

**Meridian Public Schools**  
Sanford, Michigan

Financial Statements  
With Supplementary Information  
June 30, 2024



Meridian Public Schools  
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June 30, 2024

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To the Members of the Board  
Meridian Public Schools  
Sanford, 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 Meridian Public Schools (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2024, on our consideration of the 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 the 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 District's internal control over financial reporting and compliance.

Sincerely,

*Roslund, Prestage & Company, P.C.*

Roslund, Prestage & Company, P.C.  
Certified Public Accountants

October 16, 2024

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**



This section of Meridian Public School District's annual financial report presents our discussion and analysis of the Meridian Public School District's financial performance during the year ended June 30, 2024. Please read this section in conjunction with the financial statements that 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 Meridian Public School District 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 activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds – the General Fund, Food Service Fund, Debt Service Fund, and Capital Projects Fund. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

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

### **Basic Financial Statements**

*District-wide Financial Statements*

*Fund Financial Statements*

*Notes to the Basic Financial Statements*

*(Required Supplemental Information)*

*Budgetary Information for the General Fund and Major Special Revenue Funds*

*Other Supplemental Information*

### ***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 financial condition of Meridian Public School District as a result of this year's activities?" The statement of net position and the statement of activities, which appear first in the financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, 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 considered regardless of when cash is received or paid.

These two statements report the School District's net position – the difference between assets 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 nonfinancial factors, such as the quality of education provided and the safety of the schools, to assess the overall health of the Meridian Public 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, supporting services, community services, athletics, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

### ***Reporting the 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. However, the School District establishes many other funds to help it control and manage money for particular purposes or to show that the School District is meeting legal responsibilities for using certain taxes, grants, and other money. The governmental funds of the School District use the following accounting approach:

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 reconciliation.

***Reporting the School District's Fiduciary Responsibilities - The School District as Trustee***

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**The School District as a Whole**

Recall that the statement of net position provides the perspective of the Meridian Public School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2024:

Table 1:	Governmental Activities-2024	Governmental Activities-2023
<b>Assets</b>		
Current and other assets	\$ 8,941,478	\$ 8,237,451
Capital assets - net of accumulated depreciation	40,354,779	41,534,020
Total Assets	49,738,896	49,777,671
<b>Deferred Outflows of Resources:</b>		
Deferred outflows of resources	9,325,065	11,633,337
<b>Liabilities</b>		
Current liabilities	5,210,571	4,389,602
Long-term liabilities	58,589,520	65,723,440
Total liabilities	63,800,091	70,113,042
<b>Deferred Inflow of Resources</b>		
Deferred inflow-MPSERS, OPEB plan activity, net of amortization	7,713,668	5,901,207
<b>Net Position</b>		
Invested in capital assets - Net of related debt	9,429,504	9,026,655
Restricted	755,539	194,949
Unrestricted	(22,634,841)	(23,824,845)
Total net position	\$ (12,449,798)	\$ (14,603,241)

The change in net position of the School District's governmental activities is discussed below. Previous to GASB 68 and GASB 75, the district did not record their portion of the employee retirement or health pension system that the state holds and controls. This is a multiple employer, state wide, defined benefit public retirement plan governed by the State of Michigan. For this reporting period, the GASB 68 pronouncement applies to the

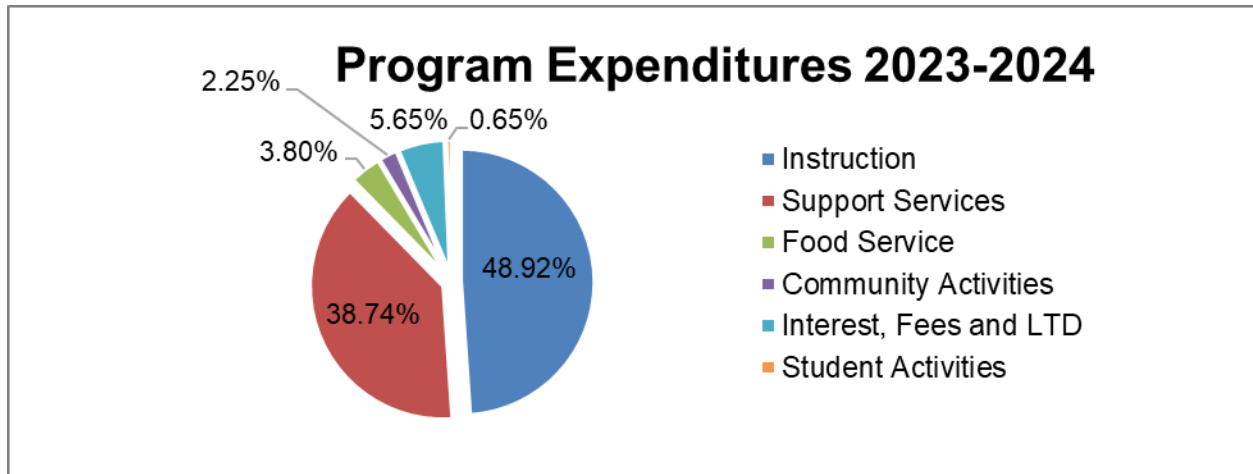
Meridian Public Schools  
Management's Discussion and Analysis

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pension payments. The GASB 75 includes the unfunded health portion of the pension payments. This has affected the recorded net position of the district. The districts share of the pension liability for the period ending June 30, 2024 was \$25,484,934. Please note that the district does not directly pay the retirees the retirement benefits or health insurance as this is a responsibility of the state. The recording of the district's share of this liability has affected the districts net position as of June 30, 2024 as a negative balance of (\$12,449,798). Please see Note 8 in the note section of this report for further explanation.

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 year 2024:

Table 2	Governmental Activities-2024	Governmental Activities-2023
<b>Revenue</b>		
General Revenue:		
Property Taxes	4,430,667	4,288,209
State foundation allowance	11,382,065	10,666,613
Intermediate sources	1,117,752	1,101,583
Interest & investment earnings	20,170	7,814
Charges for Services	0	0
Capital Grants	0	0
Operating Grants	0	0
Other	167,993	774,228
	17,118,647	16,838,447
<b>Function/Program Expenses</b>		
Instruction	4,956,897	5,737,972
Support Services	8,956,965	8,417,559
Food Services	(320,000)	(39,803)
Community Activities	108,662	157,405
Interest on long-term debt	1,319,045	1,318,766
Loss on Disposal		
Student/School Activities	(56,365)	(23,724)
Depreciation – unallocated		
	14,965,204	15,568,074
<b>Increase/(Decrease) in net position</b>	<b>\$ 2,153,443</b>	<b>\$ 1,270,373</b>



As reported in the statement of activities, the cost of all of our governmental activities this year was \$23,363,072 of which 48.92% was spent on instruction and 38.74% on support services (see chart above). Certain activities were partially funded from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and categorical funding. The district paid for the remaining “public benefit” portion of our governmental activities with \$4,430,667 in taxes, \$11,382,065 in State Foundation Allowance, and with our 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 School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State prescribed available unrestricted resources.

### **The School District’s Funds**

As we noted earlier, the Meridian Public 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 \$6,056,693 which was a decrease of (\$10,341) from last year (see page 5). The overall decrease is a result of spending our Food Service fund on improvements and new equipment and Capital Project funds on ongoing projects. Food Service had a decrease in fund balance of (\$54,839). The General Fund had an increase of \$306,469. In the General Fund, our principal operating fund, the fund balance came in within the budgeted difference. Overall, actual General Fund revenue came in within 98.72% of the budgeted amount and General Fund expenses were within 97.10% percent of budgeted amounts.

Meridian Public Schools  
Management's Discussion and Analysis

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- The district's general fund is the chief operating fund of the district. Unassigned fund balance for the general fund increased by \$352,139. The revenue for the year increased by \$386,485 as compared to 2022-2023. This increase is mainly due state aid foundation allowance and categorical state funding. The major source of general fund revenues is State Aid and property taxes.
- The remaining district funds, represented as Non-Major Funds showed a fund balance decrease of (\$316,810) combined. The Non-Major Funds consist of Food Service, Student Activities, Debt 2014, Debt Refunded 2015, Debt 2018, Debt 2014 Phase 2, Debt 2014 Phase 3, Capital Improvement, Capital Projects 2014 Phase 2, Capital Projects 2018 and Capital Projects 2014 Phase 3. The debts are paid through a debt tax levy. The millage rates are determined annually to ensure that the school district accumulates sufficient resources to pay the annual bond issue-related debt service. The Debt Service Funds fund balances are restricted since they can only be used to pay debt service obligations.

