Mattawan Consolidated School

Financial Statements

June 30, 2023

YEO & YEO

BUSINESS SUCCESS PARTNERS

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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 Mattawan Consolidated School as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mattawan Consolidated School's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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 Mattawan Consolidated School 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 United States of America.

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

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

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

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

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

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

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

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mattawan Consolidated School's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2023, on our consideration of Mattawan Consolidated School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mattawan Consolidated School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mattawan Consolidated School's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 24, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Mattawan Consolidated School's annual financial 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.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Mattawan Consolidated School financially as a whole. The district-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the district-wide financial statements by providing information about the District's most significant fund – the General Fund, with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

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

<u>Basic Financial Statements</u>
District-wide Financial Statements ***Fund Financial Statements***

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds

Other Supplemental Information

These two (2) statements report the District's net position – the difference between assets and liabilities, as reported in the statement of net position – is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the District.

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

Reporting the District's Most Significant Funds – Fund Financial Statements

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

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

The District as Trustee – Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for any accounts or funds in its care. With the implementation of GASB 84 any of the District's fiduciary activities are reported in separate statements of fiduciary assets and liabilities. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as a Whole

Recall that the statement of net position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2023 and 2022.

Table 1

	Governmental Activities (in millions)	
	2023	2022
Assets		
Current and other assets	$ 18.9	$ 16.9
Capital assets	84.8	87.6
Total assets	103.7	104.5
Deferred Outflows of Resources		
Deferred amount on debt refunding	2.3	2.6
Deferred amount on net pension liability	24.9	9.8
Deferred amount on net OPEB liability	7.2	3.8
Total deferred outflows of resources	34.4	16.2
Total assets and deferred outflows of resources	138.1	120.7
Liabilities		
Current liabilities	8.0	5.8
Long-term liabilities	171.1	142.4
Total liabilities	179.1	148.2
Deferred Inflows of Resources		
Deferred amount on net pension liability	4.6	18.4
Deferred amount on net OPEB liability	9.5	10.9
Total liabilities and deferred inflows of resources	193.2	177.5
Net Position		
Invested in property and equipment – net of related debt	(1.2)	(2.3)
Restricted	1.9	1.1
Unrestricted	(55.8)	(55.6)
Total net position	$ (55.1)	$ (56.8)

The above analysis focuses on the net position (Table 1). The change in net position (Table 2) of the District's governmental activities is discussed below.

The net position was $(55.1) million at June 30, 2023 and $(56.8) million at June 30, 2022. Capital assets, net of related debt, compares the original cost less depreciation of the District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net position for day-to-day operations.

The unrestricted net position of governmental activities represents the *accumulated* results of all past year's operations. The unrestricted net position balance enables the District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal year 2023 and 2022.

Table 2	Governmental Activities (in millions)	
	2023	2022
Revenue		
Program revenue		
Charges for services	$ 2.1	$ .5
Federal grants and entitlements	8.6	11.7
General revenue		
Property taxes	10.5	9.9
State foundation allowance	35.5	28.4
Other	.4	.2
Total revenue	57.1	50.7
Functions/Program Expenses		
Instruction	28.5	23.0
Support services	18.4	15.0
Food services/Community Services	1.3	1.2
Interest and fiscal charges on debt	2.5	2.4
Depreciation (unallocated)	4.6	5.1
Total Expenses	55.3	46.7
Increase (Decrease) in net position	$ 1.8	$ 3.9

As reported in the statement of activities, the cost of all of our *governmental* activities this year was $55.3 million. Certain activities were partially funded from those who benefited from the programs, $2.1 million; or by other governments and organizations that subsidized certain programs with grants and contributions, $8.6 million. We paid for the remaining "public benefit" portion of our governmental activities with $10.5 million in taxes, $35.5 million in State foundation allowance, and with our other revenues of $.4 million, i.e., interest and general entitlements.

The District's Funds

As we noted earlier, the District uses individual funds to help it control and manage money for particular purposes. Looking at the individual funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the District's overall financial health.

As the District completed this year, the governmental funds reported a combined fund balance of $11.4 million, which remained about the same as last year. Offsetting effects contributed to the stability in the overall district fund balance:

General Fund, our principal operating fund, posted a $150,000 increase to the fund balance with revenues slightly exceed expenditures for the fiscal year. This after projecting an approximate $350,000 deficit to end the fiscal year. The increase in fund balance was due to an equal combination of more revenue received and less expense than budgeted.

Other notable increases and decreases in fund balances that contributed to total fund balances remaining stable was an increase in the Food Service fund balance due to more grant funds received, while there was a decrease in the 2017 Capital Project Fund as the District further liquidates that fund.

Student Enrollment

The District's student enrollment for the fall count of 2022-2023 was 3,733 students, which was nearly a 10% increase from the prior fall. The student FTE continues to include non-public school student FTE as a result of the District starting a Shared Time Services program, in partnership with Clarkston Community Schools. The Shared Time student enrollment increased slightly by about 5 FTE from the 2021-2022 school year and stands about 130 FTE of the total District enrollment.

Shared Time was introduced in 1985, when the Michigan Supreme Court rendered a decision in support of shared time programming on eligible non-core and elective classes. These areas include: art, computers, foreign language, music, physical education, other additional electives, such as advanced placement courses, and online learning opportunities. Shared time teaching subsidizes existing classes and provides new curriculum offerings for students in non-public schools. The District is able to count non-public student FTE in these classes. Shared Time Services is a program the District expects to grow to the extent allowed by state statute.

The funding formula for fiscal year 2023 used the 90/10 method by which a blended student count is derived from using 90% of the fall student count plus 10% of the previous spring student count. The resulting blended student count is used in calculating district state aid dollars. The following summarizes fall student enrollments in the past several years:

	Student FTE	Change from Prior Year
2022-2023	3,733	28
2021-2022	3,705	208
2020-2021	3,497	-284
2019-2020	3,781	21
2018-2019	3,760	-53
2017-2018	3,813	16
2016-2017	3,797	
2015-2016	3,842	-45 47

The preliminary 2023-2024 budget shared in June 2023 used a blended student count of 3,685.06, which was based on a fall 2023 estimated student count of 3,683. At the time of this writing, preliminary estimated fall student count is approximately 3,730, so slightly higher than projected in June.

Property Valuations

In accordance with Act 539, Public Acts of Michigan, 1982, as amended, and Article IX, Section 3 of the Michigan Constitution, the ad valorem State Equalized Valuation (SEV) represents 50% of true cash value. SEV does not included any value of tax-exempt property (e.g. churches, governmental property) or property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended. As a result of Proposal A enacted in 1994, ad valorem property taxes are assessed on the basis of taxable value, which is subject to assessment caps.

Taxable property in the District is assessed by the local municipal assessor and is subject to review by the County Equalization Department. As shown in the Historical Valuations Table below, taxable values had been increasing at very healthy rates from year to year for about the last five years. The rate of increase in taxable values in fiscal year 2023 was 6.0% which was a larger increase than over the prior year's growth rate of 3.6%. Aside from last year, most recent years have seen 5-10% increases in property values so 2023 was back in alignment.

When taxable values increase, the amount of operating revenue the District's General Fund receives does not change much since the District can only receive the amount of funding in total that is a result of its student count and the Per Pupil Foundation Grant. The non-homestead portion of the taxable value figures into that calculation and state aid funding makes up the difference. When taxable values are higher, the District does receive more funding for debt retirement since that is a direct calculation on the total valuation.

