

Mason County Eastern School District

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended June 30, 2024



Mason County Eastern School District

TABLE OF CONTENTS

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis..... 4

Basic Financial Statements

 District-wide Financial Statements

 Statement of Net Position..... 11

 Statement of Activities 12

 Fund Financial Statements

 Governmental Funds

 Balance Sheet..... 13

 Reconciliation of the Governmental Funds Balance

 Sheet to the Statement of Net Position..... 14

 Statement of Revenues, Expenditures and Changes

 in Fund Balances..... 15

 Reconciliation of the Governmental Funds Statement

 of Revenues, Expenditures and Changes in Fund

 Balances to the Statement of Activities 16

 Notes to Financial Statements 17

Required Supplementary Information

 Budgetary Comparison Schedule - General Fund 39

 Schedule of the School District’s Proportionate Share of the Net Pension Liability 40

 Schedule of the School District’s Pension Contributions..... 41

 Schedule of the School District’s Proportionate Share of the Net OPEB Liability (Asset) 42

 Schedule of the School District’s OPEB Contributions 43

 Notes to Required Supplementary Information. 44

INDEPENDENT AUDITOR'S REPORT

Board of Education
Mason County Eastern School District
Custer, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mason County Eastern 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.

Board of Education
Mason County Eastern School District
Page 2

Report on the Audit of the Financial Statements—Continued

Responsibilities of Management for the Financial Statements—Continued

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 Mason County Eastern 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mason County Eastern 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.

Board of Education
Mason County Eastern School District
Page 3

Report on the Audit of the Financial Statements—Continued

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* we have also issued our report dated September 12, 2024, on our consideration of Mason County Eastern School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mason County Eastern 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 Mason County Eastern School District's internal control over financial reporting and compliance.



Hart, Michigan
September 12, 2024

Mason County Eastern School District

Management's Discussion and Analysis

This section of Mason County Eastern School District's 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 statements. These statements are organized so the reader can understand Mason County Eastern Schools financially as a whole. The district-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 funds, 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 School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant fund, the General Fund, as well as the Sinking Fund, with all other funds presented in one column as other governmental funds.

Overview of the Financial Statements

This annual report consists of four parts: (1) the auditors' opinion, (2) management's discussion and analysis (this section), (3) the basic financial statements and (4) the required supplementary information. The financial statements include notes that explain some of the information in the statements by providing detailed data. These statements are followed by a section of required supplementary information that further explains and supports the financial statements, utilizing a comparison to the District's budget for the year. Additionally, the basic financial statements also include two kinds of statements that present different views of the district.

Reporting the School District as a Whole – District-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 about the School District as a whole and its activities in a way that help you answer this question. We prepare these statements to include all assets and deferred outflows of resources and 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 revenues and expenses are taken into account regardless of when cash is received or paid. The footnotes to the financial statements contain the details.

Mason County Eastern School District

Management's Discussion and Analysis (Continued)

These two statements report the School District's Net Position – the difference between assets, deferred inflows and outflows, and liabilities, 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 revenues 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 non-financial 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 Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, student/school activities 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 Most Significant Funds – Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds -- not the School District as a whole. Some funds are required to be established by State law and by bond covenants. The School District may also establish other funds to help it control and manage money for particular purpose -- the Food Service fund is an example.

Governmental Funds

All of the School District's services are reported in 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 you 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 schedule.

Mason County Eastern School District

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's Net Position as of June 30, 2023 and 2024.

