724	$ 387,936

$259,681 reported as deferred outflows of resources and $162,931 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended September 30,		Amount
2023	$	49,117
2024		20,385
2025		25,095
2026		119,441
	$	214,038

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

OPEB Liabilities

At June 30, 2023, the District reported a liability of $125,215 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the District's proportion was 0.00591177% and 0.00649581%.

MPSERS (Plan) Non-University Employers Net OPEB Liability

		September 30, 2022		September 30, 2021
Total OPEB Liability	$	12,522,713,324	$	12,046,393,511
Fiduciary Net Position		(10,404,650,683)		(10,520,015,621)
Net OPEB Liability	$	2,118,062,641	$	1,526,377,890
Fiduciary Net Position as a percentage of Total OPEB Liability		83.09%		87.33%
District OPEB Liability as a percentage of Covered Payroll		21.75%		16.87%

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

For the year ended June 30, 2023, the District recognized total OPEB benefit of $77,983.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 245,248
Changes of assumptions	111,608	9,088
Net difference between projected and actual earnings on OPEB plan investments	9,787	0
Changes in proportion and differences between District contributions and proportionate share of contributions	5,981	79,570
District contributions subsequent to the measurement date	37,739	0
Total	$ 165,115	$ 333,906

$337,739 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2023	$ (68,473)
2024	(55,769)
2025	(53,791)
2026	(18,139)
2027	(9,121)
Thereafter	(1,237)
	$ (206,530)

K. Actuarial Assumptions

Investment rate of return for Pension – 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, and Pension Plus groups.

Investment rate of return for OPEB – 6.00% a year, compounded annually net of investment and administrative expenses.

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

Inflation – 3.0%

Mortality assumptions –

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience study – The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

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

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

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.75% for year one graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

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

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

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

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.10%
Private Equity Pools	16.00%	8.70%
International Equity	15.00%	6.70%
Fixed Income Pools	13.00%	-0.20%
Real Estate & Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short-Term Investment Pools	2.00%	-0.50%
	100%	

*Long-term rate of return are net of administrative expenses and 2.2% inflation.

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

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

OPEB Discount Rate
A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the

difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	Pension	
1% Decrease	Pension Discount Rate	1% Increase
$ 3,069,577	$ 2,326,092	$ 1,713,426

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

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

	OPEB	
1% Decrease	OPEB Discount Rate	1% Increase
$ 210,036	$ 125,215	$ 53,785

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

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

	OPEB	
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
$ 52,434	$ 125,215	$ 206,913

L. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

M. Payables to the Pension and OPEB Plan

As of June 30, 2023, the District is current on all required pension and OPEB plan payments. As of June 30, 2023, the District reported payables in the amount of $47,618 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

N. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The 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 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 District has not been informed of any special assessments being required. 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 District continues to carry commercial insurance for other risks of loss, including employee health insurance. No settlements have occurred in excess of coverage for June 30, 2023, or any of the prior three years.

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

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

P. Sinking Fund Tax Levy

The District did not levy a millage for the sinking fund for the year ended June 30, 2023. The transactions for the sinking fund are accounted for in a capital projects fund. For this fund, the District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

Q. Contingencies

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

R. Upcoming Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

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

S. Related Party Transaction

During the latter stages of 2016-2017, the District transitioned to a new Superintendent. The Superintendent's spouse is a member of the Board of the District. No financial transactions were affected by this related party.

T. Subsequent Events

Subsequent to June 30, 2023, the following items are noted for disclosure:

- The District has applied for a State Aid Note in the amount of $140,000 to help meet the District's cash flow needs for the beginning of the 2023-2024 fiscal year.

No adjustments to the financial statements were made as a result of this subsequent event.