Historical Valuations

Fiscal Year	Homestead	Non-Homestead	Total Valuation
2023	$ 844,644,570	$ 184,529,531	$ 1,029,174,101
2022	800,932,735	169,848,377	970,881,112
2021	769,932,327	167,617,344	937,549,671
2020	737,445,644	150,922,949	888,368,593
2019	710,847,228	125,360,426	836,207,654
2018	657,266,545	101,543,859	758,810,404
2017	635,730,597	95,466,368	731,196,965
2016	614,262,914	93,682,793	723,021,257
2015	612,509,203	91,232,559	703,741,762

Foundation Allowance per Pupil

The following table shows a history of the District's Foundation Allowance per Pupil:

	Per Pupil Amount
2022 – 2023	$ 9,150
2021 – 2022	8,700
2020 – 2021	8,111
2019 – 2020	8,111
2018 – 2019	7,871
2017 – 2018	7,631
2016 – 2017	7,511
2015 – 2016	7,391

The projected Per Pupil Foundation Grant amount for the 2023-2024 school year we used in the preliminary budget is $9,608, an increase of $458 per student from the 2022-2023 school year. This projection was a modest increase taking into consideration that the State of Michigan was projecting an increase in the Per Pupil Foundation Grant but being unsure of the extent of an increase. Subsequent to approving our preliminary 2023-2024 general fund budget at the end of June 2023, the State of Michigan passed a budget providing for a Per Pupil Foundation Grant of $9,608, confirming our estimate.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the 2022-2023 budget was adopted just before fiscal year end, as required by law however a mid-year amendment was also made to the General Fund budget in December

2022. A schedule showing the District's original, amended and final budget amounts is provided in required supplementary information of these financial statements.

Revenues
Final amended revenues were nearly $7.2 million higher than what was originally projected in June 2022. The majority of the revenue increase occurred in state aid receipts, accounting for about $5.0 million of the total increase. There was a one-time retirement payment of $2.1 million, which was repaid immediately upon receipt of the revenue so retirement expenses were equally increased. General UAAL funding was up about $700,000, additional special education funding and general state aid added about $885,000, as well as increased At-Risk funding of about $250,000. And finally, about $750,000 of the increase was from mental health and safety and security grants not planned for in original revenue projections and other general categorical funding of around $300,000.

Federal revenue accounted for another $1.5 million of the increase after it was more clearly determined what the ESSER funding was being used for during 2022-2023. Property tax receipts and other local revenue were about $700,000 higher than projected.

Expenditures
Final amended expenditures were higher than originally budgeted by nearly $6.0 million. The major factors in higher expense are basically the matching of additional revenues received for retirement and grants. These items made up about $4.0 million of the expense increase. The rest of the expense increases occurred in the areas of capital equipment replacement in operations and transportation, facility repairs and substitute teacher costs. In summary, the District incurred variances between the original budget and final budget amounts, as follows:

	Original Budget	Final Budget	Variance
Revenues	$ 40,002,356	$ 47,196,168	$ 7,193,812
Expenditures	41,617,179	47,566,183	$ 5,949,004

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the District had $84.8 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture and equipment, net of accumulated depreciation. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately $2.9 million from last year. Specific items are prior to depreciation are detailed in the following chart:

		2022
Land	$ 740,429	$ 740,429
Construction in progress	0	0
Building and building improvements	111,993,947	111,870,552
Buses and other vehicles	4,137,743	3,935,843
Furniture and Equipment	12,487,629	11,512,204
Total Capital assets	$ 128,619,319	$ 127,318,599

We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this fiscal year, the District had $90.7 million in outstanding long-term debt, versus $95.9 million in the previous year – a reduction in debt of 5.5%. This follows a 2% reduction in outstanding long-term debt last year from fiscal year 2022. The decrease this fiscal year occurred even while the District borrowed from the School Loan Revolving Fund in order to meet payments on its general obligation bonds. Continued payments on general obligation bonds contributed to a decrease in long-term debt. There was a decrease in the value of compensated absences due to some payout on retirement according to contract as well as a revision in the definition of what types of leave are subject to being booked as a liability to the District. Total general obligation bonds consist of the following:

2023

		2022
General Obligation Bonds	$ 90,157,626	$ 95,306,689

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the District's boundaries. If the District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit.

2023

Economic Factors and Next Year's Budgets and Rates

The 2022-2023 school year was a normal year of operations for the District with student enrollment stablizing for the most part since the COVID 19 pandemic has seemingly come to an end. With the implementation of a strategic plan in late 2022, the District is focusing its operations in alignment with the plan. This includes specific goals in the areas of student success, personnel success, facilities and operations, financial stewardship and community relations. The strategic plan is a dynamic document that will be reviewed and goals revised annually. With this focus, the District will make operational decisions to align with goals and targets within the plan.

Economically speaking, the state's finances continued to improve after the pandemic. The State of Michigan is continuing to invest heavily in education with the passage of its fiscal year 2024 budget, with an increase to public schools' funding of $450 per student. This after an increase of $589 per student in the prior year. COVID 19 relief funding continued in 2022-2023 and the District utilized another $1.5 million of the over $5 million that was allocated to the District through various grant sources. The District is mindful that these resources will be ending for the most part during the 2023-2024 fiscal year and is planning accordingly with its expenses.

In general, there are many factors to consider when setting the next fiscal year's budget. One of the most important factors affecting the budget is student count. The State revenue, which comprises around 90% of the District's General Fund budget, is primarily determined by multiplying the blended student count by the Per Pupil Foundation Grant. The blended count is usually determined for a given fiscal year by adding 10% of the prior year's February student count and 90% of the current year's October student count. The 2023-2024 budget was adopted at the end of June 2023 and based on an estimate of students that would be enrolled in the District in fall 2023.

In general, a conservative approach was taken to develop the 2023-2024 budget and determine revenues so a projected student count of about 50 fewer students than the 2022-2023 count was used. The projected Per Pupil Foundation Grant was budgeted at $458 more per student than in 2022-2023 based on information the State of Michigan was sharing about their fiscal year 2024 budget. Soon after the District adopted its preliminary budget in June 2023, the state did approved an increase in the PPFG of $458 per student. In addition to the state funds, the District will continue to receive and spend the federal grant funds previously discussed. And as previously mentioned, the District is operating a Shared Time Services business segment that will continue to provide a revenue stream.

On the expense side, the District made a significant salary schedule commitment to its teachers by settling a two (2) year contract with the Mattawan Education Association in May 2021, with fiscal year 2023 being the second year of that contract. District-wide, staffing levels are being reduced in some cases for efficiencies and also in response to the continued lack of resources in the labor market where positions have remained unfilled. Operationally, the District continues to respond to infrastructure and equipment needs, while beginning work on capital planning to better address such needs going forward. The retirement rate will see an approximate 10% increase in fiscal year 2024 but health insurance costs do not appear to have any significant increases in the next year. The District continues to look for operational efficiencies and cost-saving methods and procurement. As is general practice, the District will closely monitor and amend the general fund budget 1-2 times during the 2023-2024 fiscal year to adjust for changes in revenues and expenses.

To conclude, the District is working on a bond initiative to be placed on the ballot in May 2024. While work on the scope and magnitude of the initiative is still occurring as of the writing of this audit, the main focus for the bond proceeds is for upgrades to several areas of the district that are aging, including some potential athletic facility upgrades, as well technology and bus replacements.

We look forward to another successful and productive year.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, 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, contact the Chief Financial Officer at 56720 Murray Street, Mattawan, Michigan 49071.