Table 1

	Governmental Activities June 30, 2023	Governmental Activities June 30, 2024
Asset and Deferred Outflows		
Current assets	\$ 4,861,938	\$ 6,484,519
Noncurrent assets	3,899,836	4,314,090
Deferred outflows	3,229,620	2,533,187
Total assets and deferred outflows	11,991,394	13,331,796
Liabilities and Deferred Inflows		
Current liabilities	693,175	1,537,392
Long-term liabilities	8,704,475	7,067,521
Deferred inflows	1,916,473	2,308,788
Total liabilities and deferred inflows	11,314,123	10,913,701
Net position		
Net investment in capital assets	3,899,836	4,191,643
Restricted	1,153,609	1,526,993
Unrestricted	(4,376,174)	(3,300,541)
Total net position	\$ 677,271	\$ 2,418,095

The School District's net position was \$2,418,095 as of June 30, 2024 (see Table 1). Net investment in capital assets, totaling \$4,191,643 compares the original cost (less depreciation) of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Restricted net position of \$1,526,993 is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that portion of net position for day-to-day operations. The remaining amount of net position, \$(3,300,541) is unrestricted.

Mason County Eastern School District

Management's Discussion and Analysis (Continued)

The \$(3,300,541) of unrestricted net position of governmental activities represents the accumulated results of all past years' operations. A positive unrestricted net position balance is used to provide working capital and cash flow requirements as well as providing for future uncertainties. A negative unrestricted net position balance means spending must be reduced and/or revenues increased. The operating results 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 School District as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net position for fiscal years 2023 and 2024.

Table 2

	Governmental Activities June 30, 2023	Governmental Activities June 30, 2024
Revenues		
Program revenue:		
Charges for services	\$ 42,822	\$ 37,153
Operating grants and contributions	2,264,838	2,926,339
General revenue:		
Property taxes	2,170,115	2,309,920
State foundation allowance	1,808,408	1,766,099
Other	59,953	52,274
Total revenues	6,346,136	7,091,785
Function/Program Expenses		
Instruction	3,149,005	3,063,772
Support services	1,906,583	1,752,236
Community services	9,590	772
Food services	357,872	330,427
Student/school activities	67,191	63,713
Athletics	129,559	140,041
Total expenses	5,619,800	5,350,961
Increase (decrease) in Net Position	\$ 726,336	\$ 1,740,824

Mason County Eastern School District

Management's Discussion and Analysis (Continued)

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$5,350,961. Certain activities were partially funded by those who benefited from the programs in the amount of \$37,153 or by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$2,926,339. We paid for the remaining "public benefit" portion of our governmental activities with \$2,309,920 in property taxes, \$1,766,099 in State source revenue and \$52,274 received in other revenues, such as interest and general entitlements.

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.

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 \$4,954,327, which is an increase of \$779,064 from the \$4,175,263 reported in the prior year.

The General Fund fund balance of \$3,361,583 is available to fund costs related to allowable school operating purposes.

The other governmental funds, consists of the food service, student/school activities, and a capital project fund, with fund balances of \$159,883, \$178,570, and \$295,010, respectively. Capital project fund and food service fund balances are restricted since they can only be used for building and site improvements and for the food service program, respectively. The student/school activities fund balance is committed for student activities.

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 revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. 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 section of these financial statements.

General Fund revenues were originally budgeted at \$4,621,659 and ended with a final budget of \$7,147,865. This increase was from increased state and federal revenues from COVID related grants, ESSER, Title I, and Title II. Actual revenues for the year were \$6,154,067, a difference from the final budget of \$993,798 under budget for a 13.9% variance.

Mason County Eastern School District

Management's Discussion and Analysis (Continued)

State revenues came in lower than the final budgeted amount. The School District deferred 97 School Safety, 31aa Per Pupil Mental Health, 35j Literacy Professional Development Curriculum Supports, 23g Michigan Kids Back on Track, and 27k Student Loan Repayment Program grants as those funds haven't yet been spent on allowable expenditures. Those expenditures will be incurred in the 2024-25 fiscal year.

Title IIA funds and ESSER funds that were not spent during this fiscal year, which accounted for the decrease in both federal revenues and corresponding activities that have not occurred yet because of the grants crossing over fiscal years. These federal grant funds will be carried over to the 2024-25 fiscal year when the expenditures will be incurred.

General Fund expenditures were originally budgeted at \$4,995,937, ending with a final budget of \$6,753,176. Actual expenditures for the year were \$5,638,281, resulting in a \$1,114,895 or 16.5% variance from the final budget.

