River School - Sodus Township #5

Financial Report
with Supplementary Information
June 30, 2024

River School - Sodus Township #5

Contents

Independent Auditor's Report	1-2
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*	3-4
Management's Discussion and Analysis	5-8
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements -	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenue, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Notes to Financial Statements	15-29
Required Supplementary Information	30
Budgetary Comparison Schedule - General Fund	31
Schedule of the School District's Proportionate Share of the Net Pension Liability	32
Schedule of Pension Contributions	33
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability	34
Schedule of OPEB Contributions	35
Notes to Required Supplementary Information	36-37

Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

Independent Auditor's Report

To the Board of Education
River School - Sodus Township #5

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of River School - Sodus Township #5 (the "School District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School District as of June 30, 2024 and the respective changes in its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

PRAXITY™
Empowering Business Globally

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedule, and the pension and OPEB system schedules of funding progress and employer contributions, as disclosed 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, which 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 17, 2024

Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

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 Auditor's Report

To Management and the Board of Education
River School - Sodus Township #5

We have audited, 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, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of River School - Sodus Township #5 (the "School District") as of and for the year ended June 30, 2024 and the related notes to the basic financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District'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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District'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 the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PRAXITY™
Empowering Business Globally

To Management and the Board of Education
River School - Sodus Township #5

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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 17, 2024

This section of River School - Sodus Township #5's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the School 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 financial statements. These statements are organized so the reader can understand River School - Sodus Township #5 financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and Food Service Fund. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Information for Major Fund

Schedules of the School District's Proportionate Share of the Net Pension and OPEB (Asset) Liability

Schedules of Pension and OPEB Contributions

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, “As a whole, what is the School District's financial condition as a result of the year's activities?” The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School 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 revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

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

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the School District's individual funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes other funds to help it control and manage money for a particular purpose, such as the Food Service Fund.

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the 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 School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School 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 a reconciliation.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in thousands)	
Assets		
Current and other assets	$ 695.9	$ 719.7
Capital assets	226.1	205.3
Total assets	922.0	925.0
Deferred Outflows of Resources	477.3	579.0
Liabilities		
Current liabilities	93.4	65.7
Compensated absences	19.0	19.5
Net pension liability	1,263.4	1,481.3
Net OPEB liability	-	79.3
Total liabilities	1,375.8	1,645.8
Deferred Inflows of Resources	463.9	354.2
Net Position (Deficit)		
Net investment in capital assets	226.1	205.3
Restricted	23.3	-
Unrestricted	(689.8)	(701.3)
Total net position (deficit)	**$ (440.4)**	**$ (496.0)**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was $(440.4) thousand at June 30, 2024. Net investment in capital assets totaling $226.1 thousand measures the original cost, less depreciation of the School District's capital assets. Restricted net position is reported separately to show legal constraints from enabling legislation that limits the School District's ability to use that net position for day-to-day operations. The remaining amount of net position, $(689.8) thousand, was unrestricted.

The $(689.8) thousand in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension and OPEB liabilities will have significant impacts on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in thousands)	
Revenue		
Program revenue - Operating grants, and contributions	$ 382.2	$ 275.9
General revenue:		
Property taxes	33.3	32.7
State aid not restricted to specific purposes	512.4	559.4
Other	30.8	17.7
Total revenue	958.7	885.7
Expenses		
Instruction	443.6	472.1
Support services	364.8	370.7
Food services	81.4	57.7
Community services	0.8	1.8
Depreciation expense (unallocated)	12.5	10.2
Total expenses	903.1	912.5
Change in Net Position	55.6	(26.8)
Net Position (Deficit) - Beginning of year	(496.0)	(469.2)
Net Position (Deficit) - End of year	**$ (440.4)**	**$ (496.0)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $903.1 thousand. Certain activities were partially funded from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions ($382.2 thousand). We paid for the remaining public benefit portion of our governmental activities with $33.3 thousand in taxes, $512.4 thousand in state foundation allowance, and other revenue.