BASIC FINANCIAL STATEMENTS

Mattawan Consolidated School
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash	$ 8,139,141
Accounts receivable	313,819
Due from other governmental units	8,922,023
Inventory	32,851
Investments	1,365,568
Prepaid items	177,122
Capital assets not being depreciated	740,429
Capital assets - net of accumulated depreciation	84,020,488
Total assets	103,711,441
Deferred Outflows of Resources	
Deferred amount on debt refunding	2,331,559
Deferred amount relating to net pension liability	24,915,545
Deferred amount relating to net OPEB liability	7,187,248
Total deferred outflows of resources	34,434,352
Liabilities	
Accounts payable	755,818
State aid anticipation note payable	862,774
Accrued expenditures	1,966,939
Accrued salaries payable	4,099,583
Unearned revenues	330,118
Long-term liabilities	
Debt due within one year	4,965,000
Debt due in more than one year	85,761,933
Net pension liability	75,908,258
Net OPEB liability	4,505,856
Total liabilities	179,156,279

See Accompanying Notes to the Financial Statements

Mattawan Consolidated School
Statement of Net Position
June 30, 2023

	Governmental Activities
Deferred Inflows of Resources	
Deferred amount on debt refunding	
Deferred amount relating to the net pension liability	4,596,935
Deferred amount relating to the net OPEB liability	9,472,787
Total deferred inflows of resources	14,069,722
Net Position	
Net investment in capital assets	(1,210,259)
Restricted for:	
Food service	867,371
Specific donor instructions	100,000
Debt service	918,787
Unrestricted (deficit)	(55,756,107)
Total net position	$ (55,080,208)

Mattawan Consolidated School
Statement of Activities
For the Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs				
Governmental activities				
Instruction	$ 28,529,270	$ 23,020	$ 6,123,417	$ (22,382,833)
Supporting services	18,419,800	1,249,225	1,657,340	(15,513,235)
Food services	1,346,431	689,176	823,686	166,431
Community services	494	166,173	463	166,142
Interest and fiscal charges on long-term debt	2,435,285	-	-	(2,435,285)
Loss on sale of capital assets	68,421	-	-	(68,421)
Depreciation - unallocated	4,620,347			
Total governmental activities	$ 55,420,048	$	$	(44,687,548)
General revenues				(4,620,347)
Property taxes, levied for general purposes				3,208,504
Property taxes, levied for debt service				7,285,113
State aid - unrestricted		-		35,525,378
Interest and investment earnings				92,645
Other	2,127,594	8,604,906		309,033
Total general revenues	-			46,420,673
Change in net position				1,733,125
Net position – beginning				(56,813,333)
Net position – ending				$ (55,080,208)

Mattawan Consolidated School
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	2017 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 4,313,650	$ 745,318	$ 3,080,173	$ 8,139,141
Accounts receivable	309,653	-	4,166	313,819
Due from other funds	4,465	-	538	5,003
Due from other governmental units	8,903,170	-	18,853	8,922,023
Inventory	-	-	32,851	32,851
Investments	-	1,364,652	916	1,365,568
Prepaid items	112,122			
Total assets	$ 13,643,060	$	$	$
Liabilities				
Accounts payable	$ 423,160	$ 255,662	25,000 $ 76,996	$ 755,818
State aid anticipation note payable	862,774	-	-	862,774
Due to other funds	538	-	177,122 4,465	5,003
Accrued expenditures	1,555,567	-	-	1,555,567
Accrued salaries payable	4,096,734 2,109,970	3,202,497 -	18,955,527 2,849	4,099,583
Unearned revenue	259,691 -			
Total liabilities	7,198,464		154,737	
Fund Balances				
Non-spendable		70,427		
Inventory	-	-	32,851	32,851
Prepaid items	112,122	-	330,118 65,000	177,122
Restricted for			7,608,863	
Food service	-		769,520	769,520
Debt service	255,662 -	-	1,330,159	1,330,159
Capital projects	-	1,854,308	332,890	2,187,198
Specific donor instructions	100,000	-	-	100,000
Committed for student/school activities	-	-	517,340	517,340
Assigned	870,000	-	-	870,000
Unassigned	5,362,474			
Total fund balances	6,444,596			
Total liabilities and fund balances	$ 13,643,060	$	$ 5,362,474	$

See Accompanying Notes to the Financial Statements

1,854,308	3,047,760	-	11,346,664

Mattawan Consolidated School
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances for governmental funds	$ 11,346,664
Total net position for governmental activities in the statement of net assets is different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	740,429
Capital assets - net of accumulated depreciation	84,020,488
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	2,331,559
Deferred outflows of resources resulting from net pension liability	24,915,545
Deferred outflows of resources resulting from net OPEB liability	7,187,248
Deferred inflows of resources resulting from net pension liability	(4,596,935)
Deferred inflows of resources resulting from net OPEB liability	(9,472,787)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(411,372)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(237,000)
Bonds payable	(90,157,626)
School bond loan payable	(332,307)
Net pension liability	(75,908,258)
Net OPEB liability	(4,505,856)
Net position of governmental activities	$ (55,080,208)

See Accompanying Notes to the Financial Statements

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

	General Fund	2017 Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 4,241,044	$ 44,260	$ 8,903,154	$ 13,188,458
State sources	40,393,904	-	189,716	40,583,620
Federal sources	2,091,604	-	705,107	2,796,711
Interdistrict sources	728,231			
Total revenues	47,454,783	44,260	9,797,977	57,297,020
Expenditures				728,231
Current				
Education				
Instruction	28,523,339	- -	-	28,523,339
Supporting services	17,456,302	-	967,356	18,423,658
Food services	- -	-	1,338,496	1,338,496
Community services	463	-	-	463
Capital outlay	1,325,229	273,035	388,530	1,986,794
Debt service				
Principal	-	-	4,740,000	4,740,000
Interest and other expenditures	-			
Total expenditures	47,305,333	273,035	10,044,089	57,622,457
		2,609,707		
Excess (deficiency) of revenues over expenditures	149,450	(228,775)	(246,112)	(325,437)
Other Financing Sources				
Proceeds from school loan revolving fund	- -		2,609,707	283,461
Net change in fund balances	149,450	(228,775)	37,349	(41,976)
Fund balances – beginning	6,295,146	2,083,08283,461	3,010,411	11,388,640
Fund balances – ending	$ 6,444,596 -	$	$	$

See Accompanying Notes to the Financial Statements

Mattawan Consolidated School
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - Total governmental funds	$ (41,976)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	(143,847)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense.	
Depreciation expense	(4,620,347)
Capital outlay	1,792,979
Sale of capital assets (net book value)	(68,421)
Expenses are recorded when incurred in the statement of activities.	
Interest	13,916
Compensated absences	277,300
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in pension liability	(32,149,905)
Net change in the deferral of resources related to the net pension liability	28,917,878
The statement of net OPEB reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in OPEB liability	(1,680,277)
Net change in the deferral of resources related to the net OPEB liability	4,818,780
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term governmental funds and liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(283,461)
Repayments of long-term debt	4,740,000
Amortization of deferred amounts on refunding	(248,557)
Amortization of premiums	409,063
Change in net position of governmental activities	$ 1,733,125

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Mattawan Consolidated School (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity
The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements
The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district–wide financial statements categorize all nonfiduciary activities as either governmental or business type. All the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net invested in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

Fund Financial Statements
Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered available only when cash is received by the government.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

2017 Capital Projects Fund – Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The funds are kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and the Student/School Activities Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

2015 and 2018 Capital Projects Funds – Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The funds are kept open until the purpose for which the fund was created has been accomplished.

Assets, Liabilities and Net Position or Equity

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2023, the rates are as follows per $1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	7.00000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

Property taxes are levied on December 1 and payable through March 15. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Van Buren and Kalamazoo and remitted to the School District by May 15.

Investments – The School District carries investments at fair value.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories on governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both the district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of $5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20–50 years
Equipment and furniture	5–10 years
Buses and other vehicles	5–10 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refunding are included in the district-wide financial statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences – Employees are provided with sick days each year. Retiring employees who meet certain years of service requirements are paid for accumulated sick days up to a maximum number of days and at a rate determined by their contracts. There is no contractual provision for payment of unused vacation. Unused vacation time is forfeited annually.

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments. The amount reported is salary-related and includes fringe benefits.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different than the interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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.