**General Fund Budgetary Highlights**

Over the course of the year, the Meridian Public School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

<b>GENERAL FUND BUDGET VS. ACTUAL</b>					
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original &amp; Final Budget %</u>	<u>Variance Actual &amp; Final Budget %</u>
Revenue	\$ 19,580,669	\$ 20,961,412	\$ 20,697,281	6.59	1.28
Expenditures	\$ 19,718,378	\$ 20,997,684	\$ 20,405,156	6.09	2.90
<b>TOTAL</b>	<b>\$ (137,709)</b>	<b>\$ (36,272)</b>	<b>\$ 292,125</b>		

**ANALYSIS OF BUDGETS**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, which is the start of the fiscal year.

As a matter of practice, Meridian Public Schools amends its budget during the school year. The district budget was amended in February 2024 and June 2024.

**Original vs. Final Budgets**

Revenues

The variance in the amount of the original budget and the final budget for revenues is due to additional revenues received through State Aid. The MPSERS Cost Offset funding provided an increase in revenue. Various State Aid categorical grants including 51c Special Education, 31a At-Risk and 22L District Transportation Costs also increased subsequent to the original budget adoption. Federal grants including Title also provided amended increased amounts mid-year.

Expenditures

The variance in the amount of the original budget and the final budget for expenditures were due to the final year costs of the added needs for students' mid-year, an unexpected portion of substitute wages paid due to unfilled positions or covering employee leaves and changes in district programs.

**ANALYSIS OF BUDGETS: (Continued)**

Actual Results vs. Final Budgets

Revenues

The variance in the amount of the final budget and the actual is primarily due to deferring or carrying over unspent State Aid categorical grants to the upcoming 2024-2025 school year.

Expenditures

The variance in the amount of the final budget and the actual for expenditures is due to conservative district spending, reduced energy costs, and grant carryover.

**Capital Asset and Debt Administration**

***Capital Assets***

At June 30, 2024, the Meridian Public School District had \$40,354,779 invested in a broad range of capital assets, including land, land improvements, buildings, equipment, and vehicles. This amount represents a net decrease of \$1,185,441 from last year as accumulated depreciation exceeded our total capital additions.

	<u>2024</u>	<u>2023</u>
Land Improvements	\$ 3,089,631	\$ 2,970,276

Meridian Public Schools  
Management's Discussion and Analysis

Construction in Process	0	6,200
Buildings	56,862,132	56,803,277
Equipment & Furniture	7,475,026	6,640,886
Capital leases	0	0
Vehicles	<u>1,928,091</u>	<u>1,875,367</u>
Total Capital Assets	69,354,880	68,296,006
Less accumulated depreciation	<u>29,000,101</u>	<u>26,755,786</u>
Net Capital Assets	<u><u>\$ 40,354,779</u></u>	<u><u>\$ 41,540,220</u></u>

**Debt**

At the end of this year, the Meridian Public School District had \$32,149,814 in long-term debt outstanding versus \$33,189,768 in the previous year – a decrease of (\$1,039,954). The long-term debt consisted of the following:

	<u>2024</u>	<u>2023</u>
2014 Phase III Bonds	1,505,000	1,760,000
2014 Bonds	1,520,000	1,780,000
2015 Refunding Bonds	7,985,000	8,945,000
2014 Bond Phase II	905,000	1,080,000
2018 Bond	16,660,000	16,985,000
Direct borrowings	<u>3,574,814</u>	<u>2,639,769</u>
Total Long-Term Bonds	<u><u>\$32,149,814</u></u>	<u><u>\$33,189,768</u></u>

Other obligations, which include employee-compensated absences, will be presented with the above long-term obligations in Note 7 of the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

Foundation Allowance

The Board of Education and Administration agreed to a foundation allowance of \$9,849 per pupil in June 2024 when the budget was originally adopted. The state budget had not yet been adopted when the 2024-2025 beginning budget was approved. The District used the best information provided by the state at the time to develop the 2024-2025 budget. Since the District budget adoption, the student foundation allowance adopted by the state had a \$0 increase from 2023-2024 and is expected to remain at \$9,608 per pupil.

Student Count

Administration based the 2024-2025 budget expecting 1,376 students, which would assume a +10 FTE from the spring pupil membership count and flat against the 2023 fall pupil membership count. This forecasted increase in pupils appears reasonable based on the incoming Elementary enrollment, current enrollment, community and economic factors.

Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate of the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate was estimated to be 31.36% for 2024-2025, plus an additional 17.02% due to the 147C MPSERS Offset.

Enhancement Millage

In May 2023, voters within the Midland Intermediate School District passed a renewal millage request of the regional enhancement millage of 1.5 mills for five years. This millage, distributed on a per pupil basis, is expected to generate an estimated \$733,000 per year for Meridian Public Schools.

\* The Meridian Public Schools 2024-2025 adopted budget is as follows:

<u>EXPENDITURES</u>	<u>\$ 21,849,490</u>
<u>NET (UNDER) BUDGET</u>	<u>\$ (426,437)</u>

Approximately 80 percent of total General Fund revenues are from State Aid funding. Under State law, the School District cannot access additional property tax revenue for general operations. The district built the budget for 2024-2025 based on the number of students as of April 2024 as well as accounting for the graduating seniors and adding the new Kindergarten student estimate from the spring round up. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

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

One of the major issues affecting education funding is the retirement legacy costs

obligations that the state has for retiring school personnel. The health costs have risen; many more have taken incentives to retire early lowering the amount coming into the retirement system; and districts have been privatizing to save retirement costs. The state has approved legislation to contain costs and reform the pension-underfunded liability that currently exists. However, the effect of this change will not be seen for many years. The rate that the districts are charged per employee is currently set at 25.80% average. There are different rates depending upon the choices that the current employees make regarding a defined benefit or defined contribution. In addition, part of the foundation grant increase from the state is used to fund the unfunded portion of the pension. The pension reform will take until about 2036 before it stabilizes and the rates to fund the pension go down.

The School District's major expenditure concerns are the soaring employee benefit costs that consist of health care costs and mandatory retirement costs. These employee benefit costs keep rising and the foundation grant does not keep pace with the increases that the district is incurring. Increased technology in the classroom combined with the rapidness at which technology changes will increase technology costs for the district in the future. The district also must deal with the rising costs of maintaining aging facilities, vehicles and equipment throughout the district.

### **Contacting the School District's Financial Management**

This financial report is designed to provide the Meridian Public 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 information, contact Meridian Public School's Business Office.

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**



Meridian Public Schools  
Statement of Net Position  
June 30, 2024

**Assets**

Cash and cash equivalents	\$ 5,243,597
Due from other governmental units	3,686,266
Prepays	11,615
Noncurrent assets	
Net other post-employment benefits asset	442,639
Capital assets being depreciated, net	40,354,779
Total assets	49,738,896

**Deferred outflows of resources**

Related to pension	7,576,365
Related to other post-employment benefits	1,748,700
Total deferred outflows of resources	9,325,065

**Liabilities**

Accounts payable	114,887
Accrued expenses	1,345,877
Due to other governmental units	283,038
Accrued interest	224,578
Unearned revenue	1,140,983
General obligation bonds payable due within one year	2,075,000
Compensated absences due within one year	5,838
Termination benefits due within one year	20,370
Non-current liabilities	
Premium on bonds, net	2,996,687
General obligation bonds payable due after one year	26,500,000
Direct borrowing due after one year	3,574,814
Compensated absences due after one year	33,085
Net pension liability	25,484,934
Total liabilities	63,800,091

**Deferred inflows of resources**

Related to pension	2,572,716
Related to other post-employment benefits	3,584,942
Related to 147c allocation	1,556,010
Total deferred inflows of resources	7,713,668

**Net position**

Net investment in capital assets	9,429,504
Restricted for:	
Debt service	312,900
Other post-employment benefits asset	442,639
Unrestricted	(22,634,841)
Total net position	\$ (12,449,798)

