

Midland Public Schools

Financial Statements

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

Table of Contents

Section		Page
1	Members of the Board of Education and Administration	1 - 1
2	Independent Auditors' Report	2 - 1
3	Management's Discussion and Analysis	3 - 1
4	Basic Financial Statements	
	District-wide Financial Statements	
	Statement of Net Position	4 - 1
	Statement of Activities	4 - 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 - 4
	Reconciliation of the Balance Sheet of	
	Governmental Funds to the Statement of Net Position	4 - 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 7
	Reconciliation of the Statement of Revenues, Expenditures and	
	Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 9
	Notes to the Financial Statements	4 - 10

Section**Page****5 Required Supplementary Information**

Budgetary Comparison Schedule - General Fund	5 - 1
Schedule of the School District's Proportionate Share of the Net Pension Liability	5 - 3
Schedule of the School District's Pension Contributions	5 - 4
Schedule of the School District's Proportionate Share of the Net OPEB Liability	5 - 5
Schedule of the School District's OPEB Contributions	5 - 6

6 Other Supplementary Information

Non-major Governmental Funds	
Combining Balance Sheet	6 - 1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6 - 2
General Fund	
Comparative Balance Sheet	6 - 3
Schedule of Revenues	6 - 5
Schedule of Expenditures	6 - 6

Midland Public Schools
Members of the Board of Education and Administration
June 30, 2023

Members of the Board of Education

Mr. Scott McFarland – President

Mr. Phil Rausch – Vice President

Mr. Jon Lauderbach – Treasurer

Mr. John Hatfield – Secretary

Ms. Ann Horowitz –Trustee

Mr. Brad Blasy – Trustee

Ms. Jennifer Ringgold– Trustee

Superintendent of Schools

Penny Miller-Nelson – Superintendent



Independent Auditors' Report

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Midland Public Schools, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Midland Public Schools, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023 the School District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

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 Midland Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Midland Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Midland Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Midland Public Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, other than the prior year 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, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Supplementary Information

We have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Midland Public Schools' basic financial statements as of and for the year ended June 30, 2022, which are not presented with the accompanying basic financial statements. In our report dated September 6, 2022, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Midland Public Schools' basic financial statements as a whole. The 2022 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the 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 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 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 2022 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2023 on our consideration of Midland Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Midland Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Midland Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

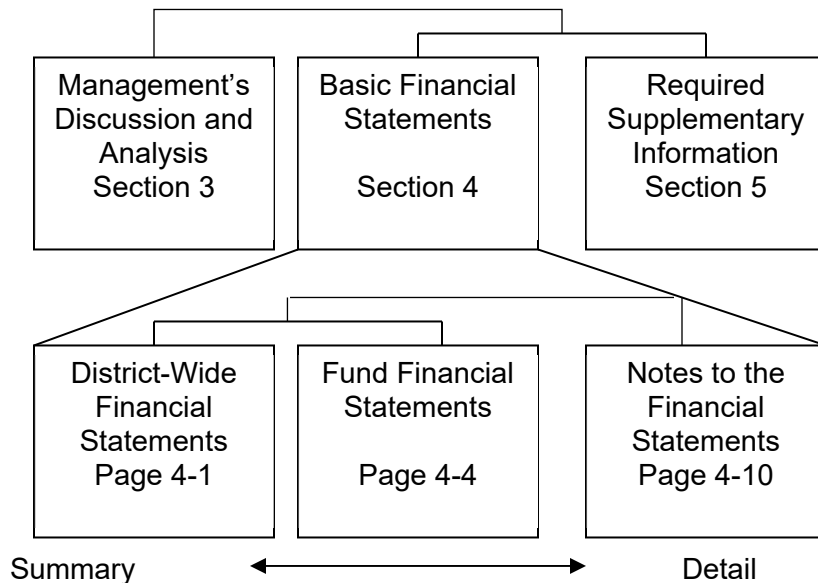
Midland, Michigan
September 5, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Midland Public Schools
Management Discussion and Analysis
June 30, 2023

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB). The overall organization of this report is shown in Figure A-1.

Figure A-1
Midland Public Schools
Organization of Annual Financial Report



District –Wide Financial Statements

The District-wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position (page 4-1) combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities (page 4-3) accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various district services.

When analyzed together, the two statements help the reader determine whether the District is financially stronger or weaker as a result of the year's activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the district, reporting the District's operation in more detail than the district-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Public School Accounting Manual*. In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds. The funds used by Midland Public Schools include Capital Project Funds, and Special Revenue Funds for Food Service, Student Activity, and the Charger Shop Bookstore.

Midland Public Schools
Management Discussion and Analysis
June 30, 2023

Financial Analysis of the District as a Whole

Summary of Net Position

	Governmental Activities June 30, 2023	Governmental Activities June 30, 2022
Assets and Deferred Outflows		
Current assets	\$ 60,469,593	\$ 57,015,272
Capital and right to use assets	186,879,456	175,629,111
Less accumulated depreciation	(65,376,264)	(59,423,971)
Capital and right to use assets, net book value	121,503,192	116,205,140
Deferred outflows of resources	71,263,149	39,443,171
Total assets and deferred outflows	253,235,934	212,663,583
Liabilities and Deferred Inflows		
Current liabilities	11,907,616	13,203,009
Noncurrent liabilities	279,387,930	206,627,572
Deferred inflows of resources	38,165,259	77,311,159
Total liabilities and deferred inflows	329,460,805	297,141,740
Net Position		
Net investment in capital assets	45,243,317	40,838,361
Restricted	2,813,440	3,388,718
Unrestricted	(124,281,628)	(128,705,236)
Total net position	\$ (76,224,871)	\$ (84,478,157)

The *Summary of Net Position* and the *Statement of Net Position from Operating Results* on the next page show the changes in the District's net position. Unrestricted net position is similar but not identical to fund balance. Other assets are restricted for capital projects and food service operations. A reconciliation of the difference between changes in net position and changes in fund balance is on page 4-9. In 2022/23 there is an increase in net position. This is largely due to an increase in capital assets made possible by ongoing bond improvements.

Statement of Net Position from Operating Results

	Governmental Activities Year Ended June 30, 2023	Governmental Activities Year Ended June 30, 2022
Revenues		
Program revenues		
Charges for services	\$ 2,679,762	\$ 2,277,196
Operating grants and contributions	38,363,900	30,544,933
Capital grants and contributions	-	165,385
General revenues		
Property taxes	27,279,866	27,108,067
State foundation allowance	51,748,026	44,863,817
Other	1,268,968	854,500
Total revenues	121,340,522	105,813,898
Expenses		
Instruction	66,229,799	55,857,559
Support services	40,890,763	34,968,912
Food services	3,736,965	3,635,982
Other transactions	2,229,709	2,000,540
Total expenses	113,087,236	96,462,993
Increase (decrease) in net assets	\$ 8,253,286	\$ 9,350,905

The largest component of revenues is the per-pupil Foundation Allowance which is legislatively established each year and varies by district. It is comprised of a state portion and the amount raised by the District's non-homestead property tax levy of 18 mills.

The combined total is based on two variables:

1. The State of Michigan State Aid Act per student foundation allowance

Midland Public Schools
Management Discussion and Analysis
June 30, 2023

2. Student enrollment calculated by blending 90 percent of the current year's fall count and 10 percent of the prior year's winter count

Revenue is determined by multiplying the two variables and adjusting for the lower foundation allowance of students attending Midland Public Schools from other school districts. Detailed information on both components is on page 3-4.

The School District's Funds

A school district accounting system is organized and operated on a fund basis. Legal reporting requirements and the varied nature of the District's operations make it necessary to account for activities through the use of separate funds. Financial statements for the General Fund are on pages 5-1 and 5-2 and 6-3 through 6-15.

The District governmental funds reported a combined fund balance of \$47.3 million, which is a increase of \$4.8 million from last year. The changes in the individual funds are:

- In the General Fund, our principal operating fund, the fund balance increased by \$2,075,674. The Board of Education was aware of the possibility of revenues exceeding expenditures and is committed to building a healthy fund balance to maintain critical District programming in the case of an economic downturn. The reserves and designations of fund balance are identified on page 4-5.
- The 2023 Building and Site Bond Fund was a new fund in the current year, as a result the fund balance increased \$8,291,209. Planned expenditures for these funds include technology and bus fleet updates.
- The overall fund balance in the Non-Major Governmental Funds decreased by \$5,528,799. This change is mostly attributable to shifting the 2019 Building and Site bond fund to non-Major

Governmental Funds. The district continued to utilize the PRME fund to ensure facility maintenance and upgrades keep pace with increasing needs. Additional detail on the changes in the Non-Major Governmental Funds is available on pages 6-1 and 6-2. Additional detail on the changes in the Non-Major Governmental Funds is available on pages 6-1 and 6-2.

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. In 2022/23, the State increased funding levels to \$9,170 per pupil (\$412 per-pupil increase from 2021/22).