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

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. Deferred inflows of resources also include revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education or the Assistant Superintendent for Business Services. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature. The School District has assigned fund balance amounts at year end in the General Fund as follows:

Band uniforms	$	20,000
Curriculum		350,000
Technology		300,000
Buses		100,000
Facilities		100,000
Total assignments	$	870,000

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The School District has adopted a policy to maintain a minimum fund balance of 5% of the General Fund annual operating expenditures.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications
In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards
During the year ended June 30, 2023 the School District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). Our opinions are not modified with respect to this matter. The School District has determined that the effects of this standard are immaterial to the financial statements; and therefore, no SBITAs are recorded or disclosed.

Upcoming Accounting and Reporting Changes
Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

The School District is evaluating the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, Accountability

Budgetary Information
Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations
During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	$ 24,616,839	$ 24,638,858	$ 22,019
Pupil	1,642,291	1,691,372	49,081
General administration	1,023,312	1,043,254	19,942
School administration	2,706,722	2,731,001	24,279
Business	927,524	959,002	31,478
Operations and maintenance	4,339,117	4,412,534	73,417
Athletic activities	655,013	656,321	1,308
Capital outlay	1,222,054	1,325,229	103,175

Compliance – Bond Proceeds
The 2017 Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code.

The following is a summary of the revenue and expenditures in the 2017 Capital Project Funds from inception through the current fiscal year:

	2017 Capital Projects
Revenues and other financing sources	$ 22,353,984
Expenditures and other financing uses	20,499,676
	$ 1,854,308

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	$ 8,139,141
Investments	1,365,568
Total	$ 9,504,709

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, and certificates of deposit)	$ 9,503,723
Investments in securities, mutual funds, money markets, and similar vehicles	916
Petty cash and cash on hand	70
Total	$ 9,504,709

As of year-end, the School District had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund - Cash Management	$ 916	< 60 days	AAAm	S & P

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

As of June 30, 2023, the net asset value of the School District's investment in MILAF + Portfolio was $916. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of $1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk – The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year-end, $10,108,819 of the School District's bank balance of $10,557,736 was uncollateralized and uninsured.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2023, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 740,429	$	$	$ 740,429
Capital assets being depreciated				
Buildings and additions	111,870,552	331,274	207,879	111,993,947
Equipment and furniture	11,512,204	1,191,383	215,958	12,487,629
Buses and other vehicles	3,935,843	270,322	68,422	4,137,743
Total capital assets being depreciated	127,318,599	1,792,979	492,259	128,619,319
Less accumulated depreciation for		-		
Buildings and additions	28,622,936	3,675,368	146,301	32,152,003
Equipment and furniture	9,550,727	705,281	215,957	10,040,051
Buses and other vehicles	2,228,659	239,698	61,580	2,406,777
Total accumulated depreciation	40,402,322	4,620,347	423,838	44,598,831
Net capital assets being depreciated	86,916,277	(2,827,368)	68,421	84,020,488
Net capital assets	$ 87,656,706	$ (2,827,368)	$ 68,421	$ 84,760,917

Depreciation for the fiscal year ended June 30, 2023 amounted to $4,620,347. The School District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Note 5 - Interfund Receivables, Payables, Transfers

Interfund balances consisted of the following as of year end:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Funds	$ 4,465
Nonmajor Funds	General Fund	538
		$ 5,003

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

There were no interfund transfers made during the year.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Student lunch payments on account	$ 33,720
Grant and categorical aid payments received prior to meeting all eligibility requirements	296,398
Total	$ 330,118

Note 7 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ -	$ 3,000,000	$ 2,137,226	$ 862,774

Note 8 - Leases

The School District has operating lease arrangements for office equipment. Payments for copiers are due through April 2024 at $5,929 per month, which does not include variable usage fees. Future payments for additional equipment are due through 2023 at approximately $10,000. Expenditures related to leasing this equipment were approximately $81,000 for the year ended June 30, 2023. Lease liabilities were not recorded on the statement of net position as the School District has determined them to be immaterial.

Note 9 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Loan Revolving Fund, the State may withhold state aid if the School District is in default, or apply late charges in an instance of default or fails to appropriately levy debt mills.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds payable					
General obligation bonds	$ 92,980,000	$ -	$ 4,740,000	$ 88,240,000	$ 4,920,000
Premium on bonds	2,326,689	-	409,063	1,917,626	-
Total bonds payable	95,306,689	-	5,149,063	90,157,626	4,920,000
Notes from direct borrowings and direct placements					
School Loan Revolving Fund (SLRF)	38,699	283,461	-	322,160	-
Accrued interest on SLRF	901	9,246	-	10,147	-
Total notes from direct borrowings and direct placements	39,600	292,707	-	332,307	-
Other liabilities					
Compensated absences	514,300	102,860	380,160	237,000	45,000
Total	$ 95,860,589	$ 395,567	$ 5,529,223	$ 90,726,933	$ 4,965,000

For governmental activities, compensated absences are primarily liquidated by the General Fund.

General obligation bonds payable at year end, consist of the following:

$10,495,000 2015 Refunding serial bonds due in annual installments of $1,050,000 to $1,055,000 through 2025, interest at 4.00% to 5.00%.	$ 2,105,000
$52,500,000 2015 School Building and Equipment Serial bonds due in annual installments of $1,175,000 to $1,270,000 through 2025, interest at 4.00%	2,445,000
$53,810,000 2021 Refunding bonds due in annual installments of $1,450,000 to $3,750,000 through 2039, interest at 1.88% to 2.58%	51,125,000
$17,130,000 2018 School Building and Site Serial bonds due in annual installments of $690,000 to $1,390,000 through 2038, interest at 4.00% to 5.00%.	14,665,000
$20,400,000 2017 School Building and Equipment Serial bonds due in annual installments of $550,000 to $1,375,000 through 2042, interest at 3.00% to 4.00%.	17,900,000
Total general obligation bonded debt	$ 88,240,000

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2024	$ 4,920,000	$ 2,468,232	$ 7,388,232
2025	5,075,000	2,319,506	7,394,506
2026	5,120,000	2,160,536	7,280,536
2027	4,615,000	2,062,324	6,677,324
2028	4,720,000	1,959,388	6,679,388
2029 – 2033	25,445,000	7,989,933	33,434,933
2034 – 2038	29,345,000	4,196,841	33,541,841
2039 – 2042	9,000,000	572,576	9,572,576
Total	$ 88,240,000	$ 23,729,336	$ 111,969,336

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of $1,330,159 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest and related fiscal expenditures recorded in the Debt Service Funds during the year was $2,609,707.

School Loan Revolving Fund

The School Loan Revolving Fund consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on two of the School District's bond issues. In prior years, the School District issued bonds to renovate and construct School District facilities. Since the monies generated by the 7.0 mills are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow funds to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds issued and all necessary borrowing from the School Loan Revolving Fund. During the year, the School District refinanced nearly all of the outstanding balance as part of the 2021 Refunding Bonds. As of year end, $322,160 was outstanding plus

$10,147 in accrued interest from the School Loan Revolving Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

Compensated Absences

Accrued compensated absence liability at year end is $237,000. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Deferred Amount on Refunding

The advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2039. As of year end, the unamortized balance is $2,331,559.

Defeased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

The final payment date is May 1, 2025. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is $45,270,000, which is all related to the 2015 Debt issuance that was refunded in 2021.

Note 10 - Risk Management

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

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had unemployment compensation expense of $1,847 for the year ended June 30, 2023. No provision has been made for possible future claims.

The School District has elected to pay for dental insurance on a self-insured basis but has an independent third party that acts as the administrator on its behalf. Under this method, the School District pays based on actual claims against the plan. At June 30, 2023 the School District has recorded a liability, which represents claims submitted and unpaid at that date. The liability is not significant to the financial statements. For governmental activities, the liability for dental benefits is primarily liquidated by the General Fund.