Meridian Public Schools  
Statement of Activities  
For the Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
<b>Governmental activities:</b>					
Instruction	\$ 11,428,156	\$ 6,956	\$ 6,464,303	\$ -	\$ (4,956,897)
Support services	9,051,354	94,389	-	-	(8,956,965)
Food service	888,324	53,551	1,154,773	-	320,000
Community activities	525,206	416,544	-	-	(108,662)
Student / school activities	150,987	-	207,352	-	56,365
Interest, fees and other on long-term debt	1,319,045	-	-	-	(1,319,045)
Total school district	<u>\$ 23,363,072</u>	<u>\$ 571,440</u>	<u>\$ 7,826,428</u>	<u>\$ -</u>	<u>(14,965,204)</u>
<b>General revenues:</b>					
Property taxes					4,430,667
State aid not restricted to specific purposes					11,382,065
Intermediate sources					1,117,752
Interest and investment earnings - unrestricted					10,169
Interest and investment earnings - restricted					10,001
Other revenues					167,993
Total general revenues					<u>17,118,647</u>
<b>Change in net position</b>					2,153,443
<b>Net position - beginning</b>					<u>(14,603,241)</u>
<b>Net position - ending</b>					<u>\$ (12,449,798)</u>

## FUND FINANCIAL STATEMENTS



Meridian Public Schools  
Balance Sheet  
Governmental Funds  
June 30, 2024

	Major Fund		Formerly Major		Total Non-major Funds	Total Governmental Funds
	General Fund	2014 Debt (Phase II)	Capital Improvement			
<b>Assets</b>						
Cash and cash equivalents	\$ 3,328,942	\$ -	\$ -	\$ -	1,914,655	\$ 5,243,597
Due from other governmental units	3,686,266	-	-	-	-	3,686,266
Due from other funds	15,001	-	-	-	202,806	217,807
Prepays	11,615	-	-	-	-	11,615
<b>Total assets</b>	<b>\$ 7,041,824</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,117,461</b>	<b>\$ 9,159,285</b>
<b>Liabilities</b>						
Accounts payable	\$ 102,330	\$ -	\$ -	\$ -	12,557	\$ 114,887
Accrued expenditures	1,345,877	-	-	-	-	1,345,877
Due to other governmental units	283,038	-	-	-	-	283,038
Due to other funds	10,077	-	-	-	207,730	217,807
Unearned revenue	1,132,537	-	-	-	8,446	1,140,983
<b>Total liabilities</b>	<b>2,873,859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228,733</b>	<b>3,102,592</b>
<b>Fund balances</b>						
Nonspendable						
Prepaid expenditures	11,615	-	-	-	-	11,615
Restricted						
Food service	-	-	-	-	453,748	453,748
Student activities	-	-	-	-	224,985	224,985
Debt service	-	-	-	-	312,900	312,900
Capital projects	-	-	-	-	897,095	897,095
Committed						
Athletic Facility Project	200,000	-	-	-	-	200,000
Unassigned	3,956,350	-	-	-	-	3,956,350
<b>Total fund balances</b>	<b>4,167,965</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,888,728</b>	<b>6,056,693</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,041,824</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,117,461</b>	<b>\$ 9,159,285</b>

Meridian Public Schools  
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds  
to Net Position of Governmental Activities on the Statement of Net Position  
June 30, 2024

Total fund balance - governmental funds	\$ 6,056,693
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The amount reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Add:	Cost of capital assets	69,354,880
Deduct:	Accumulated depreciation	(29,000,101)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Deduct:	2014 bonds (Phase I)	(1,520,000)
Deduct:	2015 refunding bonds	(7,985,000)
Deduct:	2014 bonds (Phase II)	(905,000)
Deduct:	2018 bonds	(16,660,000)
Deduct:	2014 bonds (Phase III)	(1,505,000)
Deduct:	School Loan Revolving Fund	(3,574,814)
Deduct:	Premium on 2014 bonds (Phase I)	(17,609)
Deduct:	Premium on 2015 refunding bonds	(734,003)
Deduct:	Premium on 2014 bonds (Phase II)	(120,286)
Deduct:	Premium on 2018 bonds	(2,042,758)
Deduct:	Premium on 2014 bonds (Phase III)	(82,031)

Other amounts reported in the statement of activities that do not require current financial resources consist of:

Add:	Deferred outflow - related to pension	7,576,365
Add:	Deferred outflow - related to other post-employment benefits	1,748,700
Deduct:	Net pension liability	(25,484,934)
Add:	Net other post-employment benefits asset	442,639
Deduct:	Deferred inflow - related to pension	(2,572,716)
Deduct:	Deferred inflow - related to other post-employment benefits	(3,584,942)
Deduct:	Deferred inflow - 147c allocation	(1,556,010)
Deduct:	Accrued interest on long-term liabilities	(224,578)
Deduct:	Compensated absences	(38,923)
Deduct:	Termination benefits	(20,370)

Net position of governmental activities	\$ (12,449,798)
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Meridian Public Schools  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2024

	Major Fund	Formerly Major		Total Non-major Funds	Total Governmental Funds
	General Fund	2014 Debt (Phase II)	Capital Improvement		
<b>Revenues</b>					
Local sources	\$ 2,288,995	\$ -	\$ -	\$ 3,060,833	\$ 5,349,828
State sources	16,145,336	-	-	315,240	16,460,576
Federal sources	1,097,403	-	-	839,533	1,936,936
Other sources	1,165,547	-	-	-	1,165,547
<b>Total revenues</b>	<b>20,697,281</b>	<b>-</b>	<b>-</b>	<b>4,215,606</b>	<b>24,912,887</b>
<b>Expenditures</b>					
Instruction					
Basic programs	8,233,875	-	-	-	8,233,875
Added needs	3,002,146	-	-	-	3,002,146
<b>Total instruction</b>	<b>11,236,021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,236,021</b>
Support services					
Pupil services	1,386,635	-	-	-	1,386,635
Instructional staff	945,639	-	-	-	945,639
General administration	510,726	-	-	-	510,726
School administration	1,677,532	-	-	-	1,677,532
Business services	391,556	-	-	-	391,556
Operation and maintenance	1,708,784	-	-	-	1,708,784
Pupil transportation	1,032,809	-	-	-	1,032,809
Central	623,915	-	-	-	623,915
Athletics	314,269	-	-	-	314,269
Other	11,693	-	-	211,948	223,641
<b>Total support services</b>	<b>8,603,558</b>	<b>-</b>	<b>-</b>	<b>211,948</b>	<b>8,815,506</b>
Food service	-	-	-	1,039,249	1,039,249
Community activities	538,691	-	-	-	538,691
Student / school activities	-	-	-	150,987	150,987
Facilities construction & improvement	-	-	-	470,071	470,071
Debt service					
Principal payments	-	-	-	1,975,000	1,975,000
Interest, fees and other	-	-	-	1,605,863	1,605,863
Other	26,886	-	-	-	26,886
<b>Total expenditures</b>	<b>20,405,156</b>	<b>-</b>	<b>-</b>	<b>5,453,118</b>	<b>25,858,274</b>
<b>Revenues over (under) expenditures</b>	<b>292,125</b>	<b>-</b>	<b>-</b>	<b>(1,237,512)</b>	<b>(945,387)</b>
<b>Other financing sources (uses)</b>					
Proceeds from borrowing	-	-	-	935,046	935,046
Transfers in	15,000	-	-	820,610	835,610
Transfers (out)	(656)	-	-	(834,954)	(835,610)
<b>Total other financing sources (uses)</b>	<b>14,344</b>	<b>-</b>	<b>-</b>	<b>920,702</b>	<b>935,046</b>
<b>Net change in fund balances</b>	<b>306,469</b>	<b>-</b>	<b>-</b>	<b>(316,810)</b>	<b>(10,341)</b>
<b>Fund balance beginning of year, as previously stated</b>	<b>3,861,496</b>	<b>902</b>	<b>1,048,538</b>	<b>2,205,538</b>	<b>7,116,474</b>
<b>Fund balance adjustments</b>	<b>-</b>	<b>(902)</b>	<b>(1,048,538)</b>	<b>-</b>	<b>(1,049,440)</b>
<b>Fund balance beginning of year, as restated</b>	<b>3,861,496</b>	<b>-</b>	<b>-</b>	<b>2,205,538</b>	<b>6,067,034</b>
<b>Fund balances - end of year</b>	<b>\$ 4,167,965</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,888,728</b>	<b>\$ 6,056,693</b>

Meridian Public Schools  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$	(10,341)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Add:	Capital outlay	1,058,874
Deduct:	Depreciation expense	(2,244,315)

Revenue in support of pension contributions made subsequent to the measurement date

Add:	Change in deferred inflow - 147c allocation	603,629
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Some 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 funds.