Student Enrollment

The District's state aid membership for 2022/23 was 7,460 students. This is a decrease of 46 students from the previous school year. It is relevant to note that the previous year membership count did not reflect actual enrollment. The state instituted a 'pandemic blend' to protect districts from significant budgetary impacts due to the pandemic. Actual enrollment was 7,441 in 20/21 (drop related to the pandemic).

The following summarizes fall student enrollments in the past five years:

Enrollment History

	Student FTE	FTE Change from Prior Year
2022/23	7,460	(46)
2021/22	7,506	(159)
2020/21	7,665	(75)
2019/20	7,740	64
2018/19	7,676	(11)

Midland Public Schools

Management Discussion and Analysis

June 30, 2023

Preliminary student enrollment projections for 2023/24 indicate that the blended enrollment count is projected to decline by 56 students from 2022/23. The District continues to use Stanfred Consultants for assistance in projecting enrollment for budget purposes. County birthrates, current enrollment, and community factors all play a part in this forecast.

Property Taxes Levied for General Operations

The District levies 18 mills of property taxes for operations (General Fund) on Non-Homestead properties. A change in state tax law late in 2007 exempted industrial and commercial personal property from the operational millage and shifted the balance of funding to the foundation allowance. Included in the 18 mills is a hold harmless millage levied on all properties that is limited to the number of mills necessary to raise \$122 per pupil (Note: A law change in July 2021 lowered this rate from \$415.31. This change is reflected in the revenue collection decrease shown in the tax history chart below. The difference was captured in state aid rather than from the local tax payer.) Under Michigan law, the tax levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at lesser of the rate of the prior year's Consumer Price Index increase or 5 percent. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, theoretically 50 percent of the market value. The following summarizes the local tax revenues as a percent of all general fund revenues for the past five years:

Local Property Tax History

	Local Property Tax Revenue	% of General Fund Revenue
2022/23	\$ 19,079,693	17.6%
2021/22	19,347,700	21.0%
2020/21	20,784,398	22.4%
2019/20	20,010,378	24.1%
2018/19	19,487,994	23.2%

Local revenues in the table include the receipt of delinquent taxes from prior years; for the fiscal year ended June 30, 2023, the District had approximately \$18,000 of current year property taxes that had not been collected.

Capital Assets and Right to Use Assets

At June 30, 2023, the District had \$121,503,192 invested in capital assets including land, buildings, furniture, and equipment.

Assets	2023	2022
Land	\$ 410,000	\$ 410,000
Site Improvements	21,021,665	3,341,394
Buildings and improvements	145,465,711	138,553,678
Buses and other vehicles	4,475,538	18,890,002
Furniture and equipment	11,707,816	10,062,617
Construction in progress	433,906	4,371,420
Right to use asset - subscription arrangements	3,364,820	2,209,107
Subtotal	186,879,456	177,838,218
Less accumulated depreciation and amortization	(65,376,264)	(59,423,971)
	\$ 121,503,192	\$ 118,414,247

Midland Public Schools
Management Discussion and Analysis
June 30, 2023

Debt

At June 30, 2023 the District had \$79,770,000 in general obligation bonds outstanding versus \$77,985,000 in the previous year.

The School District's general obligation bond rating is Aa1 by Moody's Investors Service. The School District's rating by Standard & Poor's is A. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt does not approach the state limit.

Other obligations include accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Original versus Revised Budget

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The budget for 2022/23 was approved on June 6, 2022 and amended in March and June of 2023.

General Fund Revenues

Total Revenues Revised Budget	\$ 116,200,556
Total Revenues Original Budget	94,534,779
	<u>\$ 21,665,777</u>
Total Revenues Actual	\$ 109,460,682
Total Revenues Revised Budget	116,200,556
	<u>\$ (6,739,874)</u>

The actual variance from the final budget was 5.8%, primarily due to restricted unspent federal and state funds that will be carried over to the 2023/24 fiscal year.

Significant revenue budget adjustments for the year include (numbers are approximate):

- 147c2 – MPERS one-time flow through payment: \$4.65 million (direct in-out)
- 22a – Midland Cogeneration Venture Tax Adjustment: \$2.75 million (direct in-out)
- 22b – Discretionary State Aid (Special Education funding increase and misc. categoricals): \$1.95 million
- 31aa and 31n6 – Menal Health Funds: \$1.8 million
- 31A At-Risk Funding Increase and Carryover: \$1.57 million
- GASB 96 Technology Accounting Rule Change: \$1 million (net zero due to related expenditures)
- Section 97- School Safety: \$932,000

General Fund Expenditures

Total Expenditures Revised Budget	\$ 118,783,676
Total Expenditures Original Budget	99,413,354
	<u>\$ 19,370,322</u>
Total Expenditures Actual	\$ 107,385,008
Total Expenditures Revised Budget	118,783,676
	<u>\$ (11,398,668)</u>

The actual variance from the final budget was 9.6%. The variance is due to actual employer costs being lower than expected. In addition, the district had to account for technology accounting rule changes (GASB 96) for the first time. The predicted expenditures were higher

Midland Public Schools

Management Discussion and Analysis

June 30, 2023

than actuals. Familiarization with this new accounting rule will lead to closer expenditure predictions for this line in the future. The uncertainty of program implementation of the federal and state grant awards continued due to changing needs and shifting staffing patterns. Grant budgets that were not spent will be carried over to the 23-24 budget.

The expenditure budget adjustments variance was 19.5%. Numerous new categorical revenue streams (31aa, 97, etc.) had correlating expenditures. In addition, large dollar one-time events (147c2 Retirement Flow through and 22a Midland Cogeneration Venture tax adjustments) were not built into the original budget. Major expenditure adjustments for the year related to pandemic needs (increased staffing, wage adjustments (staff stipends) to react to labor market conditions/inflation, etc.) continued.

Economic Factors and Next Year's Budget and Rates

For 2023/24, the legislature had not adopted a final State School Aid Act before the Board of Education was required to adopt its budget at the June 19th meeting. The adopted budget included a deficit of approximately \$4.77 million (\$2.6 million accounting for expected variance). The Board of Education remains committed to providing substantial services and resources to students and staff throughout the 23-24 school year to aid in remediating learning loss. The General fund and Federal supplementary funds will continue to play a large role in providing these services.

The major assumptions for the 2023/24 budget include:

- A reduction in the blended count for enrollment of 50 students
- A \$450 per student increase (\$9,620).
- Federal Supplementary Pandemic Related Funds (ESSER III and 11T) Revenues: \$4,311,388

- MPSERS Cost Offset 147a (1&2) and 147e at the same levels as provided in 22-23
- Federal Allocations (IA, IIA, IVA, ID) budgeted at 85% of the 22-23 allocations.
- The continuation of Section 31aa, 31n, and 97 at the same level as 22-23
- 31A (At-Risk Funding) at \$2,900,000
- Steps and category increase for teachers. All employees received an increase in salary based on position.
- Increase of medical premiums of 8%.
- Retirement rate: 30.3% of payroll (Weighted Average)
- Staffing patterns continue to reflect elevated levels related to Federal supplementary funds to address pandemic related learning loss.

Requests for Information

This financial report is designed to give a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional information should be addressed to Associate Superintendent for Finance, Facilities and Operations, Midland Public Schools, 600 East Carpenter, Midland, MI 48640; telephone number 989-923-5078.

BASIC FINANCIAL STATEMENTS

Midland Public Schools
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash	\$ 23,096,871
Taxes receivable	8,056
Accounts receivable	36,658
Leases receivable	1,746,711
Due from other governmental units	16,252,655
Interest receivable	40,899
Inventory	97,252
Investments	18,927,438
Prepaid items	263,053
Right to use assets - net of amortization	2,834,610
Capital assets not being depreciated	843,906
Capital assets - net of accumulated depreciation	<u>117,824,676</u>
Total assets	<u>181,972,785</u>
Deferred outflows of resources	
Deferred amount relating to debt refunding	874,531
Deferred amount relating to the net pension liability	56,362,547
Deferred amount relating to the net OPEB liability	<u>14,026,071</u>
Total deferred outflows of resources	<u>71,263,149</u>

See Accompanying Notes to the Financial Statements

Midland Public Schools
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	\$ 2,359,237
Due to other governmental units	110,608
Payroll deductions and withholdings	3,621,025
Accrued expenditures	533,799
Accrued salaries payable	3,469,368
Unearned revenue	1,813,579
Noncurrent liabilities	
Net pension liability	181,498,592
Net OPEB liability	9,866,227
Debt due within one year	6,769,335
Debt due in more than one year	<u>81,253,776</u>
Total liabilities	<u>291,295,546</u>
Deferred inflows of resources	
Deferred amount on leases receivable	1,746,711
Deferred amount relating to net pension liability	14,584,339
Deferred amount relating to the net OPEB liability	<u>21,834,209</u>
Total deferred inflows of resources	<u>38,165,259</u>
Net position	
Net investment in capital assets	45,243,317
Restricted for	
Contributions for special projects	86,840
STEM	1,589,776
Debt service	19,037
Food service	1,117,787
Unrestricted (deficit)	<u>(124,281,628)</u>
Total net position	<u><u>\$ (76,224,871)</u></u>