Note 11 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

Benefits Provided
Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2022.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.14%
Member Investment Plan	3.0 - 7.0%	20.14%
Pension Plus	3.0 - 6.4%	17.22%
Pension Plus 2	6.2%	19.93%
Defined Contribution	0.0%	13.73%

Required contributions to the pension plan from the School District were $6,869,692 for the year ending September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, the School District reported a liability of $75,908,258 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the School District's proportion was .2018 percent, which was an increase of .0170 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the School District recognized pension expense of $9,902,191 for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total pension contribution expense of $7,554,320.

Section 147c of the State School Aid Act (MCL 388.1747c) was amended to include a one-time distribution to districts, intermediate districts, and other participating entities of MPSERS, which is referred to as Section 147c(2). Section 147c(2) is required to be forwarded to the state's ORS as additional assets being contributed to the retirement system. This funding is a one-time, state payment toward the MPSERS unfunded liability and not part of the actuarially determined contributions and therefore not included in the above pension expense, pension contributions or related deferred inflows/outflows of resources. For the period ending June 30, 2023, the School District recognized in their financial statements an additional amount related to Section 147c(2) of $2,138,456 in total pension expense and offset in state revenues.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 759,347	$ (169,723)	$ 589,624
Changes of assumptions	13,043,759	-	13,043,759
Net difference between projected and actual earnings on pension plan investments	178,005	-	178,005
Changes in proportion and differences between the School District contributions and proportionate share of contributions	3,884,478	(755,336)	3,129,142
Total to be recognized in future	17,865,589	(925,059)	16,940,530
School District contributions subsequent to the measurement date	7,049,956	(3,671,876)	3,378,080
Total	$ 24,915,545	$ (4,596,935)	$ 20,318,610

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The District will offset the contribution expense in the year ended June 30, 2024 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2023	$ 4,686,282
2024	3,862,603
2025	3,596,085
2026	4,795,560
	$ 16,940,530

Actuarial Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - 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.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.

The recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.3922 years.

The recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
	100.0%	

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

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

Discount Rate
A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension 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.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease *	**Current Single Discount Rate Assumption ***	**1% Increase ***
5.00%	6.00%	7.00%
$ 100,170,700	$ 75,908,258	$ 55,914,913

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

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)
There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description
The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System. The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

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

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2022.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.23%

Required contributions to the OPEB plan from the School District were $1,620,472 for the year ended September 30, 2022.

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

At June 30, 2023, the School District reported a liability of $4,505,856 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the School District's proportion was .2127 percent, which was an increase of .0276 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the School District recognized OPEB expense of $(1,603,638) for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total OPEB contribution expense of $1,591,146.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$ (8,825,246)	$ (8,825,246)
Changes of assumptions	4,016,214	(327,023)	3,689,191
Net difference between projected and actual earnings on OPEB plan investments	352,168	-	352,168
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,438,137	(320,518)	1,117,619
Total to be recognized in future	5,806,519	(9,472,787)	(3,666,268)
School District contributions subsequent to the measurement date	1,380,729		1,380,729
Total	$ 7,187,248	$ (9,472,787)	$ (2,285,539)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2023	$ (1,552,400)
2024	(1,347,644)
2025	(1,142,241)
2026	146,128
2027	171,933
Thereafter	57,956
	$ (3,666,268)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%

- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
- Mortality:
  - 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.

Other Assumptions:

- 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 coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.

The recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.2250.

The recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
	100.0%	

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

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

Discount Rate
A discount rate of 6.00% was used to measure the total 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the 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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 7,558,140	$ 4,505,856	$ 1,935,454

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate
The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 1,886,837	$ 4,505,856	$ 7,445,757

OPEB Plan Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan
There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by Antwerp Township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2023, the School District's property tax revenues were reduced by $52,220 under these programs.

There are no significant abatements made by the School District.

REQUIRED SUPPLEMENTARY INFORMATION

Mattawan Consolidated School
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 3,515,284	$ 4,146,519	$ 4,241,044	$ 94,525
State sources	35,159,920	40,254,770	40,393,904	139,134
Federal sources	646,966	2,101,732	2,091,604	(10,128)
Interdistrict sources	680,186	693,148		
Total revenues	40,002,356	47,196,169	47,454,783	258,614
Expenditures				
Instruction				
Basic programs	21,567,724	24,616,839	24,638,858	22,019
Added needs	3,671,823	4,337,893	3,884,481	(453,412)
Supporting services		728,231	35,083	
Pupil	1,414,251	1,642,291	1,691,372	49,081
Instructional staff	1,853,076	2,118,796	2,030,789	(88,007)
General administration	932,088	1,023,312	1,043,254	19,942
School administration	2,739,692	2,706,722	2,731,001	24,279
Business	894,536	927,524	959,002	31,478
Operations and maintenance	4,028,097	4,339,117	4,412,534	73,417
Pupil transportation services	2,371,339	2,734,320	2,691,047	(43,273)
Central	1,282,023	1,241,839	1,240,982	(857)
Athletic activities	506,206	655,013	656,321	1,308
Community services	158,400	464	463	(1)
Capital outlay	197,924			
Total expenditures	41,617,179	47,566,184	47,305,333	
Excess (deficiency) of revenues over expenditures	(1,614,823)	(370,015)	149,450	519,465
Fund balance – beginning	6,295,146	6,295,146	6,295,146	
	1,222,054	1,325,229		
Fund balance – ending	$ 4,680,323	$	$ 103,175	$
			(260,851)	

Mattawan Consolidated School

Required Supplementary Information

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

Michigan Public School Employees Retirement Plan

Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A.	School district's proportion of the net pension liability (%)	0.2018%	0.1848%	0.1859%	0.1897%	0.1930%	0.1922%	0.1911%	0.1957%	0.1914%	
B.	School district's proportionate share of the net pension liability	$ 75,908,258	$ 43,758,353	$ 63,871,114	$ 62,834,982	$ 58,007,064	$ 49,817,805	$ 47,671,789	$ 47,808,399	$ 42,165,934	
C.	School district's covered payroll	$ 20,758,319	$ 16,816,633	$ 16,381,626	$ 16,400,221	$ 16,459,477	$ 16,275,007	$ 15,977,754	$ 17,060,415	$ 16,922,472	
D.	School district's proportionate share of the net pension liability as a percentage of its covered payroll	365.68%	260.21%	389.89%	383.13%	352.42%	306.10%	298.36%	280.23%	249.17%	
E.	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%	

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2022.

Mattawan Consolidated School
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	$ 7,554,320	$ 6,757,474	$ 5,533,324	$ 5,109,806	$ 5,272,618	$ 5,079,671	$ 3,157,388	$ 3,168,504	$ 3,557,607	
B. Contributions in relation to statutorily required contributions	7,554,320	6,757,474	5,533,324	5,109,806	5,272,618	5,079,671	3,157,388	3,168,504	3,557,607	
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
D. School district's covered payroll	$ 20,418,511	$ 19,609,464	$ 16,288,688	$ 16,478,366	$ 16,337,225	$ 16,408,325	$ 16,794,665	$ 17,099,573	$ 17,131,624	
E. Contributions as a percentage of covered payroll	37.00%	34.46%	33.97%	31.01%	32.27%	30.96%	18.80%	18.53%	20.77%	

Mattawan Consolidated School

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. School district's proportion of the net OPEB liability (%)	0.2127%	0.1851%	0.1845%	0.1873%	0.1930%	0.1923%				
B. School district's proportionate share of the net OPEB liability	$ 4,505,856	$ 2,825,579	$ 9,883,667	$ 13,447,230	$ 15,342,765	$ 17,030,111				
C. School district's covered payroll	$ 20,758,319	$ 16,816,633	$ 16,381,626	$ 16,400,221	$ 16,459,477	$ 16,275,007				
D. School district's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.71%	16.80%	60.33%	81.99%	93.22%	104.64%				
E. Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%				

Note Disclosures
Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2022.
Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2022.