Deduct:	Change in deferred outflow - related to pension	(1,653,917)
Deduct:	Change in deferred outflow - related to other post-employment benefits	(654,355)
Add:	Change in net pension liability	4,030,882
Add:	Change in net other post-employment benefits asset	2,112,914
Deduct:	Change in deferred inflow - related to pension	(2,398,271)
Deduct:	Change in deferred inflow - related to other post employment benefits	(17,819)
Deduct:	Change in accrual for compensated absences	(7,125)
Deduct:	Change in accrual for termination benefits	(20,370)
Add:	Change in accrual for interest on long-term debt	14,837

Long-term debt proceeds are reported as other financing sources in the governmental funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Add:	Payment of 2014 bonds (Phase I)	260,000
Add:	Payment of 2015 refunding bonds	960,000
Add:	Payment of 2014 bonds (Phase II)	175,000
Add:	Payment of 2018 bonds	325,000
Add:	Payment of 2014 bonds (Phase III)	255,000
Deduct:	Proceeds from School Loan Revolving Fund	(935,046)
Add:	Amortization of 2014 bond (Phase I) premium	3,522
Add:	Amortization of 2015 refunding bond premium	146,801
Add:	Amortization of 2014 bond (Phase II) premium	24,057
Add:	Amortization of 2018 bond premium	107,514
Add:	Amortization of 2014 bond (Phase III) premium	16,972

Change in net position of governmental activities	\$	<u>2,153,443</u>
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**NOTES TO THE FINANCIAL STATEMENTS**



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Meridian Public Schools (the District) conform to generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the District. All amounts shown are in dollars.

**Reporting Entity**

The District is governed by Board of Education members which have the responsibility and control over all activities related to public school education within the District. The District receives funding from local, state and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

**Description of Government-wide 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 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.

**Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds. Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The District reports the following major governmental fund:

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

The District reports the following non-major governmental funds:

- The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student activities activity in the special revenue funds.
- The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The District accounts for its 2014 debt (phase I), 2015 refunding debt, 2018 debt, 2014 debt (phase II), and 2014 debt (phase III) debt activity in the debt service funds.
- The *capital projects funds* account for the receipt of bond proceeds, transfers from the general fund (as applicable), and the acquisition of fixed assets or construction of capital projects. The District accounts for its capital improvement, 2014 capital projects (phase II), 2018 capital projects, and 2014 capital projects (phase III) activity in the capital projects funds. The capital improvement fund does not include capital project activities funded with bonds. The 2014 capital projects (phase II), 2018 capital projects, and 2014

Meridian Public Schools  
Notes to the Financial Statements  
June 30, 2024

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capital projects (phase III) funds include capital project activities funded with bonds. For these funds, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. Beginning with the year of bond issuance, the school district has reported the annual construction activity in the 2014 capital projects (phase II), 2018 capital projects, and the 2014 capital projects (phase III) funds. The project for which the 2014 bonds (phase II) and the 2018 bonds were issued were considered complete on June 30, 2024 (June 30 immediately following date of Certificate of Substantial Completion or 95% of proceeds expended).

The 2014 capital projects (phase III) fund is not yet considered substantially complete, and a subsequent year audit is expected.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to 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 the 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 District considers revenues to be available if they are generally 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.

### **Budgetary Information**

#### Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

Meridian Public Schools  
Notes to the Financial Statements  
June 30, 2024

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

- 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.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). 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, are noted below as well as in the required supplementary information section.
- Transfers may be made for budgeted amounts between 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 School Board.
- The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30. Although the district does consider these amendments to be significant, they were deemed necessary due to considerable uncertainty at the time the original budget was adopted.

Excess of Expenditures Over Appropriations

For the year ended June 30<sup>th</sup>, expenditures exceeded appropriations in the general fund as follows:

Function	Original Budget	Final Budget	Actual	Variance
School administration	1,545,853	1,637,690	1,677,532	(39,842)
Business services	368,039	386,069	391,556	(5,487)
Other	-	-	26,886	(26,886)

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

Cash and Cash Equivalents

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

Investments

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

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

Meridian Public Schools  
Notes to the Financial Statements  
June 30, 2024

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- The United States government or federal agency obligations repurchase agreements.
- Bankers' acceptances of United States banks.
- Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

Accounts Receivable/Payable

Accounts receivable/payable in all funds report amounts that have arisen in the ordinary course of business. Accounts receivable are stated net of allowances for uncollectible amounts, if any.

Due from/Due to Other Governmental Units

Due from/due to other governmental units consist primarily of amounts due from/to grantors and the State of Michigan.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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, as detailed in the table below, are reported in the government-wide financial statements. Capital assets are tangible and intangible asset, defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible capital assets in the appropriate capital asset class.

The costs of normal maintenance and repairs that do not increase the asset's capacity or efficiency or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress, if any, are not depreciated. The other tangible and intangible property, plant, equipment, and the right to use assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	5-30
Buildings and additions	15 - 40
Furniture and equipment	3 - 30
Vehicles	7 - 20

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a related expense is recognized in the current year.

Meridian Public Schools  
Notes to the Financial Statements  
June 30, 2024

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Accrued expenses

Accrued expenses relate to salaries and wages, health insurance, and retirement benefits earned prior to year-end but not paid until after year-end.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the fund financial statements and Government-wide financial statements, and revenue is recognized.

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Termination benefits

The District allows certain elected teachers and administrators to participate in a retirement incentive program if they meet various eligibility criteria. The District deposits funds into a special pay plan created in accordance with Section 403b of the Internal Revenue Code on behalf of the qualifying employee. The employee may utilize such funds in a manner specified by the special pay plan.

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public 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 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/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension and other postemployment benefits related items reported in the government-wide statement of net position. The deferred amounts related to pension and other postemployment benefits relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and other postemployment benefit related changes. These amounts are recognized in the plan year in which they apply.

Deferred Inflows of Resources

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. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and other postemployment benefit related changes. These amounts are recognized in the plan year in which they apply.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

Meridian Public Schools  
Notes to the Financial Statements  
June 30, 2024

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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.

#### Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consist of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

#### Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- *Nonspendable* fund balance represents amounts that are either not in spendable form or are either legally or contractually required to be maintained intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Education prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board of Education adopts another ordinance to remove or revise the limitation.

- *Assigned* fund balance represents amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the finance director to assign fund balance. 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.
  
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

## **Revenues**

### 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 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 Tax Revenue

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

The District levied the following amounts per \$1,000 of assessed valuation. The District levied 18.00 mills for school general operations on the non-homestead taxable value. The District also levied an additional 7.00 mills on all property in the District for the purpose of debt service.

### State Aid Revenue

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

The state portion of the Foundation is provided primarily by a state education property tax millage of 6.00 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 as well as 6 mills for Commercial Personal Property Tax. 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 an intergovernmental receivable.

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

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District, and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

As of year-end, the District had deposits subject to the following risks:

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of year-end, \$5,407,968 of the District’s bank balance of \$5,657,968 was exposed to custodial credit risk because it was uninsured and uncollateralized. The above amounts include interest bearing accounts.

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The amounts of interfund receivable and payable shown on the fund financial statements as of June 30<sup>th</sup>, are as follows:

Description	Due from Other Funds	Due to Other Funds
General Fund	15,001	10,077
Food Service Fund	10,077	15,001
2018 Debt Fund	175,000	17,729
2014 Debt Fund (Phase II)	17,729	175,000
Total	217,807	217,807

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.

**NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

As of June 30<sup>th</sup>, due from other governmental units is comprised of the following amounts:

Description	Amount
State aid	3,101,189
Federal grants and other pass-through agencies	354,101
Other	230,976
Total	3,686,266

No allowance for doubtful accounts is considered necessary based on previous experience.