See Accompanying Notes to the Financial Statements

Midland Public Schools
Statement of Activities
For the Year Ended June 30, 2023

	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Functions/Programs					
Governmental activities					
Instruction	\$ 66,229,799	\$ 1,129,225	\$ 25,429,540	\$ -	\$ (39,671,034)
Supporting services	40,890,763	651,434	10,224,308	-	(30,015,021)
Food services	3,736,965	899,103	2,710,052	-	(127,810)
Community services	206,064	-	-	-	(206,064)
Interest and fiscal charges on long-term debt	2,023,645	-	-	-	(2,023,645)
Total governmental activities	<u>\$ 113,087,236</u>	<u>\$ 2,679,762</u>	<u>\$ 38,363,900</u>	<u>\$ -</u>	<u>(72,043,574)</u>
General revenues					
Property taxes, levied for general purposes					19,301,377
Property taxes, levied for debt service					7,978,489
State aid - unrestricted					51,748,026
Interest and investment earnings					662,480
Gain on sale of capital assets					31,102
Other					<u>575,386</u>
Total general revenues					<u>80,296,860</u>
Change in net position					8,253,286
Net position - beginning					<u>(84,478,157)</u>
Net position - ending					<u>\$ (76,224,871)</u>

See Accompanying Notes to the Financial Statements

Midland Public Schools
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	2023 Building and Site Project Fund	Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 15,939,541	\$ 2,508,899	\$ 4,648,431	\$ 23,096,871
Taxes receivable	-	-	8,056	8,056
Accounts receivable	35,753	-	905	36,658
Leases receivable	1,746,711	-	-	1,746,711
Due from other governmental units	16,149,830	-	102,825	16,252,655
Interest receivable	40,899	-	-	40,899
Inventory	33,246	-	64,006	97,252
Investments	10,483,110	5,782,310	2,662,018	18,927,438
Prepaid items	239,488	-	23,565	263,053
	<u>\$ 44,668,578</u>	<u>\$ 8,291,209</u>	<u>\$ 7,509,806</u>	<u>\$ 60,469,593</u>
Liabilities				
Accounts payable	\$ 1,616,069	\$ -	\$ 743,168	\$ 2,359,237
Due to other governmental units	110,608	-	-	110,608
Payroll deductions and withholdings	3,621,025	-	-	3,621,025
Accrued expenditures	52,300	-	-	52,300
Accrued salaries payable	3,469,368	-	-	3,469,368
Unearned revenue	1,707,335	-	106,244	1,813,579
	<u>10,576,705</u>	<u>-</u>	<u>849,412</u>	<u>11,426,117</u>
Deferred inflows of resources				
Unavailable revenue				
Leases	1,746,711	-	-	1,746,711

See Accompanying Notes to the Financial Statements

Midland Public Schools
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	2023 Building and Site Project Fund	Non-major Governmental Funds	Total Governmental Funds
Fund balance				
Non-spendable				
Inventory	\$ 33,246	\$ -	\$ 64,081	\$ 97,327
Prepaid items	239,488	-	5,768	245,256
Restricted for				
Contributions for special projects	86,840	-	-	86,840
Capital improvements	-	8,291,209	2,194,671	10,485,880
Food service	-	-	1,048,971	1,048,971
Debt service	-	-	499,578	499,578
STEM	1,589,776	-	-	1,589,776
Committed - student activity	-	-	1,636,658	1,636,658
Assigned for				
Subsequent years' budget	4,765,472	-	-	4,765,472
Charger Shop Bookstore	-	-	70,246	70,246
PRME	-	-	1,140,421	1,140,421
Medical expenses	1,145,679	-	-	1,145,679
Post-bond copier replacement	1,000,000	-	-	1,000,000
Technology replacement	1,500,000	-	-	1,500,000
Bus replacement	600,000	-	-	600,000
Unassigned				
Cash flow management	21,384,661	-	-	21,384,661
Total fund balances	32,345,162	8,291,209	6,660,394	47,296,765
Total liabilities, deferred inflows of resources and fund balance	\$ 44,668,578	\$ 8,291,209	\$ 7,509,806	\$ 60,469,593

See Accompanying Notes to the Financial Statements

Midland Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances for governmental funds	\$ 47,296,765
Total net position 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.	
Right to use assets - net of amortization	2,834,610
Capital assets not being depreciated	843,906
Capital assets - net of accumulated depreciation	117,824,676
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	874,531
Deferred outflows of resources resulting from the net pension liability	56,362,547
Deferred outflows of resources resulting from the net OPEB liability	14,026,071
Deferred inflows of resources resulting from the net pension liability	(14,584,339)
Deferred inflows of resources resulting from the net OPEB liability	(21,834,209)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(481,499)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(181,498,592)
Net OPEB liability	(9,866,227)
Compensated absences	(402,825)
Bonds payable	(79,770,000)
Bond premium	(5,073,636)
Other loans payable and liabilities	<u>(2,776,650)</u>
Net position of governmental activities	<u><u>\$ (76,224,871)</u></u>

Midland Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	General Fund	2023 Building and Site Project Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 21,580,741	\$ 68,872	\$ 10,089,611	\$ 31,739,224
State sources	75,838,294	-	119,213	75,957,507
Federal sources	4,379,703	-	2,590,839	6,970,542
Inter-district sources	<u>6,642,147</u>	<u>-</u>	<u>-</u>	<u>6,642,147</u>
 Total revenues	 <u>108,440,885</u>	 <u>68,872</u>	 <u>12,799,663</u>	 <u>121,309,420</u>
Expenditures				
Current				
Education				
Instruction	64,501,444	-	-	64,501,444
Supporting services	37,993,115	1,765	999,273	38,994,153
Food services	-	-	3,425,746	3,425,746
Community services	201,031	-	-	201,031
Capital outlay	3,491,992	-	6,304,125	9,796,117
Debt service				
Principal	413,445	-	5,850,000	6,263,445
Interest and other expenditures	<u>481</u>	<u>122,232</u>	<u>2,533,797</u>	<u>2,656,510</u>
 Total expenditures	 <u>106,601,508</u>	 <u>123,997</u>	 <u>19,112,941</u>	 <u>125,838,446</u>
 Excess (deficiency) of revenues under expenditures	 <u>1,839,377</u>	 <u>(55,125)</u>	 <u>(6,313,278)</u>	 <u>(4,529,026)</u>

See Accompanying Notes to the Financial Statements

Midland Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>2023 Building and Site Project Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)				
Proceeds from issuance of bonds	\$ -	\$ 7,635,000	\$ -	\$ 7,635,000
Premium on issuance of bonds	-	711,334	-	711,334
Proceeds from subscription arrangements	989,674	-	-	989,674
Proceeds from sale of capital assets	20,911	-	10,191	31,102
Transfers in	9,212	-	803,685	812,897
Transfers out	<u>(783,500)</u>	<u>-</u>	<u>(29,397)</u>	<u>(812,897)</u>
 Total other financing sources (uses)	 <u>236,297</u>	 <u>8,346,334</u>	 <u>784,479</u>	 <u>9,367,110</u>
 Net change in fund balance	 2,075,674	 8,291,209	 (5,528,799)	 4,838,084
 Fund balances - beginning, restated	 <u>30,269,488</u>	 <u>-</u>	 <u>12,189,193</u>	 <u>42,458,681</u>
 Fund balances - ending	 <u><u>\$ 32,345,162</u></u>	 <u><u>\$ 8,291,209</u></u>	 <u><u>\$ 6,660,394</u></u>	 <u><u>\$ 47,296,765</u></u>

See Accompanying Notes to the Financial Statements

Midland 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, 2023

Net change in fund balances - Total governmental funds	\$ 4,838,084
Total change in net position reported for governmental activities in the statement of activities is 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 and reported as depreciation expense.	
Depreciation and amortization expense	(5,952,293)
Capital outlay	9,041,238
Expenses are recorded when incurred in the statement of activities.	
Interest	(69,784)
Compensated absences	25,719
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(66,020,032)
Net change in deferrals of resources related to the net pension liability	60,865,869
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	(2,303,224)
Net change in deferrals of resources related to the net OPEB liability	10,197,623
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. However in, the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(9,336,008)
Repayments of long-term debt	6,263,445
Amortization of premiums	810,163
Amortization of deferred amount on refunding	(107,514)
Change in net position of governmental activities	<u>\$ 8,253,286</u>

See Accompanying Notes to the Financial Statements

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

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

The School District reports the following major governmental funds:

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

2023 Building and Site Project Fund – The 2023 Building and Site Project Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service, Charger Shop Bookstore, and Student Activity.