The main variance in expenditures was due to grants that were not spent that cross over fiscal years.

Capital Assets

At June 30, 2024, the School District had \$4,191,643 (after accumulated depreciation/amortization) invested in a broad range of capital assets, including land, buildings, vehicles, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation/amortization) of \$155,830 or 1.9 percent, from last year. Major additions were new carpet, food service equipment, HVAC improvements, and roof replacement projects.

	<u>2023</u>	<u>2024</u>
Land	\$ 118,012	\$ 118,012
Construction in progress	-	348,220
Buildings and improvements	7,158,163	7,265,393
Buses and other vehicles, furniture and equipment	912,563	961,163
Total capital assets before depreciation/amortization	8,188,738	8,692,788
Accumulated depreciation/amortization	(4,288,902)	(4,501,145)
Total capital assets, net of depreciation/amortization	<u>\$ 3,899,836</u>	<u>\$ 4,191,643</u>

Mason County Eastern School District

Management's Discussion and Analysis (Continued)

Non-current Liabilities

Other obligations include compensated absences. The pension liability was \$7,050,821 and the OPEB asset was \$122,447. We present more detailed information about our long-term obligations in the notes to the financial statements.

Long-term Obligations

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Compensated absences	\$ 21,815	\$ 3,900	\$ 1,815	\$ 23,900	\$ 7,200

Economic Factors and Next Year's Budget

Factors considered when setting the District's 2024-25 fiscal year budget, included anticipated state and federal funding and recognizing that the largest expenses are incurred in instruction, also included were anticipated and known increases for salaries, retirement, and health care costs.

61% of total General Fund revenues in 2023-24 were from the State foundation allowance, including property taxes. The State foundation allowance is determined by multiplying the blended student count by the foundation allowance per pupil. That makes the student count estimate an important factor impacting the budget. A prediction of 350 students at a predicted state foundation allowance of \$9,849 was used in setting the budget for 2024-25.

The 2024-25 school year is the final year of a three year Education Association contract expiring August 2025.

Contacting the School District's Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact our Superintendent at MCE Administration Office, 18 South Main, Custer, Michigan 49405.

Mason County Eastern School District
STATEMENT OF NET POSITION
June 30, 2024

	<u>Governmental activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,460,058
Receivables	1,881
Due from other governmental units	1,877,475
Inventories	9,628
Prepaid items	<u>135,477</u>
Total current assets	6,484,519
Noncurrent assets	
Capital assets, net	
Nondepreciable/amortizable	466,232
Depreciable/amortizable	3,725,411
Net other postemployment benefits assets	<u>122,447</u>
Total noncurrent assets	<u>4,314,090</u>
Total assets	10,798,609
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	474,615
Related to pensions	<u>2,058,572</u>
Total deferred outflows of resources	<u>2,533,187</u>
Total assets and deferred outflows of resources	13,331,796
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	564,679
Unearned revenue	965,513
Bonds and other obligations, due within one year	<u>7,200</u>
Total current liabilities	1,537,392
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	16,700
Net pension liability	<u>7,050,821</u>
Total noncurrent liabilities	<u>7,067,521</u>
Total liabilities	8,604,913
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	1,046,342
Related to pensions	<u>1,262,446</u>
Total deferred inflows of resources	<u>2,308,788</u>
Total liabilities and deferred inflows of resources	<u>10,913,701</u>
NET POSITION	
Net investment in capital assets	4,191,643
Restricted	
Food service	150,255
Capital projects	295,010
Sinking fund	959,281
Net other postemployment assets	122,447
Unrestricted	<u>(3,300,541)</u>
Total net position	<u>\$ 2,418,095</u>

The accompanying notes are an integral part of this statement.