The School District experienced an increase in net position of $55.6 thousand.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $579.1 thousand, which is a decrease of $74.8 thousand from last year.

The General Fund balance is available to fund costs related to allowable school operating purposes.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2024. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

There were revisions made to the 2023-2024 General Fund original budget. The budget was amended to account for changes in state aid revenue due to the reduced grant funds received during the year and an increase in instruction and support service expenses.

There were no significant variances between the final budget and actual amounts.

Capital Assets

As of June 30, 2024, the School District had $226,090 invested in a broad range of capital assets, including land, buildings, furniture, and equipment.

	2024	2023
Land	$ 10,000	$ 10,000
Buildings and improvements	403,398	403,398
Furniture and equipment	84,708	84,708
Site improvements	139,031	105,774
Total capital assets	637,137	603,880
Less accumulated depreciation	411,047	398,557
Net capital assets	**$ 226,090**	**$ 205,323**

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2024-2025 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2024-2025 budget was adopted in June 2024 based on an estimate of students who will enroll in September 2024. Approximately 59.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2024 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2024-2025 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual school district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the state estimates funds are sufficient to fund the appropriation.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

River School - Sodus Township #5

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Cash, cash equivalents, and investments (Note 4)	$ 499,353
Due from other governmental units	173,188
Net OPEB asset (Note 8)	23,299
Capital assets - Net (Note 5)	226,090
Total assets	921,930
Deferred Outflows of Resources	
Deferred pension costs (Note 8)	374,372
Deferred OPEB costs (Note 8)	102,927
Total deferred outflows of resources	477,299
Liabilities	
Accounts payable	1,233
Accrued payroll and related liabilities	75,704
Unearned revenue (Note 6)	16,457
Noncurrent liabilities:	
Compensated absences	18,966
Net pension liability (Note 8)	1,263,387
Total liabilities	1,375,747
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the report date (Note 8)	79,408
Deferred pension costs (Note 8)	178,656
Deferred OPEB costs (Note 8)	205,878
Total deferred inflows of resources	463,942
Net Position (Deficit)	
Net investment in capital assets	226,090
Restricted - Net OPEB asset	23,299
Unrestricted	(689,849)
Total net position (deficit)	**$ (440,460)**

See notes to financial statements.

River School - Sodus Township #5

Statement of Activities

Year Ended June 30, 2024

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 443,559	$ -	$ 320,329	$ (123,230)
Support services	364,827	-	-	(364,827)
Food services	81,437	-	61,917	(19,520)
Community services	763	-	-	(763)
Depreciation expense (unallocated) (Note 5)	12,490	-	-	(12,490)
Total primary government	**$ 903,076**	**$ -**	**$ 382,246**	(520,830)
General revenue:				
Taxes - Property taxes levied for general purposes				33,307
State aid not restricted to specific purposes				512,367
Interest and investment earnings				22,390
Other				8,339
Total general revenue				576,403
Change in Net Position				55,573
Net Position (Deficit) - Beginning of year				(496,033)
Net Position (Deficit) - End of year				**$ (440,460)**

See notes to financial statements.

River School - Sodus Township #5

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	Nonmajor Fund - Food Service Fund	Total Governmental Funds
Assets			
Cash, cash equivalents, and investments (Note 4)	$ 469,123	$ 30,230	$ 499,353
Due from other governmental units	170,597	2,591	173,188
Total assets	**$ 639,720**	**$ 32,821**	**$ 672,541**
Liabilities			
Accounts payable	$ 253	$ 980	$ 1,233
Accrued payroll and related liabilities	75,704	-	75,704
Unearned revenue (Note 6)	16,457	-	16,457
Total liabilities	92,414	980	93,394
Fund Balances			
Restricted - Food service	-	31,841	31,841
Unassigned	547,306	-	547,306
Total fund balances	547,306	31,841	579,147
Total liabilities and fund balances	**$ 639,720**	**$ 32,821**	**$ 672,541**

See notes to financial statements.