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

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

Assets, Liabilities and Net Position or Equity

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

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

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

General Fund	
Principal residence exemption	0.4782
Non-principal residence	18.0000
Commercial personal property	6.0000
Industrial personal property	0.4782
Debt Service Funds	
All property	2.9500

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 80% of the School District's tax roll lies within the City of Midland. Property taxes assessed to Midland Cogeneration Venture, Dow Chemical Co. and Xalt Energy represent approximately 9%, 6% and 3%, respectively, of total fiscal year City of Midland 2022 tax revenues.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

taxes uncollected as of March 1 are purchased by the County of Midland and remitted to the School District by May 15.

Investments – Investments are stated at fair value.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of the general fund are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

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

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	7-50 years
Site improvements	20 years
Equipment and furniture	5-20 years
Buses and other vehicles	8 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refunding's are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a

difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences – Employees who are not teachers are awarded vacation days based on years of employment.

Sick days are earned by employees at a rate prorated at 15 days per year. There is no contractual provision for payment of unused sick days.

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

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

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

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

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

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

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

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

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

Use of Estimates

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

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

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

Upcoming Accounting and Reporting Changes

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making

decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

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

The School District is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

The Superintendent is authorized to transfer budgeted amounts within functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education. Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

The School District did not have significant expenditure budget variances.

Compliance - Bond Proceeds

The 2019 Building and Site Bond Fund is a fund that includes capital project activities funded with a bond issued May 7, 2019. The 2021 Energy Conservation Bond Fund is a fund that includes capital project activities fund with a bond issued March 25, 2021. The 2023 Building and Site Bond Fund is a fund that includes capital project activities funded with a bond issued March 14, 2023. For these capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures in the 2023 Building and Site Bond, 2019 Building and Site Bond and Energy Conservation Bond from the inception of the funds through the current fiscal year:

	2023 Building and Site Bond	2019 Building and Site Bond	Energy Conservation Bond
Revenues	\$ 8,415,206	\$ 42,780,276	\$ 4,066,546
Expenditures	<u>123,997</u>	<u>40,862,132</u>	<u>3,790,019</u>
	<u>\$ 8,291,209</u>	<u>\$ 1,918,144</u>	<u>\$ 276,527</u>

Note 3 – Deposits and Investments

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

	Governmental Activities
Cash	\$ 23,096,871
Investments	<u>18,927,438</u>
	<u>\$ 42,024,309</u>

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

Deposits (checking, savings accounts, money markets)	\$ 23,081,803
Investments in securities, mutual funds, and similar vehicles	18,927,438
Petty cash and cash on hand	<u>15,068</u>
Total	<u>\$ 42,024,309</u>

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

Investment	Fair Value	Maturities	Rating	Rating Organization
Stock	\$ 514,332	N/A	Unrated	N/A
U.S. Treasury Notes	16,265,420	Less than 1 year	AAA	S & P
Mutual Funds	<u>2,147,686</u>	N/A	Unrated	N/A
	<u>\$ 18,927,438</u>			

The stock is held for the Student Activity Fund. It was donated to the School District to be used to generate income to award scholarships to worthy students. Individual scholarship provisions specify how the investments and related income may be used. The U.S. treasury notes and mutual funds are holding excess cash in the General Fund.

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market. In addition, the District will invest operating funds primarily in short term securities and limiting the average maturity in accordance with the District's cash requirements.

Credit risk – State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The District's investment policy further limits its investment choices to only those financial institutions, brokers/dealers, intermediaries, and advisors that meet the pre-qualifications of the District as detailed in their investment policy.

Concentration of credit risk – The District will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The stock is held in one company.

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. The District has a deposit policy for custodial credit risk. As of year-end, \$20,531,388 of the District's bank balance of \$23,508,807 was exposed to custodial credit risk because it was uninsured and uncollateralized, \$2,727,420 was secured by the financial institution where the funds are held, and \$250,000 was insured.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities in

stock were uninsured and unregistered. As of June 30, 2023, the stock, mutual funds, and U.S. treasury notes had a carrying value of \$18,927,438 and was held by the School District's investment management company.

Note 4 – Leases Receivable

The School District has three significant agreements leasing district buildings for cell phone towers. Two of the leases commenced in November 2005 and automatically renew in 5-year terms through October 2060 unless the lessee notifies the lessor in writing of the lessee's intention not to extend the agreement at least 60 days prior to the expiration of any term. It is the School District's intent to exercise all renewals. Payments increase 10% each renewal term and range from \$1,997 to \$4,094 per month in future years with an implied interest rate of 3.07%.

The third lease commenced in October 2008 and automatically renews in 5-year terms through November 2053 unless the lessee notifies the lessor in writing of the lessee's intention not to extend the agreement at least 30 days prior to the expiration of any term. It is the School District intent to exercise all renewals. Payments increase 10% each renewal term and range from \$700 to \$1,128 per month in future years with an implied interest rate of 2.00%

The District collected \$61,207, from the tenants for the year ended June 30, 2023, which includes \$9,900 in lease revenue and \$51,307 in lease interest revenue.

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

A lease receivable and deferred inflows have been recorded to reflect future expected payments. Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2024	\$ 8,816
2025	7,980
2026	11,417
2027	13,370
2028	13,743
2029-2033	93,391
2034-2038	142,118
2039-2043	201,948
2044-2048	274,974
2049-2053	363,733
2054-2058	399,647
2059-2061	215,574
	\$ 1,746,711

Note 5 – Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2023:

- Stock of \$514,332 is valued using quoted market prices (Level 1 inputs).
- U.S. Treasury notes of \$10,483,110 is valued using quoted market prices (Level 1 inputs).

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

Note 6 – Capital Assets

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 410,000	\$ -	\$ -	\$ 410,000
Construction in progress	3,341,394	433,906	3,341,394	433,906
Total capital assets not being depreciated	3,751,394	433,906	3,341,394	843,906
Capital assets being depreciated				
Buildings and additions	138,553,678	6,912,033	-	145,465,711
Site improvements	18,890,002	2,131,663	-	21,021,665
Equipment and furniture	10,062,617	1,645,199	-	11,707,816
Buses and other vehicles	4,371,420	104,118	-	4,475,538
Right to use asset - subscription arrangements	2,209,107	1,155,713	-	3,364,820
Total capital assets being depreciated	174,086,824	11,948,726	-	186,035,550
Less accumulated depreciation for				
Buildings and additions	41,107,200	3,958,720	-	45,065,920
Site improvements	8,247,363	739,960	-	8,987,323
Equipment and furniture	7,046,925	461,883	-	7,508,808
Buses and other vehicles	3,022,483	261,520	-	3,284,003
Right to use asset - subscription arrangements	-	530,210	-	530,210
Total accumulated depreciation	59,423,971	5,952,293	-	65,376,264
Net capital assets being depreciated	114,662,853	5,996,433	-	120,659,286
Net capital assets	\$ 118,414,247	\$ 6,430,339	\$ 3,341,394	\$ 121,503,192
Right to use assets				
Right to use assets - net of amortization	\$ 2,209,107	\$ 625,503	\$ -	\$ 2,834,610
Capital assets				
Assets not being depreciated	3,751,394	433,906	3,341,394	843,906
Other capital assets, net of depreciation	112,453,746	5,370,930	-	117,824,676
Net capital assets	\$ 118,414,247	\$ 6,430,339	\$ 3,341,394	\$ 121,503,192

Depreciation and amortization expense was charged to activities of the School District as follows:

Governmental activities

Instruction	\$ 3,271,531
Support services	2,497,190
Food services	173,397
Community services	10,175
Total governmental activities	<u>\$ 5,952,293</u>

Construction Commitments

The School District has active construction projects as of June 30, 2023. At year end, the School District's commitment with contractors is as follows:

Project	Total Contract	Construction Commitment at Year End
H.H. Dow High School	\$ 66,000	\$ 66,000
Plymouth Elementary	371,143	87,843
Administration Building	437,685	393,917
District	410,813	303,976
	<u>\$ 1,285,641</u>	<u>\$ 851,736</u>

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

Note 7 – Unearned Revenue

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

Food service deposits	\$ 106,244
Grant and categorical aid payments	1,699,256
Other miscellaneous	<u>8,079</u>
Total	<u><u>\$ 1,813,579</u></u>

Note 8 – Interfund Activity

Interfund transfers consist of the following:

	<u>Transfers Out</u>		
	General Fund	Non-major Governmental Funds	Total
Transfers In			
General Fund	\$ -	\$ 9,212	\$ 9,212
Nonmajor governmental funds	<u>783,500</u>	<u>20,185</u>	<u>803,685</u>
	<u>\$ 783,500</u>	<u>\$ 29,397</u>	<u>\$ 812,897</u>

Transfers were made to reimburse the general fund for indirect costs incurred by the food service program. Transfers were made from General Fund to debt funds to move property tax collections. Transfers were made from the PRME fund to the HH Down Turf Project fund for projects. Transfers were made from the General Fund to the PRME fund for projects.