Mason County Eastern School District
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

<i>Functions/Programs</i>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>
Governmental activities				
Instruction	\$ 3,063,772	\$ 17,599	\$ 1,518,830	\$ (1,527,343)
Support services	1,752,236	-	949,875	(802,361)
Community services	772	-	-	(772)
Food services	330,427	6,350	384,398	60,321
Student/school activities	63,713	-	73,236	9,523
Athletics	140,041	13,204	-	(126,837)
Total governmental activities	<u>\$ 5,350,961</u>	<u>\$ 37,153</u>	<u>\$ 2,926,339</u>	(2,387,469)
General revenues				
Property taxes				2,309,920
Grants and contributions not restricted to specific programs				1,766,099
Investment earnings				2,937
Miscellaneous				49,337
Total general revenues				<u>4,128,293</u>
Change in net position				1,740,824
Net position at beginning of year				<u>677,271</u>
Net position at end of year				<u><u>\$ 2,418,095</u></u>

The accompanying notes are an integral part of this statement.

Mason County Eastern School District
BALANCE SHEET
 Governmental Funds
 June 30, 2024

	General Fund	Sinking Fund	Other governmental funds	Total governmental funds
ASSETS				
Cash and cash equivalents	\$ 2,917,419	\$ 927,309	\$ 615,330	\$ 4,460,058
Receivables	1,070	-	811	1,881
Due from other governmental units	1,869,054	-	8,421	1,877,475
Due from other funds	-	69	-	69
Inventories	-	-	9,628	9,628
Prepaid items	91,874	43,603	-	135,477
Total assets	\$4,879,417	\$ 970,981	\$ 634,190	\$ 6,484,588
LIABILITIES				
Accounts payable	\$ 72,208	\$ 11,700	\$ 727	\$ 84,635
Accrued liabilities	480,044	-	-	480,044
Due to other funds	69	-	-	69
Unearned revenue	965,513	-	-	965,513
Total liabilities	1,517,834	11,700	727	1,530,261
FUND BALANCES				
Nonspendable				
Inventories	-	-	9,628	9,628
Prepaid items	91,874	-	-	91,874
Restricted				
Food service	-	-	150,255	150,255
Capital projects	-	-	295,010	295,010
Sinking fund	-	959,281	-	959,281
Committed for student/school activities	-	-	178,570	178,570
Assigned to subsequent year's budget appropriations	403,841	-	-	403,841
Unassigned	2,865,868	-	-	2,865,868
Total fund balances	3,361,583	959,281	633,463	4,954,327
Total liabilities and fund balances	\$4,879,417	\$ 970,981	\$ 634,190	\$ 6,484,588

The accompanying notes are an integral part of this statement.

Mason County Eastern School District
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 June 30, 2024

Total fund balances—governmental funds		\$ 4,954,327
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some assets are not current financial resources and therefore are not reported in the governmental funds balance sheet. Noncurrent assets at year-end consist of:

Net other postemployment benefits asset		122,447
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Capital assets used in governmental activities are not current financial resources and are not reported in the governmental funds.

Cost of capital assets	\$ 8,692,788	
Accumulated depreciation/amortization	<u>(4,501,145)</u>	4,191,643

Deferred inflows and outflows of resources related to pensions and other postemployment benefits are not reported in the governmental funds.

Deferred outflows of resources - related to other postemployment benefits	474,615	
Deferred inflows of resources - related to other postemployment benefits	(1,046,342)	
Deferred outflows of resources - related to pensions	2,058,572	
Deferred inflows of resources - related to pensions	<u>(1,262,446)</u>	224,399

Long-term obligations in governmental activities are not due and payable in the current period and are not reported in the governmental funds.

		<u>(7,074,721)</u>
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Net position of governmental activities		<u><u>\$ 2,418,095</u></u>
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The accompanying notes are an integral part of this statement.