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

Fund Balances Reported in Governmental Funds	$	579,147
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of capital assets		637,137
Accumulated depreciation		(411,047)
Net capital assets and lease assets used in governmental activities		226,090
Some employee fringe benefits provide benefit (or are payable) over a long period of years and do not represent a benefit to (or a claim on) current financial resources; therefore, they are not reported as fund assets (liabilities):		
Employee compensated absences		(18,966)
Net pension liability and related deferred inflows and outflows		(1,067,671)
Net OPEB liability (asset) and related deferred inflows and outflows		(79,652)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds		(79,408)
Net Position (Deficit) of Governmental Activities	**$**	**(440,460)**

River School - Sodus Township #5

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	General Fund	Nonmajor Fund - Food Service Fund	Total Governmental Funds
Revenue			
Local sources	$ 64,036	$ -	$ 64,036
State sources	724,829	2,968	727,797
Federal sources	66,484	68,732	135,216
Interdistrict sources	8,517	-	8,517
Total revenue	863,866	71,700	935,566
Expenditures			
Current:			
Instruction	498,238	-	498,238
Support services	394,375	-	394,375
Food services	-	78,660	78,660
Community services	763	-	763
Capital outlay	33,257	5,063	38,320
Total expenditures	926,633	83,723	1,010,356
Net Change in Fund Balances	(62,767)	(12,023)	(74,790)
Fund Balances - Beginning of year	610,073	43,864	653,937
Fund Balances - End of year	**$ 547,306**	**$ 31,841**	**$ 579,147**

See notes to financial statements.

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	$	(74,790)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capitalized capital outlay		33,257
Depreciation expense		(12,490)
Total		20,767
Revenue in support of pension contributions made subsequent to the measurement date		23,083
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		86,513
Change in Net Position of Governmental Activities	**$**	**55,573**

See notes to financial statements.

Note 1 - Nature of Business

River School - Sodus Township #5 (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected three-member Board of Education. In accordance with governmental accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives: the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Note 2 - Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fund Accounting

The School District accounts for its various activities in different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The funds are aggregated into the following fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund and special revenue funds. The School District reports the following fund as a major governmental fund:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Additionally, the School District reports the following nonmajor governmental fund type:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue fund is the Food Service Fund. Any operating deficit generated by this activity is the responsibility of the General Fund.

Interfund Activity

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

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

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except investments in external investment pools, which are valued at amortized costs.

Note 2 - Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and site improvements, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Site improvements	10 to 20

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows of resources related to deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows of resources related to unavailable revenue, revenue in support of pension contributions made subsequent to the measurement date, and deferred pension and OPEB plan costs.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes when applicable. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. All property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Note 2 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension and net OPEB (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from the MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick and vacation pay is accrued for the estimated amount that the School District will pay upon employment termination. A liability is reported in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements, or model existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 17, 2024, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and special revenue fund, except that the budget statement presentation reports capital outlay expenditures as they are budgeted functionally. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District adjusted budgeted amounts during the year in response to changes in student counts and other economic conditions.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Note 4 - Deposits and Investments

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 offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated two financial institutions for the deposit of its funds.

The School District's cash and investments are subject to types of risk, which are examined in more detail below.

Custodial Credit Risk of Bank Deposits

Custodial credit risk 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. At year end, the School District had no bank deposits (checking and savings accounts) that were uninsured and uncollateralized.

Note 4 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risks states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, as described in the policy, and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy minimizes interest rate risk by requiring the board to apply the following methods to assess and control such risks: segmented timed distribution, specific identification, weighted-average maturity, duration, and simulation model. The School District's policy does not address more specific ways to minimize interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2024, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund - MAX Class	$ 188,785	AAAm	S&P
Michigan Liquid Asset Fund - Cash management	250,293	AAAm	S&P
Total	$ 439,078		

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a 1-day minimum investment period on MILAF cash-management funds and a 14-day redemption limitation on MILAF MAX Class funds.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District does not have any investments subject to concentration of credit risk.