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**NOTE 5 - CAPITAL ASSETS**

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Construction in process	6,200	-	-	(6,200)	-
Total capital assets not being depr.	6,200	-	-	(6,200)	-
Capital assets being depreciated					
Land improvements	2,970,276	119,355	-	-	3,089,631
Buildings and additions	56,803,277	58,855	-	-	56,862,132
Furniture and equipment	6,640,886	827,940	-	6,200	7,475,026
Vehicles	1,875,367	52,724	-	-	1,928,091
Total capital assets being depr.	68,289,806	1,058,874	-	6,200	69,354,880
Accumulated depreciation					
Land improvements	(881,762)	(79,981)	-	-	(961,743)
Buildings and additions	(19,813,212)	(1,440,195)	-	-	(21,253,407)
Furniture and equipment	(4,989,912)	(483,326)	-	-	(5,473,238)
Vehicles	(1,070,900)	(240,813)	-	-	(1,311,713)
Total accumulated depreciation	(26,755,786)	(2,244,315)	-	-	(29,000,101)
Net capital assets being depreciated	41,534,020	(1,185,441)	-	6,200	40,354,779
Net capital assets	41,540,220	(1,185,441)	-	-	40,354,779

Depreciation expense for the year ended June 30, 2024 was charged to the functions of the District's activities as follows:

Governmental Activities	Amount
Instruction	1,808,501
Support services	418,746
Food service	17,068
Total depreciation	2,244,315

**NOTE 6 - ACCRUED EXPENSES**

Accrued expenses as of year-end include amounts due for accrued wages, retirement, FICA, employee benefit insurances, and termination benefits (if any). Accrued wages represent the remaining balance on teacher contracts to be paid during the summer and other salaries and wages earned as of June 30<sup>th</sup>.

**NOTE 7 - DEBT**

Premiums and Discounts

Debt may be issued at par value, with a premium (applicable to debt issued in excess of par value) or at a discount (applicable to debt issued at amounts less than the par value). Premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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The changes in premium and discounts during the fiscal year are as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance
Premium on 2014 bonds (Phase I)	21,131	-	(3,522)	17,609
Premium on 2015 refunding bonds	880,804	-	(146,801)	734,003
Premium on 2014 bonds (Phase II)	144,343	-	(24,057)	120,286
Premium on 2018 bonds	2,150,272	-	(107,514)	2,042,758
Premium on 2014 bonds (Phase III)	99,003	-	(16,972)	82,031
Total premium and discounts	3,295,553	-	(298,866)	2,996,687

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
General Obligations				
2014 bonds (Phase I)	3,565,000	2.0 - 3.0%	5/1/2029	1,520,000
2015 refunding bonds	13,065,000	4.0 - 5.0%	5/1/2031	7,985,000
2014 bonds (Phase II)	1,855,000	4.0 - 5.0%	5/1/2029	905,000
2018 bonds	17,720,000	4.0 - 5.0%	5/1/2043	16,660,000
2014 bonds (Phase III)	1,970,000	4.0%	5/1/2029	1,505,000
Total general obligation bonds	38,175,000			28,575,000
Direct borrowings				
School Loan Revolving Fund	N/A	4.56%	N/A	3,574,814
Total direct borrowings				3,574,814

**School Bond Loan Fund/School Loan Revolving Fund**

Borrowing from the State of Michigan - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the District, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30th was 4.56%.

Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.0 mills. The school district is required to levy 7.0 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Currently the District levies 7.0 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

**Summary of Long-Term Debt**

The changes in long-term debt during the fiscal year are as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance	Due within one year
Compensated absences	31,798	11,895	(4,770)	38,923	5,838
Termination benefits	-	20,370	-	20,370	20,370
General obligation bonds	30,550,000	-	(1,975,000)	28,575,000	2,075,000
Direct borrowings	2,639,768	935,046	-	3,574,814	-
Total long-term debt	33,221,566	967,311	(1,979,770)	32,209,107	2,101,208

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The requirements to pay principal and interest on the long-term debt outstanding at year-end, are shown below:

Year Ended June 30	General Obligation Bonds	
	Principal	Interest
2025	2,075,000	1,377,412
2026	2,175,000	1,281,612
2027	2,275,000	1,180,862
2028	2,385,000	1,076,012
2029	2,495,000	967,012
2030-2034	6,835,000	3,434,862
2035-2039	5,330,000	2,070,750
2040-2044	5,005,000	635,500
Total long-term debt	28,575,000	12,024,022

School Loan Revolving Fund (included in direct borrowing and direct placement on the summary of long-term debt) are not subject to annual principal and interest payments and therefore are not included in the schedule above.

**NOTE 8 - RETIREMENT BENEFITS**

**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 and a fiduciary component unit of 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](http://Michigan.gov/ORSSchools).

**Benefits Provided**

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, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

**Contributions**

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

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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 Sept. 30, 2022 valuation will be amortized over a 16-year period beginning Oct. 1, 2022 and ending Sept. 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended Sept. 30, 2023.

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

Required contributions to the pension plan from the District were \$2,837,865 for the year ended Sept. 30, 2023.

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

At September 30, 2023, the District reported a liability of \$25,484,934 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of Sept. 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2022. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At Sept. 30, 2023, the District's proportion was 0.078739%, which was an increase of 0.00026% from its proportion measured as of Sept. 30, 2022.

For the plan year ending September 30, 2023, the District recognized pension expense of \$3,228,565. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	3,453,325	1,991,108
Net difference between projected and actual earnings on pension plan investments	-	521,504
Differences between actual and expected experience	804,482	39,039
Changes in proportion and differences between employer contributions and proportionate share of contributions	308,187	21,065
Employer contributions subsequent to the measurement date	3,010,371	-
<b>Total</b>	<b>7,576,365</b>	<b>2,572,716</b>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2024	678,231
2025	510,812
2026	1,166,376
2027	(362,141)

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	Sept. 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.00% net of investment expenses
- Pension Plus Plan:	6.00% net of investment expenses
- Pension Plus 2 Plan:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality (Retirees):	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.
Mortality (Active):	PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
<b>Notes:</b>	
- 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 valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.	
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4406	
- Recognition period for assets in years: 5.0000	
- Full actuarial assumptions are available in the 2023 MPERS Annual Comprehensive Financial Report found on the ORS website at <a href="http://Michigan.gov/ORSSchools">Michigan.gov/ORSSchools</a> .	

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of Sept. 30, 2023, are summarized in the following table:

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

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

**Rate of Return**

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

**Discount Rate**

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
34,430,071	25,484,934	18,037,784

**Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS ACFR, available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Payables to the Michigan Public School Employees' Retirement System (MPSERS)**

The District reported payables to the defined benefit pension plan in the amount of \$478,354 as of June 30, 2024.

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE)**

**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 and a fiduciary component unit of the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members- eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

The System's financial statements are available on the ORS website at [Michigan.gov/ORSSchools](https://Michigan.gov/ORSSchools).

### **Benefits Provided**

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

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

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

### **Contributions**

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

Employer 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 Sept. 30, 2022 valuation will be amortized over a 16-year period beginning Oct. 1, 2022 and ending Sept. 30, 2038.

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The schedule below summarizes OPEB contribution rates in effect for plan year ended Sept. 30, 2023.

<b>OPEB Contribution Rates</b>		
<b>Benefit Structure</b>	<b>Member</b>	<b>Employer</b>
Premium Subsidy	3.00%	8.07%
Personal Healthcare Fund (PHF)	0.00%	7.21%

Required contributions to the OPEB plan from the District were \$609,536 for the year ended September 30, 2023.