Mason County Eastern School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended June 30, 2024

	General Fund	Sinking Fund	Other governmental funds	Total governmental funds
REVENUES				
Local sources				
Property taxes	\$ 2,005,258	\$ 304,662	\$ -	\$ 2,309,920
Investment earnings	2,091	671	175	2,937
Fees and charges	14,927	-	1,134	16,061
Student/school activities	-	-	73,236	73,236
Other	188,135	-	5,216	193,351
Total local sources	2,210,411	305,333	79,761	2,595,505
State sources	2,914,875	-	18,299	2,933,174
Federal sources	1,016,034	-	366,099	1,382,133
Total revenues	6,141,320	305,333	464,159	6,910,812
EXPENDITURES				
Current				
Instruction	3,153,038	-	-	3,153,038
Support services	2,263,537	-	-	2,263,537
Community services	772	-	-	772
Food services	-	-	383,654	383,654
Student/school activities	-	-	63,713	63,713
Athletics	145,934	-	-	145,934
Capital projects	-	121,100	-	121,100
Total expenditures	5,563,281	121,100	447,367	6,131,748
Excess (deficiency) of revenues over (under) expenditures	578,039	184,233	16,792	779,064
OTHER FINANCING SOURCES (USES)				
Transfers in	12,747	-	75,000	87,747
Transfers out	(75,000)	-	(12,747)	(87,747)
Total other financing sources (uses)	(62,253)	-	62,253	-
Net change in fund balances	515,786	184,233	79,045	779,064
Fund balances at beginning of year	2,845,797	775,048	554,418	4,175,263
Fund balances at end of year	\$3,361,583	\$ 959,281	\$ 633,463	\$ 4,954,327

The accompanying notes are an integral part of this statement.

Mason County Eastern School District
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
For the year ended June 30, 2024

Net change in fund balances—total governmental funds \$ 779,064

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities these costs are depreciated over their estimated useful lives.

Depreciation/amortization expense	\$ (229,536)	
Capital outlay	<u>524,792</u>	295,256

Governmental funds report the entire proceeds from the sale of capital assets, but the Statement of Activities reports only the gain or loss on the sale of capital assets. (3,449)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources. They are reported as expenditures when financial resources are used in the governmental funds. (2,085)

Some other postemployment benefit related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 427,344

Some pension related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 244,694

Change in net position of governmental activities \$ 1,740,824

The accompanying notes are an integral part of this statement.

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation—Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the School District. All fiduciary activities, if any, are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The fund financial statements provide information about the School District's funds, all of which are governmental funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental funds:

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

The Sinking Fund accounts for sinking fund property tax levy, and the expenditures related to maintenance and replacement of capital assets.

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Additionally, the School District reports the following fund types:

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

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

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

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

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

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

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

Cash and Investments

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

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Cash and Investments—Continued

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

Land and construction in progress are not depreciated/amortized. The other property, plant, and equipment, of the School District are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	10-50
Furniture and equipment	5-15
Vehicles	10

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Long-term Obligations

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

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

Defined Benefit Plan

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption

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

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied by the School District are collected by various municipalities and periodically remitted to the School District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

Compensated Absences

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

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

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY—Continued

Sinking Fund

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

NOTE C—DEPOSITS AND INVESTMENTS

Interest rate risk

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

Credit risk

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

Concentration of credit risk

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

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2024, \$3,840,497 of the School District's bank balance of \$4,590,497 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments

The School District does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE D—CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	De du ctions	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	\$ 118,012	\$ -	\$ -	\$ 118,012
Construction in progress	-	348,220	-	348,220
Total capital assets, not being depreciated	118,012	348,220	-	466,232
Capital assets, being depreciated/amortized:				
Land improvements	462,416	91,674	13,350	540,740
Buildings and improvements	6,695,747	28,906	-	6,724,653
Furniture and equipment	426,283	55,992	7,392	474,883
Vehicles	486,280	-	-	486,280
Total capital assets, being depreciated/amortized	8,070,726	176,572	20,742	8,226,556
Less accumulated depreciation/amortization:				
Land improvements	319,179	22,155	9,902	331,432
Buildings and improvements	3,402,694	162,777	-	3,565,471
Furniture and equipment	285,583	16,799	7,391	294,991
Vehicles	281,446	27,805	-	309,251
Total accumulated depreciation/amortization	4,288,902	229,536	17,293	4,501,145
Total capital assets, being depreciated/amortized, net	3,781,824	(52,964)	3,449	3,725,411
Capital assets, net	\$ 3,899,836	\$ 295,256	\$ 3,449	\$ 4,191,643