Note 9 - Subscription Based Information Technology Arrangements (SBITA)

The School District has entered into subscription-based information technology arrangements (SBITAs) involving:

- Various desktop and server software subscriptions
- Event registration and management software
- Electronic workflows software
- Information technology security software
- Cloud backup services software
- Document management software
- Financial and human resources services software
- Performance measurement/strategic planning/benchmarking software
- Risk management software
- A web-based job board software
- Student information system software

The future subscription payments under SBITA agreements are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 519,335	\$ 44,733	\$ 564,068
2025	410,689	37,808	448,497
2026	420,502	31,232	451,734
2027	415,073	24,738	439,811
2028	384,942	18,402	403,344
2029 - 2033	<u>626,109</u>	<u>20,087</u>	<u>646,196</u>
	<u>\$ 2,776,650</u>	<u>\$ 177,000</u>	<u>\$ 2,953,650</u>

Note 10 – Long-Term Debt

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

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

Long-term obligation activity is summarized as follows:

	Beginning			Ending	Amount Due
	Balance	Additions	Reductions	Balance	Within One
					Year
Bonds payable					
Government obligation bonds	\$ 77,985,000	\$ 7,635,000	\$ 5,850,000	\$ 79,770,000	\$ 5,850,000
Premium on bonds	<u>5,172,465</u>	<u>711,334</u>	<u>810,163</u>	<u>5,073,636</u>	<u>-</u>
Total bonds payable	83,157,465	8,346,334	6,660,163	84,843,636	5,850,000
Other liabilities					
Subscriptions	2,200,421	989,674	413,445	2,776,650	519,335
Compensated absences	<u>428,544</u>	<u>686,210</u>	<u>711,929</u>	<u>402,825</u>	<u>400,000</u>
Total	<u>\$ 85,786,430</u>	<u>\$ 10,022,218</u>	<u>\$ 7,785,537</u>	<u>\$ 88,023,111</u>	<u>\$ 6,769,335</u>

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

\$8,725,000 serial bonds due in annual installments of \$2,125,000 to \$2,350,000 through May 1, 2025, interest at 5.00%	\$ 4,575,000
\$39,860,000 serial bonds due in annual installments of \$1,240,000 to \$4,085,000 through May 1, 2035, interest at 0.38% to 2.33%	37,570,000
\$34,930,000 serial bonds due in annual installments of \$1,100,000 to \$2,575,000 through November 1, 2039, interest at 5.00%	26,525,000
\$3,875,000 serial bonds due in annual installments of \$215,000 to \$285,000 through May 1, 2037, interest at 2.00%	3,465,000
\$7,635,000 serial bonds due in annual installments of \$760,000 to \$1,070,000 through May 1, 2032, interest at 5.00%	<u>7,635,000</u>
Total government obligation bonds	<u>\$ 79,770,000</u>

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

Year ending June 30,	Principal	Interest	Total
2024	\$ 5,850,000	\$ 2,692,872	\$ 8,542,872
2025	6,185,000	2,446,040	8,631,040
2026	5,060,000	2,193,624	7,253,624
2027	5,105,000	2,063,744	7,168,744
2028	5,185,000	1,924,174	7,109,174
2029-2033	29,630,000	7,198,876	36,828,876
2034-2038	20,180,000	2,711,040	22,891,040
2039-2043	<u>2,575,000</u>	<u>128,750</u>	<u>2,703,750</u>
	<u>\$ 79,770,000</u>	<u>\$ 21,359,120</u>	<u>\$ 101,129,120</u>

The general obligation bonds are payable from the debt service funds. As of year-end, the debt service funds had a combined fund balance of \$500,536 to pay this debt. Future debt and interest will be payable from future tax levies. Other long-term debt liabilities are expected to be paid primarily by General Fund resources.

Deferred Amount on Refunding

The 2021 advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,064,205. The amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2035. The activity and resulting balance of this deferred amount is as follows:

	Beginning			Ending
	Balance	Additions	Reductions	Balance
Deferred amount on refunding	<u>\$ 982,045</u>	<u>\$ -</u>	<u>\$ 107,514</u>	<u>\$ 874,531</u>

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

Compensated Absences

Accrued compensated absences at year end consist of \$402,825 of vacation hours earned and vested. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 11 – Risk Management

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

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method the School District must reimburse the Employment Commission for all benefits charged against the School District for the year. The School District's unemployment compensation expense for the year was \$3,118. An amount of \$0 has been accrued for future claims in the district-wide financial statements.

Note 12 – Pension Plan

Plan Description

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

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees.

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

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

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

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. 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,

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

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

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

Contributions

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

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

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

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

Required contributions to the pension plan from the School District were \$16,425,610 for the year ending September 30, 2022.

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

At June 30, 2023, the School District reported a liability of \$181,498,592 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the School District's proportion was 0.4826 percent, which was a decrease of 0.0052 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the School District recognized pension expense of \$22,145,984 for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total pension contribution expense of \$17,201,254.

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

Section 147c of the State School Aid Act (MCL 388.1747c) was amended to include a one-time distribution to districts, intermediate districts, and other participating entities of MPERS, which is referred to as Section 147c(2). Section 147c(2) is required to be forwarded to the state's ORS as additional assets being contributed to the retirement system. This funding is a one-time, state payment toward the MPERS unfunded liability and not part of the actuarially determined contributions and therefore not included in the above pension expense, pension contributions or related deferred inflows/outflows of resources. For the period ending June 30, 2023, the School District recognized in their financial statements an additional amount related to Section 147c(2) of \$4,652,040 in total pension expense and offset in state revenues.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 1,815,619	\$ (405,812)	\$ 1,409,807
Changes in assumptions	31,187,962	-	31,187,962
Net difference between projected and actual earnings on pension plan investments	425,614	-	425,614
Changes in proportion and differences between district contributions and proportionate share of contributions	<u>2,296,171</u>	<u>(1,538,616)</u>	<u>757,555</u>
Total to be recognized in future	35,725,366	(1,944,428)	33,780,938
District contributions subsequent to the measurement date	<u>20,637,181</u>	<u>(12,639,911)</u>	<u>7,997,270</u>
	<u>\$ 56,362,547</u>	<u>\$ (14,584,339)</u>	<u>\$ 41,778,208</u>

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 ended June 30, 2024. The District will offset the contribution expense in the year ended June 30, 2024 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future Pension Expenses)

2023	\$ 9,941,371
2024	7,545,519
2025	6,007,446
2026	<u>10,286,602</u>
	<u>\$ 33,780,938</u>

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.

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

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

Recognition period for assets is 5 years.

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

Long-Term Expected Return on Plan Assets

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

	Long Term Expected Real Rate of
Asset Class	Target Allocation
Domestic Equity Pools	25.0 %
Private Equity Pools	16.0
International Equity	15.0
Fixed Income Pools	13.0
Real Estate and Infrastructure Pools	10.0
Absolute Return Pools	9.0
Real Return/Opportunistic Pools	10.0
Short Term Investment Pools	2.0
	<u>100.0%</u>

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

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

1% Decrease*	Current Single Discount Rate Assumption*	1% Increase*
5.00%	6.00%	7.00%
\$ 239,510,714	\$ 181,498,592	\$ 133,693,991

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

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

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

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

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

Note 13 – Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

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

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the

premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

Contributions

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

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

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

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

Required contributions to the OPEB plan from the School District were \$3,548,259 for the year ended September 30, 2022.

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

At June 30, 2023, the School District reported a liability of \$9,866,227 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The School District's proportion of the net OPEB liability was determined by dividing each employer statutorily required OPEB contributions to the

system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the School District's proportion was 0.4658 percent, which was a decrease of 0.0297 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the School District recognized OPEB expense of (\$4,115,314) for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total OPEB contribution expense of \$3,778,535.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (19,324,160)	\$ (19,324,160)
Changes in assumptions	8,794,085	(716,065)	8,078,020
Net difference between projected and actual earnings on OPEB plan investments	771,123	-	771,123
Changes in proportion and differences between district contributions and proportionate share of contributions	<u>1,187,490</u>	<u>(1,793,984)</u>	<u>(606,494)</u>
Total to be recognized in future	10,752,698	(21,834,209)	(11,081,511)
District contributions subsequent to the measurement date	<u>3,273,373</u>	<u>-</u>	<u>3,273,373</u>
	<u>\$ 14,026,071</u>	<u>\$ (21,834,209)</u>	<u>\$ (7,808,138)</u>

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2023	\$ (3,907,521)
2024	(3,347,219)
2025	(2,984,466)
2026	(339,223)
2027	(440,740)
Thereafter	(62,342)
	<u>\$ (11,081,511)</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2021
- Actuarial Cost Method: Entry Age, Normal

- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
- Mortality
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active RP-2014: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

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

Recognition period for assets in years is 5.0000.