Mattawan Consolidated School
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	$ 1,591,146	$ 1,580,357	$ 1,362,203	$ 1,307,017	$ 1,381,374	$ 1,260,986				
B. Contributions in relation to statutorily required contributions	1,591,146	1,580,357	1,362,203	1,307,017	1,381,374	1,260,986				
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
D. School district's covered payroll	$ 20,418,511	$ 19,609,464	$ 16,288,688	$ 16,478,366	$ 16,337,225	$ 16,408,325				
E. Contributions as a percentage of covered payroll	7.79%	8.06%	8.36%	7.93%	8.46%	7.69%				

OTHER SUPPLEMENTARY INFORMATION

Mattawan Consolidated School
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue Funds		Debt Service Funds					Capital Project Funds		Total
	Food Service Fund	Student/ School Activity Fund	2018 Bond Issue	2021 Debt Refunding	2015 Refunding Bond	2015 Bond Issue	2017 Bond Issue	2015 Capital Projects Fund	2018 Capital Projects Fund	Nonmajor Governmental Funds
Assets										
Cash	$ 844,922	$ 573,118	$ 389,825	$ 510,167	$ 62,667	$ 63,426	$ 304,074	$ 26,242	$ 305,732	$ 3,080,173
Accounts receivable	1,865	2,301	-	-	-	-	-	-	-	4,166
Due from other funds	-	538	-	-	-	-	-	-	-	538
Due from other governmental units	18,853	-	-	-	-	-	-	-	-	18,853
Inventory	32,851	-	-	-	-	-	-	-	-	32,851
Investments	-	-	-	-	-	-	-	-	916	916
Prepaid items	65,000									65,000
Total assets	$ 963,491	$ 575,957	$ 389,825	$ 510,167	$ 62,667	$ 63,426	$ 304,074	$ 26,242	$ 306,648	$ 3,202,497
Liabilities										
Accounts payable	$ 22,311	$ 54,685	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 76,996
Due to other funds	533	3,932	-	-	-	-	-	-	-	4,465
Accrued salaries payable	2,849	-	-	-	-	-	-	-	-	2,849
Unearned revenue	70,427									70,427
Total liabilities	96,120	58,617								154,737
Fund Balances										
Nonspendable										
Inventory	32,851	-	-	-	-	-	-	-	-	32,851
Prepaid items	65,000	-	-	-	-	-	-	-	-	65,000
Restricted for										
Food service	769,520	-	-	-	-	-	-	-		769,520
Debt service	-	-	389,825	510,167	62,667	63,426	304,074	-	-	1,330,159
Capital projects	-	-	-	-	-	-	-	26,242	306,648	332,890
Committed for student/school activities	-	517,340								517,340
Total fund balances	867,371	517,340	389,825	510,167	62,667	63,426	304,074	26,242	306,648	3,047,760
Total liabilities and fund balances	$ 963,491	$ 575,957	$ 389,825	$ 510,167	$ 62,667	$ 63,426	$ 304,074	$ 26,242	$ 306,648	$ 3,202,497

Mattawan Consolidated School

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

	Special Revenue Funds		Debt Service Funds					Capital Project Funds		Total
	Food Service Fund	Student/ School Activity Fund	2018 Bond Issue	2021 Debt Refunding	2015 Refunding Bond	2015 Bond Issue	2017 Bond Issue	2015 Capital Projects Fund	2018 Capital Projects Fund	Nonmajor Governmental Funds
Revenues										
Local sources	$ 689,718	$ 982,682	$ 1,402,274	$ 2,382,331	$ 1,135,102	$ 1,165,453	$ 1,134,725	$ 876	$ 9,993	$ 8,903,154
State sources	118,037	-	13,874	25,391	10,888	10,210	11,316	-	-	189,716
Federal sources	705,107			-		-				705,107
Total revenues	1,512,862	982,682	1,416,148	2,407,722	1,145,990	1,175,663	1,146,041	876	9,993	9,797,977
Expenditures										
Current										
Education		-		-		-	-	-		
Supporting services	-	967,356	-	-	-	-	-	-	-	967,356
Food services	1,338,496	-	-	-	-	-	-	-	-	1,338,496
Capital outlay	-	-	-	-	-	-	-	270,322	118,208	388,530
Debt service										
Principal	-	-	645,000	1,405,000	1,060,000	1,080,000	550,000	-	-	4,740,000
Interest and other expenditures	-									
Total expenditures	1,338,496	967,356	1,411,001	2,392,450	1,187,100	1,221,501	1,137,655	270,322	118,208	10,044,089
			766,001							2,609,707
Excess (deficiency) of revenues over expenditures	174,366	15,326	5,147	15,272	(41,110)	(45,838)	8,386	(269,446)	(108,215)	(246,112)
Other Financing Sources	-		987,450	127,100	141,501	587,655		-		
Proceeds from school loan revolving fund	-		91,976	151,899			39,586			283,461
Net change in fund balances	174,366	15,326	97,123	167,171	(41,110)	(45,838)	- 47,972	(269,446)	(108,215)	37,349
Fund balances – beginning	693,005	502,014	292,702	342,996	103,777	109,264	256,102	295,688	414,863	3,010,411
Fund balances – ending	- $ 867,371	$	$	$	- $	$	$	$ -	$	$
				-			-			
	517,340	389,825	510,167	62,667	63,426	304,074	26,242	306,648	3,047,760	

Mattawan Consolidated School
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2023

Year Ending June 30,	2015 Debt Refunding	2015 Debt Principal	2017 Debt Principal	2018 Building & Site	2021 Debt Refunding	Total
2024	$ 1,055,000	$ 1,175,000	$ 550,000	$ 690,000	$ 1,450,000	$ 4,920,000
2025	1,050,000	1,270,000	575,000	720,000	1,460,000	5,075,000
2026	-	-	725,000	735,000	3,660,000	5,120,000
2027	-	-	750,000	770,000	3,095,000	4,615,000
2028	-	-	775,000	805,000	3,140,000	4,720,000
2029	-	-	800,000	845,000	3,185,000	4,830,000
2030	-	-	825,000	895,000	3,235,000	4,955,000
2031	-	-	850,000	935,000	3,295,000	5,080,000
2032	-	-	875,000	985,000	3,360,000	5,220,000
2033	-	-	900,000	1,045,000	3,415,000	5,360,000
2034	-	-	925,000	1,110,000	3,485,000	5,520,000
2035	-	-	950,000	1,185,000	3,550,000	5,685,000
2036	-	-	1,000,000	1,245,000	3,615,000	5,860,000
2037	-	-	1,050,000	1,310,000	3,685,000	6,045,000
2038	-	-	1,100,000	1,390,000	3,745,000	6,235,000
2039	-	-	1,225,000	-	3,750,000	4,975,000
2040	-	-	1,300,000	-	-	1,300,000
2041	-	-	1,350,000	-	-	1,350,000
2042	-		1,375,000			1,375,000
Total	$ 2,105,000	$ 2,445,000	$ 17,900,000	$ 14,665,000	$ 51,125,000	$ 88,240,000
Principal payments due	May 1	May 1	May 1	May 1	May 1	
Interest payments due	May 1 and November	May 1 and November	May 1 and November	May 1 and November	May 1 and November	
Interest rate	4.00% to 5.00%	3.00% to 5.00%	3.00% to 4.00%	4.00% to 5.00%	1.88% to 2.58%	
Original issue	$ 10,495,000	$ 52,500,000	$ 20,400,000	$ 17,130,000	$ 53,810,000	

Mattawan Consolidated School

Single Audit Report

June 30, 2023

YEO & YEO

BUSINESS SUCCESS PARTNERS

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Members of the Board of Education
Mattawan Consolidated School
Mattawan, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mattawan Consolidated School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mattawan Consolidated School's basic financial statements, and have issued our report thereon dated October 24, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