Depreciation/amortization

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

Instruction	\$ 136,193
Support services	78,302
Food services	15,041
	\$ 229,536

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE E—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Sinking Fund	General Fund	<u>\$ 69</u>

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

Interfund Transfers

The General Fund transferred \$75,000 to the Capital Project fund for current and future capital projects. The Food Service Fund transferred \$12,747 to the General Fund to cover allowable indirect costs.

NOTE F—LONG-TERM OBLIGATIONS

The School District issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Compensated absences	\$ 21,815	\$ 3,900	\$ 1,815	\$ 23,900	\$ 7,200

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE G—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

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

The System's financial statements are available on the ORS website at Michigan.gov/ORSSchools.

Benefits Provided – Pension

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

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

Pension Reform 2010

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Benefits Provided – Pension—Continued

Pension Reform 2012

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

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

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

Pension Reform 2017

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

Regular Retirement

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Benefits Provided – Pension—Continued

Post-Retirement Adjustments

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

Plan Status

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

Benefits Provided – OPEB

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

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

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

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

Contributions – Pension and OPEB

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over an 16-year period beginning October 1, 2022, and ending September 30, 2038.

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

Pension Contribution Rates

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

OPEB Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.00 %	8.07 %
Personal Healthcare Fund	0.00	7.21

The School District’s pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Pension contributions were approximately \$860,000, including Section 147c(1).

For the year ended June 30, 2024, the School District and employee defined contribution plan contributions were approximately \$22,000 and \$39,000 respectively.

The School District’s OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. OPEB contributions were approximately \$183,000.

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

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

At June 30, 2024, the School District reported a liability of \$7,050,821 for its proportionate share of the MPSERS net pension liability and an asset of \$122,447 for its proportionate share of the MPSERS net OPEB asset. The net pension liability and net OPEB asset were measured as of September 30, 2023, and the total pension and OPEB liabilities used to calculate the net pension liability and net OPEB asset were determined by an actuarial valuation rolled forward from September 30, 2022. The School District’s proportion of the net pension liability and net OPEB asset was determined by dividing each employer’s statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions, respectively, required from all applicable employers during the measurement period. At September 30, 2023 and 2022, the School District’s pension proportion was 0.02178 and 0.02185 percent, respectively. At September 30, 2023 and 2022, the School District’s OPEB proportion was 0.02165 and 0.02222 percent, respectively.

For the year ended June 30, 2024, the School District recognized pension expense (benefit) of \$796,348 and OPEB expense (benefit) of \$(244,014).

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

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 222,573	\$ 10,801	\$ -	\$ 925,272
Changes of assumptions	955,418	550,873	272,588	32,825
Net difference between projected and actual earnings on plan investments	-	144,283	373	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	82,084	141,429	41,844	88,245
State of Michigan Section 147c(1) UAAL rate stabilization state aid payments subsequent to the measurement date	-	415,060	-	-
School District contributions subsequent to the measurement date	798,497	-	159,810	-
Total	\$ 2,058,572	\$ 1,262,446	\$ 474,615	\$ 1,046,342

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

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

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

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

Year ending June 30,	Pension	OPEB
2025	\$ 101,846	\$ (246,404)
2026	107,392	(224,993)
2027	309,992	(86,018)
2028	(106,541)	(76,609)
2029	-	(63,967)
Thereafter	-	(33,546)
	\$ 412,689	\$ (731,537)