Note 5 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

Governmental Activities

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated - Land	$ 10,000	$ -	$ -	$ 10,000
Capital assets being depreciated:				
Buildings and improvements	403,398	-	-	403,398
Furniture and equipment	84,708	-	-	84,708
Land improvements	105,774	33,257	-	139,031
Subtotal	593,880	33,257	-	627,137
Accumulated depreciation:				
Buildings and improvements	292,263	6,548	-	298,811
Furniture and equipment	71,834	690	-	72,524
Land improvements	34,460	5,252	-	39,712
Subtotal	398,557	12,490	-	411,047
Net capital assets being depreciated	195,323	20,767	-	216,090
Net governmental activities capital assets	$ 205,323	$ 20,767	$ -	$ 226,090

Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities, and allocation is impractical.

Note 6 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2024, the School District had no unavailable revenue and $16,457 of unearned revenue, primarily related to categorical aid payments received prior to meeting all eligibility requirements

Note 7 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as 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 any of the past three fiscal years.

Note 8 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at http://www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2024 were $170,852, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2023, the School District's required and actual pension contributions include an allocation of $79,408 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were $34,057, which includes the School District's contributions required for those members with a defined contribution benefit.

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2024, the School District reported a liability of $1,263,387 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.003903 percent and 0.003939 percent, respectively, representing a change of (0.90) percent.

Net OPEB Asset

At June 30, 2024, the School District reported an asset of $23,299 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated asset to September 30, 2023. The School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.004119 percent and 0.003742 percent, respectively, representing a change of 10.01 percent.

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

For 2024, the School District recognized pension expense of $155,186, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, 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
Difference between expected and actual experience	$ 39,881	$ (1,935)
Changes in assumptions	171,195	(98,707)
Net difference between projected and actual earnings on pension plan investments	-	(25,853)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	13,138	(52,161)
The School District's contributions to the plan subsequent to the measurement date	150,158	-
Total	$ 374,372	$ (178,656)

The $79,408 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2025	$ 18,529
2026	1,483
2027	45,327
2028	(19,781)
Total	$ 45,558

Note 8 - Michigan Public School Employees' Retirement System (Continued)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2024, the School District recognized OPEB recovery of $38,939.

At June 30, 2024, 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
Difference between expected and actual experience	$ -	$ (176,061)
Changes in assumptions	51,868	(6,246)
Net difference between projected and actual earnings on OPEB plan investments	71	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	25,268	(23,571)
Employer contributions to the plan subsequent to the measurement date	25,720	-
Total	$ 102,927	$ (205,878)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce (increase) the net OPEB liability (asset) and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2025	$ (40,685)
2026	(37,511)
2027	(18,753)
2028	(16,906)
2029	(10,126)
Thereafter	(4,690)
Total	$ (128,671)

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2023 are based on the results of an actuarial valuation as of September 30, 2022 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	3.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.25% - 7.50%	Year 1 graded to 3.5 percent in year 15, 3.0 percent in year 120
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Significant assumption changes since the prior measurement date, September 30, 2022, for the OPEB plan include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 1.0 percentage point for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

Discount Rate

The discount rate used to measure the total pension liability and OPEB asset was 6.00 percent as of September 30, 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB asset.

Note 8 - Michigan Public School Employees' Retirement System (Continued)

The long-term expected rate of return on pension plan and 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.80 %
Private equity pools	16.00	9.60
International equity pools	15.00	6.80
Fixed-income pools	13.00	1.30
Real estate and infrastructure pools	10.00	6.40
Absolute return pools	9.00	4.80
Real return/opportunistic pools	10.00	7.30
Short-term investment pools	2.00	0.30
	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.7 percent.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	$ 1,706,832	$ 1,263,387	$ 894,203

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability (asset) of the School District	$ 24,154	$ (23,299)	$ (64,081)

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the School District	$ (64,182)	$ (23,299)	$ 20,950