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

At September 30, 2023, the District reported an asset of \$442,639 for its proportionate share of the MPSERS net OPEB asset/liability. The net OPEB asset/liability was measured as of Sept. 30, 2023, and the total OPEB liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation rolled forward from September 30, 2022. The District's proportion of the net OPEB asset/liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At Sept. 30, 2023, the District's proportion was 0.07825%, which was a decrease of 0.00061% from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the District recognized OPEB expense of \$(795,878). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	985,392	118,660
Net difference between projected and actual earnings on OPEB plan investments	1,350	-
Differences between actual and expected experience	-	3,344,807
Changes in proportion and differences between employer contributions and proportionate share of contributions	156,061	121,475
Employer contributions subsequent to the measurement date	605,897	-
<b>Total</b>	<b>1,748,700</b>	<b>3,584,942</b>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB (asset)/liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)</b>	
2024	(818,995)
2025	(723,886)
2026	(296,328)
2027	(269,606)
2028	(219,114)
Thereafter	(114,210)

Meridian Public Schools  
Notes to the Financial Statements  
June 30, 2024

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	Sept. 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.50% Year 1 graded to 3.5% Year 15 Post-65: 6.25% Year 1 graded to 3.5% Year 15
Mortality (Retirees):	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Mortality (Active):	PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions (Opt-Out Assumption):	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Other Assumptions (Survivor Coverage):	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Other Assumptions (Coverage Election at Retirement):	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

**Notes:**

- 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 valuations beginning with the Sept. 30, 2023 valuation. The total OPEB liability as of Sept. 30, 2023, is based on the results of an actuarial valuation date of Sept. 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.5099
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

Meridian Public Schools  
Notes to the Financial Statements  
June 30, 2024

**Long-term Expected Return on Plan Assets**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of Sept. 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
Private Equity Pools	16.0%	9.6%
International Equity	15.0%	6.8%
Fixed Income Pools	13.0%	1.3%
Real Estate and Infrastructure Pools	10.0%	6.4%
Absolute Return Pools	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	7.3%
Short-Term Investment Pools	2.0%	0.3%
TOTAL	100.0%	
*Long-term rates of return are net of administrative expenses and 2.7% inflation.		

**Rate of Return**

For the plan year ended Sept. 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

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

**Sensitivity of the District's proportionate share of the net OPEB (asset)/liability to changes in the discount rate**

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
458,884	(442,639)	(1,217,409)

**Sensitivity of the District's proportionate share of the net OPEB (asset)/liability to Healthcare Cost Trend Rate**

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
(1,219,341)	(442,639)	398,007

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS ACFR, available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Payables to the OPEB Plan**

The District reported payables to the defined benefit OPEB plan in the amount of \$62,937 as of June 30, 2024.

**NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS**

As of June 30<sup>th</sup>, the composition of net investment in capital assets was comprised of the following:

Net investment in capital assets	Amount
Capital assets being depreciated, net	40,354,779
Capital related general obligation bonds	(28,575,000)
Unamortized premium/discount on bonds	(2,996,687)
Unspent bond proceeds held in the capital projects funds	646,412
Net investment in capital assets	9,429,504

**NOTE 11 - RISK MANAGEMENT**

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

**NOTE 12 - TRANSFERS**

During the year the following transfers were made between funds:

- The transfer of \$15,000 from the food service fund to the general fund to account for indirect costs.
- The transfer of \$656 from the general fund to the school lunch fund was for At Risk Section 31a breakfast costs.
- The transfer of \$819,954 from the capital improvements fund to the 2014 capital projects (phase III) fund was to help pay for a football field project.

**NOTE 13 – CONTINGENT LIABILITIES**

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

**NOTE 14 – RETIREMENT INCENTIVE PLAN**

Certain teachers and administrators of the District have elected to participate in a retirement incentive program established by the District for those meeting various eligibility requirements. The District deposits funds into a special pay plan created in accordance with Section 403b of the Internal Revenue Code on behalf of the qualifying employee. The employee may utilize such funds in a manner specified by the special pay plan. The expenditures for this plan were \$0 for the year ended June 30<sup>th</sup>, 2024. The outstanding long-term liability under this plan at year-end is included in NOTE 7 – DEBT.

**NOTE 15 – ECONOMIC DEPENDENCE**

The District receives over 70% of its General Fund revenues from the Michigan Department of Education. Due to the significance of this revenue source, the District is considered to be economically dependent.

**NOTE 16 – DEFICIT FUND EQUITY**

As of year-end, the 2014 Debt fund (phase II), a non-major fund, has a deficit fund balance of (\$46,726). This deficit will be eliminated when the District receives tax revenue in January of 2025.

**NOTE 17 - TAX ABATEMENTS**

The District is required to disclose significant tax abatements as required by GASB Statement No. 77 (*Tax Abatements*). For the year ended June 30<sup>th</sup>, the District did not receive reduced property tax revenues as a result of tax abatements from taxing authorities within its district boundaries. Additionally, there are no abatements made by the District.

**NOTE 18 - FUND BALANCE – NON SPENDABLE, COMMITTED, AND RESTRICTED**

Non-spendable fund balance for the General Fund is for prepaids. Fund balance in the Food Service Fund is restricted for food service activities. Fund balance for the Student Activities Funds is restricted for student activities. Fund balance for the Debt Service Funds is restricted for debt service. Fund balance for the Capital Projects Funds is restricted for capital improvements.

Fund balance in the General Fund has been committed by the Board of Education for the following items at June 30<sup>th</sup>.

Description	Amount
Capital Projects – Athletic Facility	200,000

**NOTE 19 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 101, *Compensated Absences*, was issued by the GASB in June 2022 and will be effective for fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement 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 requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. 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.

GASB Statement No. 102, *Certain Risk Disclosures*, was issued by the GASB in December of 2023 and will be effective for fiscal year 2025. 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.

GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued by the GASB in April of 2024 and will be effective for fiscal year 2026. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. 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;
  - ii. Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. 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 should be presented after the fund financial statements;
- e. 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.

**REQUIRED SUPPLEMENTARY INFORMATION**



Meridian Public Schools  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$2,112,364	\$2,279,411	\$ 2,288,995	\$ 9,584
State sources	15,456,169	16,460,385	16,145,336	(315,049)
Federal sources	1,012,106	1,118,694	1,097,403	(21,291)
Other sources	1,000,030	1,102,922	1,165,547	62,625
<b>Total revenues</b>	<b>19,580,669</b>	<b>20,961,412</b>	<b>20,697,281</b>	<b>(264,131)</b>
<b>Expenditures</b>				
Instruction				
Basic programs	8,178,783	8,523,088	8,233,875	289,213
Added needs	2,989,447	3,013,878	3,002,146	11,732
<b>Total instruction</b>	<b>11,168,230</b>	<b>11,536,966</b>	<b>11,236,021</b>	<b>300,945</b>
Support services				
Pupil	1,405,936	1,422,489	1,386,635	35,854
Instructional staff	895,808	1,006,889	945,639	61,250
General administration	451,464	518,014	510,726	7,288
School administration	1,545,853	1,637,690	1,677,532	(39,842)
Business services	368,039	386,069	391,556	(5,487)
Operation and maintenance	1,630,015	1,770,018	1,708,784	61,234
Pupil transportation	889,954	1,062,087	1,032,809	29,278
Central	880,332	1,046,958	938,184	108,774
Other	30,370	46,166	11,693	34,473
<b>Total support services</b>	<b>8,097,771</b>	<b>8,896,380</b>	<b>8,603,558</b>	<b>292,822</b>
Community activities	452,377	564,338	538,691	25,647
Payments to Other Govt Entities	-	-	-	-
Other	-	-	26,886	(26,886)
<b>Total expenditures</b>	<b>19,718,378</b>	<b>20,997,684</b>	<b>20,405,156</b>	<b>592,528</b>
<b>Revenues over (under) expenditures</b>	<b>(137,709)</b>	<b>(36,272)</b>	<b>292,125</b>	<b>328,397</b>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	15,000	15,000
Transfer out	-	-	(656)	(656)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>14,344</b>	<b>14,344</b>
<b>Net change in fund balance</b>	<b>(137,709)</b>	<b>(36,272)</b>	<b>306,469</b>	<b>342,741</b>
<b>Fund balances - beginning of year</b>	<b>3,861,496</b>	<b>3,861,496</b>	<b>3,861,496</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ 3,723,787</b>	<b>\$ 3,825,224</b>	<b>\$ 4,167,965</b>	<b>\$ 342,741</b>

Meridian Public Schools  
Michigan Public School Employees Retirement Plan  
Prospective 10-year trend information - Pension