Actuarial Assumptions

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

Summary of Actuarial Assumptions

Valuation date –	September 30, 2022
Actuarial cost method –	Entry age, Normal
Wage inflation rate –	2.75%
Investment rate of return –	6% a year for the MIP and Basic plans 6% a year for the Pension Plus plan 6% a year for the Pension Plus 2 plan 6% a year for OPEB
Salary increases –	2.75%-11.55%, including wage inflation at 2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members
Healthcare cost trend rate –	Pre-65: 7.50% Year 1 graded to 3.5% Year 15 Post-65: 6.25% Year 1 graded to 3.5% Year 15

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Actuarial Assumptions—Continued

Summary of Actuarial Assumptions—Continued

Mortality - Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010

Opt-Out Assumption

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

Survivor Coverage

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

Coverage Election at Retirement

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

Experience Study

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

Long-Term Expected Rate of Return on Investments

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

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

Actuarial Assumptions—Continued

Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of September 30, 2023 are summarized in the following table:

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

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

Rate of return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 8.29 percent and 7.94 percent on pension plan and OPEB plan investments, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Discount rate

In the current year, the discount rates used to measure the total pension and OPEB liabilities were 6.0 percent (6.0 percent for the Pension Plus plan and 6.0 percent for the Pension Plus 2 plan, hybrid plans provided through non-university employers only), and 6.0 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2023 were 6.0 percent (6.0 percent for the Pension Plus Plan and 6.0 percent for the Pension Plus 2 plan, hybrid plans provided through non-university employers only), and 6.0 percent, respectively. These discount rates for the current year were based on the long-term expected rates of return on pension plan and OPEB investments of 6.0 percent (6.0 percent for the Pension Plus plan, 6.0 percent for the Pension Plus 2 plan) and 6.0 percent, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

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

Sensitivity of the net pension liability to changes in the discount rate

The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 6.0 percent (6.0 percent for the Pension Plus plan and 6.0 percent for the Pension Plus 2 plan), as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower * (5.0% / 5.0% / 5.0%)	Discount Rate * (6.0% / 6.0% / 6.0%)	1% Higher * (7.0% / 7.0% / 7.0%)
\$ 9,525,639	\$ 7,050,821	\$ 4,990,446

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

Sensitivity of the net OPEB liability (asset) to changes in the discount rate

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

1% Lower (5.0%)	Discount Rate (6.0%)	1% Higher (7.0%)
\$ 126,941	\$ (122,447)	\$ (336,771)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate

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

1% Lower	Current Healthcare Cost Trend Rate	1% Higher
\$ (337,305)	\$ (122,447)	\$ 110,100

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the pension and OPEB plan

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE H—COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Commitment—Roof Replacement

The School District entered into an agreement for roof repairs and replacement in October 2023. The remaining commitment at year end is approximately \$49,700. The project will be funded using grant monies and available funds in the Sinking Fund.

Commitment—HVAC Improvements

The School District entered into an agreement for HVAC improvements in January 2024. The remaining commitment at year end is approximately \$150,000. The project will be funded using grant monies and available funds in the Sinking Fund.

NOTE I—OTHER INFORMATION

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

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

NOTE J—UPCOMING ACCOUNTING PRONOUNCEMENTS

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

Mason County Eastern School District
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE J—UPCOMING ACCOUNTING PRONOUNCEMENTS—Continued

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Mason County Eastern School District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
 General Fund
 For the year ended June 30, 2024

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 1,892,287	\$ 2,186,952	\$ 2,210,411	\$ 23,459
State sources	2,483,980	3,260,813	2,914,875	(345,938)
Federal sources	220,392	1,680,100	1,016,034	(664,066)
Incoming transfers and other transactions	25,000	20,000	12,747	(7,253)
Total revenues	4,621,659	7,147,865	6,154,067	(993,798)
EXPENDITURES				
Instruction				
Basic programs	2,167,898	2,372,706	2,233,835	138,871
Added needs	857,481	910,568	919,203	(8,635)
Support services				
Pupil	725	227,873	132,357	95,516
Instructional staff	46,939	164,393	44,974	119,419
General administration	359,021	369,547	346,018	23,529
School administration	414,901	426,437	416,556	9,881
Business	84,421	84,876	75,507	9,369
Operations and maintenance	428,424	1,514,039	897,644	616,395
Pupil transportation services	317,692	327,476	272,441	55,035
Central	89,236	100,625	78,040	22,585
Athletics	154,199	169,055	145,934	23,121
Community services	-	10,581	772	9,809
Outgoing transfers and other transactions	75,000	75,000	75,000	-
Total expenditures	4,995,937	6,753,176	5,638,281	1,114,895
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (374,278)</u>	<u>\$ 394,689</u>	515,786	<u>\$ 121,097</u>
Fund balance at beginning of year			<u>2,845,797</u>	
Fund balance at end of year			<u>\$ 3,361,583</u>	