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

Long-Term Expected Return on Plan Assets

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

Asset Class	Long Term Expected Real	
	Target Allocation	Rate of Return*
Domestic Equity Pools	25.0 %	5.1 %
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	10.5	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	12.5	5.8
Short Term Investment Pools	2.0	(0.5)
	<u>100.0%</u>	

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

Rate of Return

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

Discount Rate

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

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

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ 16,549,648	\$ 9,866,227	\$ 4,237,959

Midland Public Schools

Notes to the Financial Statements

June 30, 2023

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 4,131,504	\$ 9,866,227	\$ 16,303,568

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

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

Note 14 – Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2023.

Note 15 – Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by cities, villages, and townships within the County. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2023, the School District's property tax revenues were reduced by \$346,055 under these programs.

There are no significant abatements made by the School District.

Note 16 – Change in Accounting Principle

As indicated in Note 1, The School District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The statement establishes a definition for SBITAs and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement enhances the relevance and reliability of a government's financial statements by requiring a government to report a subscription right to use asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

Midland Public Schools
Notes to the Financial Statements
June 30, 2023

Net position as of the beginning of the fiscal year has been restated as follows:

	General Fund	Governmental Activities
	<u> </u>	<u> </u>
Net position/fund balance at June 30, 2022	\$ 30,278,174	\$ (93,829,062)
Adjustments		
Prepaid expense write off	(8,686)	(8,686)
Increase subscription right to use asset	-	2,209,107
Increase subscription liability	<u>-</u>	<u>(2,200,421)</u>
Restated net position/fund balance at June 30, 2022	<u><u>\$ 30,269,488</u></u>	<u><u>\$ (93,829,062)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Midland Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 20,342,432	\$ 21,322,730	\$ 21,580,741	\$ 258,011
State sources	62,385,511	76,430,471	75,838,294	(592,177)
Federal sources	6,041,367	8,483,081	4,379,703	(4,103,378)
Inter-district sources	5,735,469	7,033,802	6,642,147	(391,655)
 Total revenues	 94,504,779	 113,270,084	 108,440,885	 (4,829,199)
Expenditures				
Instruction				
Basic programs	46,068,195	54,270,874	49,471,649	(4,799,225)
Added needs	15,434,909	15,870,994	15,029,795	(841,199)
Supporting services				
Pupil	7,435,104	8,506,953	7,333,120	(1,173,833)
Instructional staff	7,612,017	8,560,023	7,805,352	(754,671)
General administration	929,726	962,478	924,004	(38,474)
School administration	5,379,764	5,748,025	5,652,498	(95,527)
Business	1,385,931	3,504,278	3,348,733	(155,545)
Operations and maintenance	6,105,609	6,652,853	6,516,663	(136,190)
Pupil transportation services	3,317,934	3,537,975	3,024,629	(513,346)
Central	2,912,893	2,625,623	2,123,079	(502,544)
Athletic activities	1,265,100	1,363,013	1,265,037	(97,976)
Community services	179,872	289,598	201,031	(88,567)
Capital outlay	1,109,300	5,255,989	3,491,992	(1,763,997)
Debt service				
Principal	-	850,000	413,445	(436,555)
Interest and fiscal charges	-	-	481	481
 Total expenditures	 99,136,354	 117,998,676	 106,601,508	 (11,397,168)
 Excess (deficiency) of revenues over expenditures	 (4,631,575)	 (4,728,592)	 1,839,377	 6,567,969

Midland Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other financing sources (uses)				
Proceeds from subscription arrangements	\$ -	\$ 2,900,472	\$ 989,674	\$ (1,910,798)
Proceeds from sale of capital assets	30,000	20,000	20,911	911
Transfers in	-	10,000	9,212	(788)
Transfers out	<u>(277,000)</u>	<u>(785,000)</u>	<u>(783,500)</u>	<u>1,500</u>
Total other financing sources (uses)	<u>(247,000)</u>	<u>2,145,472</u>	<u>236,297</u>	<u>(1,909,175)</u>
Net change in fund balance	(4,878,575)	(2,583,120)	2,075,674	4,658,794
Fund balance - beginning, restated	<u>30,269,488</u>	<u>30,269,488</u>	<u>30,269,488</u>	<u>-</u>
Fund balance - ending	<u>\$ 25,390,913</u>	<u>\$ 27,686,368</u>	<u>\$ 32,345,162</u>	<u>\$ 4,658,794</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. School District's proportion of net pension liability (%)	0.4826%	0.4878%	0.4762%	0.4762%	0.4720%	0.4767%	0.4848%	0.5099%	0.5161%	0.5369%
B. School District's proportionate share of net pension liability	\$ 181,498,592	\$ 115,478,560	\$ 163,573,436	\$ 163,573,436	\$ 156,304,199	\$ 143,296,386	\$ 125,634,585	\$ 127,217,694	\$ 126,056,999	\$ 118,253,941
C. School District's covered payroll	\$ 45,179,074	\$ 44,694,023	\$ 42,406,036	\$ 42,406,036	\$ 41,119,528	\$ 40,328,615	\$ 39,710,028	\$ 42,731,125	\$ 42,932,455	\$ 45,584,999
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	401.73%	258.38%	385.73%	385.73%	380.12%	355.32%	316.38%	297.72%	293.62%	259.41%
E. Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Note Disclosures

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

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

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

		For the Years Ended June 30,									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A.	Statutorily required contributions	\$ 17,201,254	\$ 16,349,620	\$ 14,618,424	\$ 12,950,251	\$ 12,408,361	\$ 13,031,500	\$ 9,514,853	\$ 7,903,041	\$ 11,142,292	
B.	Contributions in relation to statutorily required contributions	<u>17,201,254</u>	<u>16,349,620</u>	<u>14,618,424</u>	<u>12,950,251</u>	<u>12,408,361</u>	<u>13,031,500</u>	<u>9,514,853</u>	<u>7,903,041</u>	<u>11,142,292</u>	
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
D.	School District's covered payroll	\$ 49,714,752	\$ 44,524,242	\$ 44,393,572	\$ 42,137,142	\$ 40,752,245	\$ 40,083,864	\$ 50,890,617	\$ 41,203,107	\$ 43,433,366	
E.	Contributions as a percentage of covered payroll	34.60%	36.72%	32.93%	30.73%	30.45%	32.51%	18.70%	19.18%	25.65%	

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. School District's proportion of net OPEB liability (%)	0.4658%	0.4955%	0.4793%	0.4711%	0.4743%	0.4863%				
B. School District's proportionate share of net OPEB liability	\$ 9,866,227	\$ 7,563,003	\$ 25,676,573	\$ 33,817,889	\$ 37,704,253	\$ 43,060,419				
C. School District's covered payroll	\$ 45,179,074	\$ 44,694,023	\$ 42,406,036	\$ 41,119,528	\$ 40,328,615	\$ 39,710,028				
D. School District's proportionate share of net OPEB liability as a percentage of its covered payroll	21.84%	16.92%	60.55%	82.24%	93.49%	108.44%				
E. Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%				

Note Disclosures

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

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

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

		For the Years Ended June 30,									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A.	Statutorily required contributions	\$ 3,778,535	\$ 3,538,789	\$ 3,658,895	\$ 3,452,808	\$ 3,267,826	\$ 2,970,754				
B.	Contributions in relation to statutorily required contributions	<u>3,778,535</u>	<u>3,538,789</u>	<u>3,658,895</u>	<u>3,452,808</u>	<u>3,267,826</u>	<u>2,970,754</u>				
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
D.	School District's covered payroll	\$ 49,714,752	\$ 44,524,242	\$ 44,393,572	\$ 42,137,142	\$ 40,752,245	40,083,864				
E.	Contributions as a percentage of covered payroll	7.60%	7.95%	8.24%	8.19%	8.02%	7.41%				