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Local Sources	$ 667,375	$ 677,932	$ 668,219
State Sources	501,754	542,850	600,028
Federal Sources	374,073	254,298	198,217
Other Transactions	67,565	71,528	76,365
Total Revenues	1,610,767	1,546,608	1,542,829
EXPENDITURES			
Instruction			
Basic Programs	718,107	557,171	560,582
Added Needs	281,797	301,191	203,436
Supporting Services			
Instructional Staff	19,815	19,815	3,127
General Administration	289,724	287,202	258,268
Business	52,750	52,750	54,921
Operation and Maintenance	271,869	288,739	272,132
Pupil Transportation Services	163,236	105,446	99,708
Support Services - Central	13,400	13,400	11,751
Support Services - Other	27,909	21,406	10,600
Community Services			
Community Activities	850	850	479
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments			
Payments to Other Public Schools	1,500	1,500	652
Facilities Acquisition, Construction, and Improvements	4,130	4,130	0
Total Expenditures	1,845,087	1,653,600	1,475,656
Excess (Deficiency) of Revenues over Expenditures	(234,320)	(106,992)	67,173
FUND BALANCE - Beginning of Year	338,371	355,540	355,540
FUND BALANCE - End of Year	$ 104,051	$ 248,548	$ 422,713

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)		0.06185%	0.00672%	0.00726%	0.00710%	0.00734%	0.00784%	0.00813%	0.00850%	0.00879%
District's proportionate share of net pension liability		$ 2,326,092	$ 1,591,239	$ 2,494,545	$ 2,367,330	$ 2,207,910	$ 2,030,636	$ 2,028,047	$ 2,076,503	$ 1,936,394
District's covered payroll		582,003	519,842	641,550	639,174	606,337	631,568	661,153	706,253	763,858
District's proportionate share of net pension liability as a percentage of its covered payroll		399.67%	306.10%	388.83%	370.37%	364.14%	321.52%	306.74%	294.02%	253.50%
Plan fiduciary net position as a percentage of total pension liability		60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions		$ 272,394	$ 210,333	$ 207,808	$ 200,810	$ 189,618	$ 186,392	$ 189,032	$ 182,034	$ 158,722
Contributions in relation to statutorily required contributions *		272,394	210,333	207,808	200,810	189,618	186,392	189,032	182,034	158,722
Contribution deficiency (excess)		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll		$ 556,975	$ 584,501	$ 606,483	$ 645,643	$ 632,638	$ 606,946	$ 665,915	$ 637,038	$ 682,224
Contributions as a percentage of covered payroll		48.91%	35.99%	34.26%	31.10%	29.97%	30.71%	28.39%	28.58%	23.27%

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

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)					0.05912%	0.00650%	0.00726%	0.00730%	0.00710%	0.00792%
District's proportionate share of net OPEB liability					$ 125,215	$ 99,151	$ 388,815	$ 524,249	$ 564,221	$ 701,496
District's covered payroll					582,003	519,842	641,550	639,174	606,337	631,568
District's proportionate share of net OPEB liability as a percentage of its covered payroll					21.51%	19.07%	60.61%	82.02%	93.05%	111.07%
Plan fiduciary net position as a percentage of total OPEB liability					83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions					$ 42,713	$ 42,604	$ 47,303	$ 49,736	$ 47,363	$ 42,185
Contributions in relation to statutorily required contributions *					42,713	42,604	47,303	49,736	47,363	42,185
Contribution deficiency (excess)					$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll					$ 556,975	$ 584,501	$ 606,483	$ 645,643	$ 632,638	$ 606,946
Contributions as a percentage of covered payroll					7.67%	7.29%	7.80%	7.70%	7.49%	6.95%

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

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2022, were:

Discount rate for MIP, Basic and Pension Plus plans decreased to 6.00% from 6.80%

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ending September 30, 2022, were:

Discount rate decreased to 6.00% from 6.95%.

ALBA PUBLIC SCHOOL
ALBA, MICHIGAN

2007 REFUNDING BONDS PAYMENT SCHEDULE
JUNE 30, 2023

AMOUNT OF ISSUE		$ 2,315,000
AMOUNT REDEEMED		
Prior to Current Year	$ 1,920,000	
Current Year	195,000	2,115,000
BALANCE OUTSTANDING - June 30, 2023		$ 200,000

DUE DATES	INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
November 1, 2023	3.95%		$ 3,950	$ 3,950
May 1, 2024		$ 200,000	3,950	203,950
		$ 200,000	$ 7,900	$ 207,900