Mason County Eastern School District
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement System
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability (%)	0.02178%	0.02185%	0.02134%	0.02207%	0.02286%	0.02392%	0.02456%	0.02401%	0.02382%	0.02257%
School District's proportionate share of the net pension liability	\$ 7,050,821	\$ 8,218,585	\$ 5,053,079	\$ 7,581,121	\$ 7,568,940	\$ 7,190,643	\$ 6,365,820	\$ 5,990,551	\$ 5,818,452	\$ 4,971,668
School District's covered payroll	\$ 2,150,081	\$ 2,115,314	\$ 1,949,385	\$ 1,935,396	\$ 1,966,868	\$ 2,068,646	\$ 2,174,360	\$ 2,147,233	\$ 2,111,947	\$ 1,920,600
School District's proportionate share of the net pension liability as a percentage of its covered payroll	327.93%	388.53%	259.21%	391.71%	384.82%	347.60%	292.77%	278.99%	275.50%	258.86%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 860,069	\$ 407,783	\$ 392,251	\$ 350,352	\$ 356,627	\$ 346,960	\$ 354,096	\$ 419,217	\$ 458,359	\$ 483,801
Contributions in relation to the statutorily required contributions	<u>860,069</u>	<u>407,783</u>	<u>392,251</u>	<u>350,352</u>	<u>356,627</u>	<u>346,960</u>	<u>354,096</u>	<u>419,217</u>	<u>458,359</u>	<u>483,801</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 2,150,759	\$ 2,149,661	\$ 2,027,677	\$ 1,896,663	\$ 1,929,837	\$1,981,482	\$2,097,262	\$2,372,595	\$2,121,780	\$1,972,805
Contributions as a percentage of covered payroll	39.99%	18.97%	19.34%	18.47%	18.48%	17.51%	16.88%	17.67%	21.60%	24.52%

Mason County Eastern School District
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement System
Last 7 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability (asset) (%)	0.02165%	0.02222%	0.02123%	0.02182%	0.02267%	0.02328%	0.02460%
School District's proportionate share of the net OPEB liability (asset)	\$ (122,447)	\$ 470,575	\$ 324,041	\$ 1,168,761	\$ 1,627,459	\$ 1,850,363	\$ 2,178,387
School District's covered payroll	\$ 2,150,081	\$ 2,115,314	\$ 1,949,385	\$ 1,935,396	\$ 1,966,868	\$ 2,068,646	\$ 2,174,360
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.69%	22.25%	16.62%	60.39%	82.74%	89.45%	100.19%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

Mason County Eastern School District
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement System
Last 7 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 183,330	\$ 169,309	\$ 163,712	\$ 153,933	\$ 153,888	\$ 153,699	\$ 149,111
Contributions in relation to the statutorily required contributions	183,330	169,309	163,712	153,933	153,888	153,699	149,111
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 2,150,759	\$ 2,149,661	\$ 2,027,677	\$ 1,896,663	\$ 1,929,837	\$1,981,482	\$2,097,262
Contributions as a percentage of covered payroll	8.52%	7.88%	8.07%	8.12%	7.97%	7.76%	7.11%

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

Mason County Eastern School District
REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information
For the year ended June 30, 2024

Pension Information

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

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

OPEB Information

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

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