OTHER SUPPLEMENTARY INFORMATION

Midland Public Schools
Other Supplementary Information
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue Funds			Debt Service Fund				Capital Project Funds				Total
	Food Service	Charger Shop Bookstore	Student Activity	2015 Building and Site Bond Fund	2019 Building and Site Bond Fund	Energy Conservation Bond Fund	2021 Refunding Bond Fund	PRME	HH Dow Turf Project	Energy Conservation Bond Fund	2019 Building and Site Bond Fund	Non-major Governmental Funds
Assets												
Cash	\$ 1,265,437	\$ 71,224	\$ 1,190,223	\$ 165,417	\$ 216,804	\$ 540	\$ 108,761	\$ 1,212,186	\$ -	\$ 276,527	\$ 141,312	\$ 4,648,431
Taxes receivable	-	-	-	2,476	3,652	-	1,928	-	-	-	-	8,056
Accounts receivable	900	-	5	-	-	-	-	-	-	-	-	905
Due from other governmental units	102,825	-	-	-	-	-	-	-	-	-	-	102,825
Inventory	64,006	-	-	-	-	-	-	-	-	-	-	64,006
Investments	-	-	514,332	-	-	-	-	-	-	-	2,147,686	2,662,018
Prepaid items	4,810	75	17,722	458	458	-	42	-	-	-	-	23,565
Total assets	\$ 1,437,978	\$ 71,299	\$ 1,722,282	\$ 168,351	\$ 220,914	\$ 540	\$ 110,731	\$ 1,212,186	\$ -	\$ 276,527	\$ 2,288,998	\$ 7,509,806
Liabilities												
Accounts payable	\$ 213,947	\$ 978	\$ 85,624	\$ -	\$ -	\$ -	\$ -	\$ 71,765	\$ -	\$ -	\$ 370,854	\$ 743,168
Unearned revenue	106,244	-	-	-	-	-	-	-	-	-	-	106,244
Total liabilities	320,191	978	85,624	-	-	-	-	71,765	-	-	370,854	849,412
Fund Balance												
Non-spendable												
Inventory	64,006	75	-	-	-	-	-	-	-	-	-	64,081
Prepaid items	4,810	-	-	458	458	-	42	-	-	-	-	5,768
Restricted for												
Capital improvements	-	-	-	-	-	-	-	-	-	276,527	1,918,144	2,194,671
Food service	1,048,971	-	-	-	-	-	-	-	-	-	-	1,048,971
Debt service	-	-	-	167,893	220,456	540	110,689	-	-	-	-	499,578
Committed	-	-	1,636,658	-	-	-	-	-	-	-	-	1,636,658
Assigned	-	70,246	-	-	-	-	-	1,140,421	-	-	-	1,210,667
Total fund balances	1,117,787	70,321	1,636,658	168,351	220,914	540	110,731	1,140,421	-	276,527	1,918,144	6,660,394
Total liabilities, deferred inflows of resources and fund balance	\$ 1,437,978	\$ 71,299	\$ 1,722,282	\$ 168,351	\$ 220,914	\$ 540	\$ 110,731	\$ 1,212,186	\$ -	\$ 276,527	\$ 2,288,998	\$ 7,509,806

Midland Public Schools
Other Supplementary Information
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Special Revenue Funds			Debt Service Fund				Capital Project Funds				Total
	Food Service	Charger Shop Bookstore	Student Activity	2015 Building and Site Bond Fund	2019 Building and Site Bond Fund	Energy Conservation Bond Fund	2021 Refunding Bond Fund	PRME	HH Dow Turf Project	Energy Conservation Bond Fund	2019 Building and Site Bond Fund	Non-major Governmental Funds
Revenues												
Local sources	\$ 899,103	82,258	\$ 1,026,997	\$ 2,455,950	\$ 3,625,581	\$ 31	\$ 1,911,396	\$ 69,072	\$ -	\$ 1,697	\$ 17,526	\$ 10,089,611
State sources	119,213	-	-	-	-	-	-	-	-	-	-	119,213
Federal sources	2,590,839	-	-	-	-	-	-	-	-	-	-	2,590,839
Total revenues	3,609,155	82,258	1,026,997	2,455,950	3,625,581	31	1,911,396	69,072	-	1,697	17,526	12,799,663
Expenditures												
Current												
Education												
Supporting services	-	79,727	916,951	-	1,858	-	737	-	-	-	-	999,273
Food services	3,425,746	-	-	-	-	-	-	-	-	-	-	3,425,746
Capital outlay	486,788	-	-	-	-	-	-	1,163,959	20,185	15,053	4,618,140	6,304,125
Debt service												
Principal	-	-	-	2,125,000	2,275,000	210,000	1,240,000	-	-	-	-	5,850,000
Interest and other expenditures	-	-	-	338,671	1,442,293	74,625	678,208	-	-	-	-	2,533,797
Total expenditures	3,912,534	79,727	916,951	2,463,671	3,719,151	284,625	1,918,945	1,163,959	20,185	15,053	4,618,140	19,112,941
Excess (deficiency) of revenues over expenditures	(303,379)	2,531	110,046	(7,721)	(93,570)	(284,594)	(7,549)	(1,094,887)	(20,185)	(13,356)	(4,600,614)	(6,313,278)
Other financing sources (uses)												
Proceeds from sale of capital assets	10,191	-	-	-	-	-	-	-	-	-	-	10,191
Transfers in	-	-	-	-	-	283,500	-	500,000	20,185	-	-	803,685
Transfers out	(9,212)	-	-	-	-	-	-	(20,185)	-	-	-	(29,397)
Total other financing sources (uses)	979	-	-	-	-	283,500	-	479,815	20,185	-	-	784,479
Net change in fund balance	(302,400)	2,531	110,046	(7,721)	(93,570)	(1,094)	(7,549)	(615,072)	-	(13,356)	(4,600,614)	(5,528,799)
Fund balances - beginning	1,420,187	67,790	1,526,612	176,072	314,484	1,634	118,280	1,755,493	-	289,883	6,518,758	12,189,193
Fund balances - ending	\$ 1,117,787	\$ 70,321	\$ 1,636,658	\$ 168,351	\$ 220,914	\$ 540	\$ 110,731	\$ 1,140,421	\$ -	\$ 276,527	\$ 1,918,144	\$ 6,660,394

Midland Public Schools
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 15,939,541	\$ 23,659,715
Accounts receivable	35,753	10,296
Leases receivable	1,746,711	1,756,611
Due from other governmental units	16,149,830	12,609,335
Interest receivable	40,899	-
Inventory	33,246	11,355
Investments	10,483,110	3,997,800
Prepaid items	<u>239,488</u>	<u>323,306</u>
Total assets	<u><u>\$ 44,668,578</u></u>	<u><u>\$ 42,368,418</u></u>
Liabilities		
Accounts payable	\$ 1,616,069	\$ 1,804,886
Due to other governmental units	110,608	125,822
Payroll deductions and withholdings	3,621,025	3,189,740
Accrued expenditures	52,300	61,964
Accrued salaries payable	3,469,368	4,716,121
Unearned revenue	<u>1,707,335</u>	<u>435,100</u>
Total liabilities	<u><u>10,576,705</u></u>	<u><u>10,333,633</u></u>
Deferred inflows of resources		
Unavailable revenue		
Leases	<u>1,746,711</u>	<u>1,756,611</u>

Midland Public Schools
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Fund balance		
Non-spendable		
Inventory	\$ 33,246	\$ 11,355
Prepaid items	239,488	323,306
Restricted for		
Contributions for special projects	86,840	90,075
STEM	1,589,776	1,679,701
Assigned for		
Subsequent years' budget	4,765,472	-
Medical expenses	1,145,679	1,077,392
Post-bond copier replacements	1,000,000	1,000,000
Technology replacement	1,500,000	1,250,000
Bus replacement	600,000	400,000
Unassigned		
Cash flow management	<u>21,384,661</u>	<u>24,446,345</u>
Total fund balance	<u>32,345,162</u>	<u>30,278,174</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 44,668,578</u>	<u>\$ 42,368,418</u>

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Revenues
For the Year Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue from local sources		
Property tax levy	\$ 19,301,377	\$ 19,347,700
Tuition	17,715	36,726
Transportation fees	27,726	16,544
Earnings on investments	648,011	34,522
Student activities	339,734	363,622
Community service activities	740,651	841,114
Other local revenues	<u>505,527</u>	<u>670,846</u>
Total revenues from local sources	<u>21,580,741</u>	<u>21,311,074</u>
Revenues from state sources		
Grants - unrestricted	51,748,026	44,863,817
Grants - restricted	23,813,665	16,083,246
State payments in lieu of taxes	<u>276,603</u>	<u>526,036</u>
Total revenues from state sources	<u>75,838,294</u>	<u>61,473,099</u>
Revenues from federal sources		
Grants	<u>4,379,703</u>	<u>3,243,018</u>
Interdistrict sources		
Tuition	267,483	260,219
ISD collected millage	5,228,133	5,100,329
Cooperative education	108,804	107,382
Other	<u>1,037,727</u>	<u>420,985</u>
Total interdistrict sources	<u>6,642,147</u>	<u>5,888,915</u>
Other financing sources		
Proceeds from subscription arrangements	989,674	-
Proceeds from sale of capital assets	20,911	36,830
Transfers in	<u>9,212</u>	<u>7,540</u>
Total other financing sources	<u>1,019,797</u>	<u>44,370</u>
Total revenue and other financing sources	<u><u>\$ 109,460,682</u></u>	<u><u>\$ 91,960,476</u></u>