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

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 24, 2023

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Members of the Board of Education
Mattawan Consolidated School
Mattawan, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Mattawan Consolidated School's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mattawan Consolidated School's major federal programs for the year ended June 30, 2023. Mattawan Consolidated School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mattawan Consolidated School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mattawan Consolidated School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mattawan Consolidated School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to Mattawan Consolidated School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mattawan Consolidated School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mattawan Consolidated School's compliance with the requirements of each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, 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 Mattawan Consolidated School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Mattawan Consolidated School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mattawan Consolidated School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mattawan Consolidated School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mattawan Consolidated School's basic financial statements. We issued our report thereon dated October 24, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 24, 2023

Mattawan Consolidated School
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program or Cluster Title	Grant/ Project Number	Assistance Listing Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Accrued (Unearned) Revenue June 30, 2023
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Noncash Assistance (Commodities)								
Entitlement Commodities	N/A	10.555	$ 91,171	$ -	$ -	$ 91,171	$ 91,171	$ -
Entitlement Commodities - Bonus			5,282	-		5,282	5,282	
Total Entitlement Commodities				-		96,453	96,453	
Cash Assistance								
COVID-19 - Seamless Summer Option (SSO) - Breakfast	221971	10.553	166,792	3,433	166,792	-	3,433	-
National School Breakfast Program 2021-2022	221970	10.553	5,919	-	-	5,919	5,919	-
National School Breakfast Program 2022-2023	231970	10.553	52,485	-		52,485	52,485	
Total School Breakfast Program				3,433	166,792	58,404	61,837	
COVID-19 - Seamless Summer Option (SSO) - Lunch	221961	10.555	1,019,511	10,867	1,019,511	-	10,867	-
Supply Chain Assistance Progam 2021-2022	220910	10.555	129,358	-	64,114	65,244	65,244	-
National School Lunch Program 2021-2022	221960	10.555	56,320	-	-	56,320	56,320	-
Supply Chain Assistance Progam 2022-2023	230910	10.555	36,707	-	-	-	36,707	(36,707)
National School Lunch Program 2022-2023	231960	10.555	401,625	-		401,625	401,625	
Total School Lunch Program				10,867	1,083,625	523,189	570,763	(36,707)
COVID-19 - Extended Summer Food Service Program	220904	10.559	6,816	6,816	6,816	-	6,816	-
Summer Food Service Program for Children	220900	10.559	14,501	-		14,501	12,264	2,237
Total Summer Food Service Program			21,317	6,816	6,816	14,501	19,080	2,237
Total Child Nutrition Cluster				21,116	1,257,233	692,547	748,133	(34,470)
Local Food for Schools Cooperative Agreement Program	230985	10.185	11,932	-		11,932	11,932	
COVID-19 - Pandemic EBT Local Level Costs	220980	10.649	628	-			628	
Total U.S. Department of Agriculture				21,116	1,257,233	705,107	760,693	(34,470)
Federal Communications Commission								
Passed through Universal Service Administrative Company								
COVID-19 - Emergency Connectivity Fund	ECF202106150	32.009	170,241	143,847	143,847	5,319	149,166	
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I, Part A - Grants to Local Education Agencies	221530	84.010	279,880	276,352	276,352	-	276,352	-
Title I, Part A - Grants to Local Education Agencies	231530	84.010	278,157	-		263,460		263,460
Total Title I, Part A - Grants to Local Education Agencies				276,352	276,352	263,460	276,352	263,460
Passed through Michigan Department of Education								
Title III, Part A - English Language Acquisition State Grants	230570	84.365	1,930	-		1,929	1,929	
Passed through Michigan Department of Education								
Title II, Part A - School Leader Reservation Grant	220520	84.367	96,985	84,973	84,973	-	84,973	-
Title II, Part A - School Leader Reservation Grant	230520	84.367	78,307	-		71,338		71,338
Total Title II, Part A - School Leader Reservation Grant				84,973	84,973	71,338	84,973	71,338
Passed through Michigan Department of Education								
Title IV, Part A - Student Support and Academic Enrichment Program	220750	84.424	38,871	38,871	38,871	-	38,871	-
Title IV, Part A - Student Support and Academic Enrichment Program	230750	84.424	20,539	-		20,539		20,539
Total Title IV, Part A - Student Support and Academic Enrichment Program				38,871	38,871	20,539	38,871	20,539

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Mattawan Consolidated School

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program or Cluster Title	Grant/ Project Number	Assistance Listing Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Accrued (Unearned) Revenue June 30, 2023
Passed through Michigan Department of Education								
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I)	203710	84.425D	199,989	7,281	199,989	-	7,281	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	213712	84.425D	1,005,663	488,127	488,127	225,142	488,127	225,142
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II Summer Programming	213722	84.425D	176,550	176,550	176,550	-	176,550	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II Credit Recovery)	213742	84.425D	82,500	-	71,451	11,049	11,049	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II Benchmarking)	213762	84.425D	30,000	30,000	30,000	-	30,000	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II 98c Learning Loss)	213782	84.425D	190,337	-		129,579		129,579
Total 84.425D				701,958	966,117	365,770	713,007	354,721
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)	213713	84.425U	2,260,183	877,535	877,535	726,871	1,273,647	330,759
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III 11t)	213723	84.425U	1,800,531	-		482,860		482,860
Total 84.425U				877,535	877,535	1,209,731	1,273,647	813,619
				-				
COVID-19 - American Rescue Plan - Homeless II	211012	84.425W	12,336	-	-	- 7,201	-	7,201
Passed through Berrien RESA								
COVID-19 - American Rescue Plan - Homeless II	22-23	84.425W	1,776	-		1,776	1,776	
Total 84.425W				-		- 8,977	1,776	7,201
Total Education Stabilization Fund				1,579,493	1,843,652	1,584,478	1,988,430	
Total U.S. Department of Education				1,979,689	2,243,848	1,941,744	2,390,555	355,337
				-			-	
U.S. Department of Health and Human Services								
Passed through Van Buren Intermediate School District				-				
Medicaid Cluster								
Medical Assistance Program	22-23	93.778	1,354	-		1,354	1,354	
Total Federal Awards				$ 2,144,652	$ 3,644,928	$ 2,653,524	$ 3,301,768	$ 320,867
				-			-	

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Mattawan Consolidated School
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mattawan Consolidated School under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mattawan Consolidated School, it is not intended to and does not present the financial position or changes in financial position of Mattawan Consolidated School.

Note 2 – Summary of Significant Accounting Policies

Expenditures
Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate
Mattawan Consolidated School has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Adjustments
Adjustments on the Schedule represent a recapture of funds per the result of a grantor audit.

Note 3 – Reconciliation to the Financial Statements

The federal revenues, per the financial statements reconcile to federal expenditures, per the Schedule, as follows:

Federal revenues, per the financial statements	$ 2,796,711
Less: unavailable revenue 21-22	(143,847)
Plus: Adjustment from 21-22 SEFA	660
Federal expenditures, per the Schedule	$ 2,653,524

Note 4 – Subrecipients

No amounts were provided to subrecipients.

Note 5 – Michigan Department of Education Disclosures

The federal amounts reported on the grant auditor report (GAR) are in agreement with the Schedule except for the following payments which were disbursed per the GAR as of June 30, 2022, but not received by the School District until July 2022:

ALN	Grant	Payments Received by District, per SEFA	Payments Disbursed, per GAR	Variance
10.553	221971	$ 3,433	$ -	$ 3,433
10.555	221961	10,867	-	10,867
84.425D	203710	7,281	-	7,281
84.425D	213722	176,550	-	176,550

The amounts reported on the recipient entitlement balance report agree with the schedule of expenditures of federal awards for U.S.D.A. donated food commodities.