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

Description	Plan year Sept. 30, 2014	Plan year Sept. 30, 2015	Plan year Sept. 30, 2016	Plan year Sept. 30, 2017	Plan year Sept. 30, 2018
District's proportion of net pension liability (%)	0.07584%	0.07607%	0.07770%	0.07939%	0.07942%
District's proportionate share of net pension liability	\$ 16,705,363	\$ 18,579,373	\$ 19,386,363	\$ 20,573,505	\$ 23,874,788
District's covered employee payroll	\$ 6,446,140	\$ 6,352,622	\$ 6,387,823	\$ 6,700,674	\$ 6,804,612
District's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	259.2%	292.5%	303.5%	307.0%	350.9%
Plan fiduciary net position as a percentage of total pension liability	66.2%	62.9%	63.0%	63.3%	62.4%

*Note: Amounts were determined as of 9/30 for each fiscal year.*

**Schedule of the District's Pension Contributions**

Schedule of the District's Contributions	Fiscal year June 30, 2015	Fiscal year June 30, 2016	Fiscal year June 30, 2017	Fiscal year June 30, 2018	Fiscal year June 30, 2019
Statutorily required contributions	\$ 1,415,226	\$ 1,749,417	\$ 1,866,427	\$ 1,482,478	\$ 1,422,637
Contributions in relation to statutorily required contributions	1,415,226	1,749,417	1,866,427	1,482,478	1,422,637
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,447,678	\$ 6,257,346	\$ 6,692,919	\$ 6,755,955	\$ 6,619,219
Contributions as a percentage of covered-employee payroll	21.9%	28.0%	27.9%	21.9%	21.5%

*Note: Amounts were determined as of 6/30 for each fiscal year.*

**Notes to Required Supplementary Information**

Changes of benefit terms: There were no changes to benefit terms

Changes of assumptions: Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

Meridian Public Schools  
Michigan Public School Employees Retirement Plan  
Prospective 10-year trend information - Pension

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

Description	Plan year Sept. 30, 2019	Plan year Sept. 30, 2020	Plan year Sept. 30, 2021	Plan year Sept. 30, 2022	Plan year Sept. 30, 2023
District's proportion of net pension liability (%)	0.07714%	0.07681%	0.07716%	0.07848%	0.07874%
District's proportionate share of net pension liability	\$ 25,545,231	\$ 26,385,376	\$ 18,268,086	\$ 29,515,816	\$ 25,484,934
District's covered employee payroll	\$ 6,625,909	\$ 6,943,231	\$ 6,975,046	\$ 7,721,259	\$ 7,857,912
District's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	385.5%	380.0%	261.9%	382.3%	324.3%
Plan fiduciary net position as a percentage of total pension liability	60.3%	59.7%	72.6%	60.8%	65.9%

*Note: Amounts were determined as of 9/30 for each fiscal year.*

**Schedule of the District's Pension Contributions**

Schedule of the District's Contributions	Fiscal year June 30, 2020	Fiscal year June 30, 2021	Fiscal year June 30, 2022	Fiscal year June 30, 2023	Fiscal year June 30, 2024
Statutorily required contributions	\$ 2,069,548	\$ 2,227,598	\$ 2,618,725	\$ 3,604,059	\$ 3,200,633
Contributions in relation to statutorily required contributions	2,069,548	2,227,598	2,618,725	3,604,059	3,200,633
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,905,737	\$ 6,874,228	\$ 7,582,476	\$ 8,011,217	\$ 8,222,971
Contributions as a percentage of covered-employee payroll	30.0%	32.4%	34.5%	45.0%	38.9%

*Note: Amounts were determined as of 6/30 for each fiscal year.*

**Notes to Required Supplementary Information**

Changes of benefit terms: There were no changes to benefit terms

Changes of assumptions: Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

Meridian Public Schools  
Michigan Public School Employees Retirement Plan  
Prospective 10-year trend information - OPEB

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

Description	Plan year Sept. 30, 2017	Plan year Sept. 30, 2018	Plan year Sept. 30, 2019	Plan year Sept. 30, 2020	Plan year Sept. 30, 2021
District's proportion of net OPEB (asset)/liability (%)	0.07939%	0.07965%	0.07575%	0.07805%	0.07669%
District's proportionate share of net OPEB (asset)/liability	\$ 7,029,954	\$ 6,331,202	\$ 5,437,029	\$ 4,181,276	\$ 1,170,677
District's covered employee payroll	\$ 6,700,674	\$ 6,804,612	\$ 6,625,909	\$ 6,943,231	\$ 6,975,046
District's proportionate share of net OPEB (asset)/liability as a percentage of its covered employee payroll (%)	104.9%	93.0%	82.1%	60.4%	16.8%
Plan fiduciary net position as a percentage of total OPEB liability	36.4%	43.0%	48.5%	59.4%	87.3%

*Note: Amounts were determined as of 9/30 for each fiscal year.*

**Schedule of the District's OPEB Contributions**

Schedule of the Reporting Unit's Contributions	Fiscal year June 30, 2018	Fiscal year June 30, 2019	Fiscal year June 30, 2020	Fiscal year June 30, 2021	Fiscal year June 30, 2022
Statutorily required contributions	\$ 233,957	\$ 258,111	\$ 583,197	\$ 573,892	\$ 622,994
Contributions in relation to statutorily required contributions	233,957	258,111	583,197	573,892	622,994
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,755,955	\$ 6,619,219	\$ 6,905,737	\$ 6,874,228	\$ 7,582,476
Contributions as a percentage of covered-employee payroll	3.5%	3.9%	8.4%	8.4%	8.2%

*Note: Amounts were determined as of 6/30 for each fiscal year.*

**Notes to Required Supplementary Information**

Changes of benefit terms: There were no changes to benefit terms

Changes of assumptions: The Healthcare cost trend rate pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen. The Healthcare cost trend rate post 65 increased to 6.25% for year one and graded to 3.5% for year fifteen from 5.25% for year one and graded to 3.5% for year fifteen. Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

Meridian Public Schools  
Michigan Public School Employees Retirement Plan  
Prospective 10-year trend information - OPEB

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

Description	Plan year Sept. 30, 2022	Plan year Sept. 30, 2023
District's proportion of net OPEB (asset)/liability (%)	0.07886%	0.07825%
District's proportionate share of net OPEB (asset)/liability	\$ 1,670,275	\$ (442,639)
District's covered employee payroll	\$ 7,721,259	\$ 7,857,912
District's proportionate share of net OPEB (asset)/liability as a percentage of its covered employee payroll (%)	21.6%	-5.6%
Plan fiduciary net position as a percentage of total OPEB liability	83.1%	-105.0%

*Note: Amounts were determined as of 9/30 for each fiscal year.*

**Schedule of the District's OPEB Contributions**

Schedule of the Reporting Unit's Contributions	Fiscal year June 30, 2023	Fiscal year June 30, 2024
Statutorily required contributions	\$ 640,006	\$ 677,535
Contributions in relation to statutorily required contributions	640,006	677,535
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,011,217	\$ 8,222,971
Contributions as a percentage of covered-employee payroll	8.0%	8.2%

*Note: Amounts were determined as of 6/30 for each fiscal year.*

**Notes to Required Supplementary Information**

Changes of benefit terms: There were no changes to benefit terms

Changes of assumptions: The Healthcare cost trend rate pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen. The Healthcare cost trend rate post 65 increased to 6.25% for year one and graded to 3.5% for year fifteen from 5.25% for year one and graded to 3.5% for year fifteen. Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

**OTHER SUPPLEMENTARY INFORMATION**



Meridian Public Schools  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2024