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2024, the School District reported a payable of $16,759 and $841 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 52,188	$ 61,777	$ 64,036	$ 2,259
State sources	763,100	720,703	724,829	4,126
Federal sources	86,619	65,785	66,484	699
Interdistrict sources	4,000	8,516	8,517	1
Total revenue	905,907	856,781	863,866	7,085
Expenditures				
Current:				
Instruction:				
Basic programs	336,410	355,258	355,137	(121)
Added needs	206,307	142,639	143,101	462
Support services:				
Instructional staff	-	27,346	27,346	-
General administration	44,900	41,200	39,725	(1,475)
School administration	227,323	232,676	236,699	4,023
Operations and maintenance	95,000	121,444	121,890	446
Pupil transportation services	-	972	972	-
Purchased service	-	1,000	1,000	-
Community services	-	763	763	-
Total expenditures	909,940	923,298	926,633	3,335
Net Change in Fund Balance	(4,033)	(66,517)	(62,767)	3,750
Fund Balance - Beginning of year	610,073	610,073	610,073	-
Fund Balance - End of year	**$ 606,040**	**$ 543,556**	**$ 547,306**	**$ 3,750**

See notes to required supplementary information.

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System

Last Ten Plan Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00390 %	0.00394 %	0.00419 %	0.00412 %	0.00391 %	0.00393 %	0.00396 %	0.00398 %	0.00457 %	0.00406 %
School District's proportionate share of the net pension liability	$ 1,263,387	$ 1,481,317	$ 991,993	$ 1,415,155	$ 1,296,235	$ 1,182,045	$ 1,026,829	$ 992,102	$ 1,116,649	$ 894,470
School District's covered payroll	$ 415,602	$ 365,658	$ 378,297	$ 379,361	$ 340,792	$ 337,175	$ 331,989	$ 337,616	$ 387,540	$ 351,998
School District's proportionate share of the net pension liability as a percentage of its covered payroll	303.99 %	405.11 %	262.23 %	373.04 %	380.36 %	350.57 %	309.30 %	293.86 %	288.14 %	254.11 %
Plan fiduciary net position as a percentage of total pension liability	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Pension Contributions
Michigan Public School Employees' Retirement System

Last Ten Fiscal Years

Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 170,852	$ 176,092	$ 137,653	$ 129,347	$ 107,881	$ 105,063	$ 101,081	$ 97,696	$ 118,831	$ 76,871
Contributions in relation to the statutorily required contribution	170,852	176,092	137,653	129,347	107,881	105,063	101,081	97,696	118,831	76,871
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 414,544	$ 396,719	$ 360,380	$ 386,542	$ 350,107	$ 340,262	$ 333,815	$ 352,729	$ 340,793	$ 386,116
Contributions as a Percentage of Covered Payroll	41.21 %	44.39 %	38.20 %	33.46 %	30.81 %	30.88 %	30.28 %	27.70 %	34.87 %	19.91 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
Michigan Public School Employees' Retirement System

Last Seven Plan Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.00412 %	0.00374 %	0.00418 %	0.00429 %	0.00390 %	0.00395 %	0.00396 %
School District's proportionate share of the net OPEB (asset) liability	$ (23,299)	$ 79,258	$ 63,756	$ 229,897	$ 279,947	$ 314,198	$ 350,559
School District's covered payroll	$ 415,602	$ 365,658	$ 378,297	$ 379,361	$ 340,792	$ 337,175	$ 331,989
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.61)%	21.68 %	16.85 %	60.60 %	82.15 %	93.19 %	105.59 %
Plan fiduciary net position as a percentage of total OPEB liability	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

Last Seven Fiscal Years

Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 34,057	$ 31,182	$ 29,368	$ 31,957	$ 28,016	$ 26,728	$ 24,111
Contributions in relation to the statutorily required contribution	34,057	31,182	29,368	31,957	28,016	26,728	24,111
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 414,544	$ 396,719	$ 360,380	$ 386,542	$ 350,107	$ 340,262	$ 333,815
Contributions as a Percentage of Covered Payroll	8.22 %	7.86 %	8.15 %	8.27 %	8.00 %	7.86 %	7.22 %

See notes to required supplementary information.

Pension Information

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.

- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit cost being lower than projected, reduced the plan's total OPEB liability by an additional $1.8 billion in 2020.

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by $1.4 billion in 2018.