Mattawan Consolidated School
Schedule of Findings and Questioned Costs
June 30, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	______ Yes	X None Reported
• Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	______ Yes	X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

• Any audit findings disclosed that are required to be reported in accordance with §200.516(a)?	______ Yes	X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425D, 84.425U, 84.425W	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

• Auditee qualified as low-risk auditee?	______ Yes	X No

SECTION II – *GOVERNMENT AUDITING STANDARDS* FINDINGS

There were no *Government Auditing Standards* findings for the year ended June 30, 2023.

SECTION III – FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2023.

SECTION IV – PRIOR AUDIT FINDINGS

Government Auditing Standards Findings

Finding: 2022-001

Finding Type: Material Weakness and Material Noncompliance – Budgeting

Criteria: The Uniform Budgeting and Accounting Act §141.438(3) indicates "…an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body.".

Condition: The district incurred a material budget overage in the General Fund during the year.

Cause/Effect: It appeared that the majority of the budget analysis was done by Chief Financial Officer, and that there was not significant detailed analysis done by another individual. As a result, a budgeting error occurred which caused the district to spend more dollars than were appropriated by the Board of Education. A significant component of the variance was payroll. We also noted that various grant budgets did not match the budgets approved by the grantor, and also that budgeted revenues and expenditures did not net to zero for various grants.

Status: Finding has been fully resolved in the current year.

Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2022.

October 24, 2023

Management and the Board of Education
Mattawan Consolidated School
Mattawan, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mattawan Consolidated School (the School District) as of and for the year ended June 30, 2023. We are required to communicate certain matters to you in accordance with generally accepted auditing standards that are related to internal control and the audit.

Our communication includes the following appendices:

I. Auditors' Communication of Significant Matters with Those Charged with Governance

II. Matters for Management's Consideration

Matters for management's consideration are not required to be communicated but we believe are valuable for management.

We discussed these matters with various personnel in the School District during the audit including management. We would also be pleased to meet with you to discuss these matters at your convenience.

This information is intended solely for the information and use of management, the Board of Education, and others within the School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Kalamazoo, Michigan

Appendix I
Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 31, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in the footnotes of the financial statements. The School District has adopted the following Governmental Accounting Standards Board Statements effective July 1, 2022:

- Statement No. 96, *Subscription-Based Information Technology Arrangements* is based on the standards established in Statement No. 87 *Leases.* This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

We noted no transactions entered into by the School District during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.

- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

- Net other postemployment (OPEB) liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

We have evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Disclosures in the financial statements are neutral, consistent and clear.

A significant risk is an identified and assessed risk of material misstatement that, in the auditors' professional judgment, requires special audit consideration. Within our audit, we focused on the following areas.

- Management override of controls
- Improper revenue recognition
- Implementation of new accounting standard
- Information technology controls

Accounting Standards and Regulatory Updates

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in the footnotes of the financial statements.

Implementation Guide No 2021-1, *Implementation Guidance Update-2021* has an amended response related to the capitalization of assets purchased as a group. Under the amended guidance, governments *should* capitalize individual items when the purchase in the aggregate is considered significant, even if the individual items are less than the capitalization threshold of the government. The effective date for implementation is for reporting periods beginning after June 15, 2023 (effectively, for the first year ended June 30, 2024 or later) and requires retroactive implementation.

Difficulties Encountered in Performing the Audit

After the audit had commenced in late September, we received a number of client-requested adjustments, which caused pick up and put down time and re-work that we feel could have been avoided had the books been completely adjusted before the audit started. Certain requested backup was also not provided to us at commencement of the audit, but was provided at a later time. Ideally, all requests would be fulfilled, and the books would be completely adjusted before the audit commences. *Management notes that a new software was implemented from the prior year and numerous attempts were made for assistance in running certain reports from the new vendor, which were unsuccessful. There was a great deal of trial and error exploring the new software. Also, management notes that the loss of a business office employee caused additional efforts on the existing staff. Now that management is more familiar with the new software and will have time to adjust to the staffing changes, management expects to be more completely ready in the future.*

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements except as discussed below.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

The following immaterial misstatements were detected as a result of audit procedures and corrected by management.

Accrued liabilities and retirement expense in the General Fund were overstated by approximately $388,000.

Management has determined that the effects of the uncorrected misstatements summarized below are immaterial both individually and, in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Subscription-based IT arrangement liabilities and ROU assets are understated by approximately $123,000 in the district-wide statements.

Management has determined to exclude disclosures related to SBITA liabilities and ROU assets which are typically required by accounting principles generally accepted in the United States of America as it was determined to be immaterial to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Reports

Other information that is required to be reported to you is included in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Supplementary Information

We were engaged to report on other supplementary information as described in the table of contents of the financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Appendix II
Matters for Management's Consideration

In planning and performing our audit of the financial statements of Mattawan Consolidated School as of and for the year ended June 30, 2023, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

However, during our audit we became aware of the following matters for management's consideration that are opportunities strengthening internal controls and ensuring compliance. This letter does not affect our report dated October 24, 2023, on the financial statements of Mattawan Consolidated School.

Net Cash Resources
As a result of the COVID-19 pandemic and flexibilities awarded related to eligibility and food distribution, meal claim revenues were in excess of anticipated amounts. A proportional increase to expenditures did not occur, resulting in the continuation of net cash resources exceeding the three-month average expenditure requirement included in the federal regulations. The noncompliance has not been determined to be material to the federal program or the financial statements, as it has not resulted in questioned costs or negatively impacted the program, as the District is actively working on using the funds to enhance the program. However, the District must continue to take action to return to compliance. The district may reduce lunch prices in a manner that is consistent with the paid lunch equity provisions, improve food quality, or take other action designed to improve the program. We recommend that Districts look at all possible enhancements to the program in order to develop a spend down plan to return to compliance with this requirement. *This is a repeat comment from the prior year.*

Federal Asset Tracking
Items purchased with federal grant funds (such as computers, iPads, assistive technology, and other items) must be properly tagged and appropriately tracked. We noted that the District's asset listing had not been updated with all items purchased during the current and prior year, and that none of the items had been tagged. Required information on the schedule includes the serial or other identification number, acquisition date, cost, location, condition, disposition data, and the federal award identification number. A physical inventory should be taken at least every other year. Please refer to the MDE memo issued February 2, 2017, regarding Tangible Personal Property in addition to the Uniform Guidance for further information. We recommend the district's federal asset inventory is updated for all applicable purchases and all applicable items are tagged. *This is a repeat comment from the prior year.*

Grant Budgets
We noted that the ESSER III and At-Risk grants were budgeted with expenditures not equal to revenues. This could lead to unwanted budgeting variances – as such, we recommend grant budgets net to zero in the future. *This is a repeat comment from the prior year – we noted that several grants with this issue in the prior year were corrected in the current year.*

Retirement Expense Accrual
We noted that the 147c retirement expense had been partially accrued twice, result in an adjustment of approximately $388,000. It appeared that a manual accrual had been done in addition to the system accrual at year end. We recommend the District pays special attention to this going forward to avoid this misstatement in the future. *This was also noted in the prior year.*

Bank Reconciliations

We noted that it appeared that some bank reconciliations had been only partially completed each month. *Per management – these issues were specific to General Fund accounts only and certain items were not able to be reconciled each month, which carried forward throughout the year*. It appeared that all bank reconciliations were caught up in July 2023 and fully reconciled at that time; we did not receive any documentation showing that the reconciliations had taken place prior to this so were unable to verify the level of reconciliation prior to July 2023. *Management would like to note that the bulk of transactions were reconciled each month, but the loss of a business office employee combined with a software conversion caused these to lag. Management also notes that multiple eyes were on the statements each month.* We recommend bank reconciliations are completed timely and completely each month, with signoffs and dates documented for audit purposes.