	Special Revenue Funds		Debt Funds					Capital Projects Funds				Total Non-major Funds
	Food Service	Student Activities	2014 Debt (Phase I)	2015 Refunding Debt	2018 Debt	2014 Debt (Phase II)	2014 Debt (Phase III)	Capital Improvement	2014 Capital Projects (Phase II)	2018 Capital Projects	2014 Capital Projects (Phase III)	
<b>Assets</b>												
Cash and cash equivalents	\$ 478,465	\$ 226,195	\$ 21,492	\$ 93,740	\$ 65,362	\$ 110,545	\$ 21,761	\$ 250,683	\$ 45,699	\$ 7,910	\$ 592,803	\$ 1,914,655
Due from other funds	10,077	-	-	-	175,000	17,729	-	-	-	-	-	202,806
<b>Total assets</b>	<b>\$ 488,542</b>	<b>\$ 226,195</b>	<b>\$ 21,492</b>	<b>\$ 93,740</b>	<b>\$ 240,362</b>	<b>\$ 128,274</b>	<b>\$ 21,761</b>	<b>\$ 250,683</b>	<b>\$ 45,699</b>	<b>\$ 7,910</b>	<b>\$ 592,803</b>	<b>\$ 2,117,461</b>
<b>Liabilities</b>												
Accounts payable	\$ 11,347	\$ 1,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,557
Due to other funds	15,001	-	-	-	17,729	175,000	-	-	-	-	-	207,730
Unearned revenue	8,446	-	-	-	-	-	-	-	-	-	-	8,446
<b>Total liabilities</b>	<b>34,794</b>	<b>1,210</b>	<b>-</b>	<b>-</b>	<b>17,729</b>	<b>175,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228,733</b>
<b>Fund Balance</b>												
Restricted:												
Food service	453,748	-	-	-	-	-	-	-	-	-	-	453,748
Student activities	-	224,985	-	-	-	-	-	-	-	-	-	224,985
Debt service	-	-	21,492	93,740	222,633	(46,726)	21,761	-	-	-	-	312,900
Capital projects	-	-	-	-	-	-	-	250,683	45,699	7,910	592,803	897,095
<b>Total fund balance</b>	<b>453,748</b>	<b>224,985</b>	<b>21,492</b>	<b>93,740</b>	<b>222,633</b>	<b>(46,726)</b>	<b>21,761</b>	<b>250,683</b>	<b>45,699</b>	<b>7,910</b>	<b>592,803</b>	<b>1,888,728</b>
<b>Total liabilities and fund balance</b>	<b>\$ 488,542</b>	<b>\$ 226,195</b>	<b>\$ 21,492</b>	<b>\$ 93,740</b>	<b>\$ 240,362</b>	<b>\$ 128,274</b>	<b>\$ 21,761</b>	<b>\$ 250,683</b>	<b>\$ 45,699</b>	<b>\$ 7,910</b>	<b>\$ 592,803</b>	<b>\$ 2,117,461</b>

Meridian Public Schools  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-major Governmental Funds  
For the Year Ended June 30, 2024

	Special Revenue Funds		Debt Funds					Capital Projects Funds				Total Non-major Funds
	Food Service	Student Activities	2014 Debt (Phase I)	2015 Refunding Debt	2018 Debt	2014 Debt (Phase II)	2014 Debt (Phase III)	Capital Improvement	2014 Capital Projects (Phase II)	2018 Capital Projects	2014 Capital Projects (Phase III)	
<b>Revenues</b>												
Local sources	\$ 54,157	\$ 207,730	\$ 252,698	\$ 1,125,270	\$ 943,793	\$ 181,437	\$ 260,570	\$ 34,252	\$ 84	\$ -	\$ 842	\$ 3,060,833
State sources	315,240	-	-	-	-	-	-	-	-	-	-	315,240
Federal sources	839,533	-	-	-	-	-	-	-	-	-	-	839,533
<b>Total revenues</b>	<b>1,208,930</b>	<b>207,730</b>	<b>252,698</b>	<b>1,125,270</b>	<b>943,793</b>	<b>181,437</b>	<b>260,570</b>	<b>34,252</b>	<b>84</b>	<b>-</b>	<b>842</b>	<b>4,215,606</b>
<b>Expenditures</b>												
Food service activities	1,039,249	-	-	-	-	-	-	-	-	-	-	1,039,249
Student / school activities	-	150,987	-	-	-	-	-	-	-	-	-	150,987
Facilities construction & improvement	-	-	-	-	-	-	-	12,153	-	-	457,918	470,071
Bond and note redemptions	-	-	260,000	960,000	325,000	175,000	255,000	-	-	-	-	1,975,000
Interest and fees	-	-	62,865	496,900	909,165	54,065	82,868	-	-	-	-	1,605,863
Support services - other	210,176	1,772	-	-	-	-	-	-	-	-	-	211,948
<b>Total expenditures</b>	<b>1,249,425</b>	<b>152,759</b>	<b>322,865</b>	<b>1,456,900</b>	<b>1,234,165</b>	<b>229,065</b>	<b>337,868</b>	<b>12,153</b>	<b>-</b>	<b>-</b>	<b>457,918</b>	<b>5,453,118</b>
<b>Revenues over (under) expenditures</b>	<b>(40,495)</b>	<b>54,971</b>	<b>(70,167)</b>	<b>(331,630)</b>	<b>(290,372)</b>	<b>(47,628)</b>	<b>(77,298)</b>	<b>22,099</b>	<b>84</b>	<b>-</b>	<b>(457,076)</b>	<b>(1,237,512)</b>
<b>Other financing sources (uses)</b>												
Proceeds from borrowing	-	-	63,406	338,784	450,445	-	82,411	-	-	-	-	935,046
Transfers in	656	-	-	-	-	-	-	-	-	-	819,954	820,610
Transfers out	(15,000)	-	-	-	-	-	-	(819,954)	-	-	-	(834,954)
<b>Total other financing sources (uses)</b>	<b>(14,344)</b>	<b>-</b>	<b>63,406</b>	<b>338,784</b>	<b>450,445</b>	<b>-</b>	<b>82,411</b>	<b>(819,954)</b>	<b>-</b>	<b>-</b>	<b>819,954</b>	<b>920,702</b>
<b>Net change in fund balances</b>	<b>(54,839)</b>	<b>54,971</b>	<b>(6,761)</b>	<b>7,154</b>	<b>160,073</b>	<b>(47,628)</b>	<b>5,113</b>	<b>(797,855)</b>	<b>84</b>	<b>-</b>	<b>362,878</b>	<b>(316,810)</b>
<b>Fund balance, beginning of year</b>	<b>508,587</b>	<b>170,014</b>	<b>28,253</b>	<b>86,586</b>	<b>62,560</b>	<b>902</b>	<b>16,648</b>	<b>1,048,538</b>	<b>45,615</b>	<b>7,910</b>	<b>229,925</b>	<b>2,205,538</b>
<b>Fund balance, end of year</b>	<b>\$ 453,748</b>	<b>\$ 224,985</b>	<b>\$ 21,492</b>	<b>\$ 93,740</b>	<b>\$ 222,633</b>	<b>\$ (46,726)</b>	<b>\$ 21,761</b>	<b>\$ 250,683</b>	<b>\$ 45,699</b>	<b>\$ 7,910</b>	<b>\$ 592,803</b>	<b>\$ 1,888,728</b>



## Communication with Those Charged with Governance at the Conclusion of the Audit

To the Members of the Board  
Meridian Public Schools  
Sanford, Michigan

We have audited the financial statements of the and the aggregate remaining fund information of Meridian Public Schools (the District) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you during planning. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the payout of employee compensated absences is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's allocation of current and noncurrent compensated absences is based on an estimate of the percentage of employee's use of compensated absences.

Management's estimated lives of capital assets are based on the expected life of the asset. We evaluated the key factors and assumptions used to develop the estimated lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

The assumptions used in the actuarial valuations of the pension and other postemployment benefit plans are based on historical trends and industry standards. We evaluated the key factors and assumptions used to develop the information used in the financial statements in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements were detected as a result of audit procedures: In the debt funds, principal payments on debt of \$2,150,000 were incorrectly reported as interest expenditures. In the 2014 Capital Projects (Phase III) fund, transfers in of \$819,954 was incorrectly reported as other revenues. In the Capital Improvement fund, transfers out of \$819,954 was incorrectly reported as expenditures. Journal entries were subsequently posted by management to correct these misstatements.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

The school district is required to limit its net cash resources to an amount that does not exceed 3 months of its average expenditures of the non-profit food service fund per 7 CFR Part 210.14(b). As of year-end, the district's food service fund balance exceeded the 3 months operating expenses by approximately \$96,591.

### Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison schedule and the prospective 10-year trend information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI. We were engaged to report on the combining statements which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

### Restriction on Use

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

Sincerely,

*Roslund, Prestage & Company, P.C.*

Roslund, Prestage & Company, P.C.  
Certified Public Accountants