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Basic program - elementary school		
Salaries	\$ 11,919,175	\$ 11,047,370
Employee benefits	9,992,974	7,957,752
Purchased services	426,597	507,512
Supplies and materials	480,917	332,049
Other	<u>106,377</u>	<u>94,965</u>
Total elementary school	<u>22,926,040</u>	<u>19,939,648</u>
Basic program - middle school		
Salaries	5,593,203	5,561,738
Employee benefits	4,606,938	3,879,978
Purchased services	120,958	159,966
Supplies and materials	119,964	178,105
Other	<u>17,562</u>	<u>23,711</u>
Total middle school	<u>10,458,625</u>	<u>9,803,498</u>
Basic program - high school		
Salaries	7,546,751	7,480,873
Employee benefits	6,266,424	5,280,749
Purchased services	477,454	351,393
Supplies and materials	228,313	271,812
Other	<u>40,411</u>	<u>41,045</u>
Total high school	<u>14,559,353</u>	<u>13,425,872</u>
Basic program - pre-school		
Salaries	385,026	302,661
Employee benefits	380,911	292,979
Purchased services	2,323	5,036
Supplies and materials	19,559	23,204
Other	<u>150</u>	<u>-</u>
Total pre-school	<u>787,969</u>	<u>623,880</u>

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Basic program - summer school		
Salaries	\$ 416,376	\$ 567,868
Employee benefits	232,597	241,226
Purchased services	34,843	33,473
Supplies and materials	<u>55,846</u>	<u>5,357</u>
Total summer school	<u>739,662</u>	<u>847,924</u>
Added needs - special education		
Salaries	6,025,074	5,578,012
Employee benefits	4,905,193	3,969,949
Purchased services	192,975	215,922
Supplies and materials	17,756	23,421
Other	<u>1,496,116</u>	<u>2,175,158</u>
Total special education	<u>12,637,114</u>	<u>11,962,462</u>
Added needs - compensatory education		
Salaries	562,852	441,014
Employee benefits	347,610	275,295
Purchased services	129,800	12,857
Supplies and materials	<u>5,876</u>	<u>2,607</u>
Total compensatory education	<u>1,046,138</u>	<u>731,773</u>
Added needs - career and technical education		
Salaries	683,561	538,284
Employee benefits	484,326	402,012
Purchased services	49,225	32,619
Supplies and materials	35,480	43,705
Other	<u>93,951</u>	<u>51,691</u>
Total career and technical education	<u>1,346,543</u>	<u>1,068,311</u>

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	2023	2022
Pupil - guidance services		
Salaries	\$ 645,609	\$ 653,772
Employee benefits	553,015	485,364
Purchased services	68,253	82,409
Supplies and materials	5,059	1,693
Total guidance services	<u>1,271,936</u>	<u>1,223,238</u>
Pupil - health services		
Salaries	425,145	402,590
Employee benefits	334,030	314,614
Purchased services	90,160	111,445
Supplies and materials	3,112	3,585
Total health services	<u>852,937</u>	<u>832,234</u>
Pupil - psychological services		
Salaries	303,519	289,227
Employee benefits	229,335	209,118
Purchased services	4,840	7,725
Supplies and materials	4,118	5,241
Total psychological services	<u>541,812</u>	<u>511,311</u>
Pupil - speech services		
Salaries	829,713	805,460
Employee benefits	576,785	590,889
Purchased services	864	826
Supplies and materials	4,549	3,011
Other	1,226	-
Total speech services	<u>1,413,137</u>	<u>1,400,186</u>

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	2023	2022
Pupil - social work services		
Salaries	\$ 780,004	\$ 660,012
Employee benefits	561,455	480,084
Purchased services	61,103	114
Supplies and materials	757	17,226
Total social work services	<u>1,403,319</u>	<u>1,157,436</u>
Pupil - teacher consultant		
Salaries	418,348	183,709
Employee benefits	286,746	120,863
Purchased services	340	-
Supplies and materials	207	-
Total teacher consultant	<u>705,641</u>	<u>304,572</u>
Pupil - other support services		
Salaries	634,167	429,240
Employee benefits	450,539	243,544
Purchased services	46,407	47,663
Supplies and materials	13,225	48,003
Other	-	197
Total other pupil support services	<u>1,144,338</u>	<u>768,647</u>
Instructional staff - improvement of education		
Salaries	2,339,683	1,540,866
Employee benefits	1,645,214	1,057,910
Purchased services	291,326	298,557
Supplies and materials	30,744	90,472
Other	20,607	21,313
Total improvement of education	<u>4,327,574</u>	<u>3,009,118</u>

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	2023	2022
Instructional staff - educational media services		
Salaries	\$ 240,063	\$ 183,492
Employee benefits	278,575	187,075
Purchased services	15,524	11,406
Supplies and materials	37,298	27,512
Other	58	-
	<u>571,518</u>	<u>409,485</u>
Total educational media services		
Instructional staff - technology assisted instruction		
Salaries	615,347	564,228
Employee benefits	534,788	455,898
Purchased services	478,887	362,093
Supplies and materials	8,445	35,174
Other	-	13,543
	<u>1,637,467</u>	<u>1,430,936</u>
Total technology assisted instruction		
Instructional staff - supervision and direction of instructional staff		
Salaries	658,380	506,864
Employee benefits	478,404	372,746
Purchased services	5,753	19,996
Supplies and materials	2,992	1,856
Other	700	-
	<u>1,146,229</u>	<u>901,462</u>
Total supervision and direction of instructional staff		
Instructional staff - academic student assessment		
Salaries	54,542	48,426
Employee benefits	51,022	41,716
Purchased services	17,000	-
Supplies and materials	-	846
	<u>122,564</u>	<u>90,988</u>
Total academic student assessment		

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	2023	2022
General administration - board of education		
Purchased services	\$ 90,467	\$ 81,467
Other	15,881	16,411
Total board of education	106,348	97,878
General administration - executive administration		
Salaries	453,977	411,324
Employee benefits	340,127	277,911
Purchased services	22,107	26,576
Supplies and materials	1,445	10,726
Total executive administration	817,656	726,537
School administration - office of the principal		
Salaries	3,146,587	3,039,869
Employee benefits	2,459,785	2,173,001
Purchased services	13,429	10,389
Supplies and materials	28,873	18,457
Other	3,824	9,794
Total office of the principal	5,652,498	5,251,510
Business - fiscal services		
Salaries	459,709	421,416
Employee benefits	352,722	300,138
Purchased services	20,852	27,808
Supplies and materials	7,653	4,038
Other	24,611	27,516
Total fiscal services	865,547	780,916
Business - internal services		
Purchased services	10,245	10,328
Supplies and materials	115,279	101,861
Total internal services	125,524	112,189

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	2023	2022
Business - other		
Purchased services	\$ 93,718	\$ 143,618
Other	2,263,944	986
Total other business	2,357,662	144,604
Operations and maintenance - operating building services		
Salaries	965,863	799,149
Employee benefits	822,540	675,647
Purchased services	2,698,199	2,354,249
Supplies and materials	1,971,442	1,806,799
Other	19	-
Total operating building services	6,458,063	5,635,844
Operations and maintenance - security services		
Purchased services	58,600	-
Pupil transportation services		
Salaries	1,383,253	1,337,431
Employee benefits	1,149,087	1,027,308
Purchased services	121,760	79,086
Supplies and materials	362,860	379,626
Other	7,669	2,317
Total transportation services	3,024,629	2,825,768
Central - communication services		
Salaries	65,830	64,978
Employee benefits	54,487	57,135
Purchased services	23,632	7,789
Supplies and materials	434	2,348
Total communication services	144,383	132,250

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	2023	2022
Central - staff/personnel services		
Salaries	\$ 265,359	\$ 281,797
Employee benefits	195,163	219,200
Purchased services	77,048	98,576
Supplies and materials	23,387	10,075
Other	4,260	5,502
	<u>565,217</u>	<u>615,150</u>
Total staff/personnel services		
Central - support services technology		
Salaries	263,290	259,796
Employee benefits	212,469	184,688
Purchased services	558,058	715,244
Supplies and materials	45,006	109,066
Other	15,146	7,597
	<u>1,093,969</u>	<u>1,276,391</u>
Total support services technology		
Central - pupil accounting		
Salaries	46,888	43,428
Employee benefits	40,196	33,164
Purchased services	1,215	1,859
Other	135	1,370
	<u>88,434</u>	<u>79,821</u>
Total pupil accounting		
Central - other		
Salaries	83,460	77,250
Employee benefits	44,802	44,347
Purchased services	557	60,863
Supplies and materials	308	114
	<u>129,127</u>	<u>182,574</u>
Total other		

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	2023	2022
Other support services		
Salaries	\$ 66,913	\$ 65,538
Employee benefits	35,036	34,164
Total other support services	101,949	99,702
Athletic activities		
Salaries	541,275	528,502
Employee benefits	308,979	300,352
Purchased services	246,440	261,418
Supplies and materials	77,975	73,115
Other	90,368	91,581
Total athletic activities	1,265,037	1,254,968
Community services - direction		
Purchased services	95	-
Supplies and materials	301	-
Total direction	396	-
Community services - community recreation		
Salaries	7,174	-
Employee benefits	3,671	-
Total community recreation	10,845	-
Community services - community activities		
Salaries	34,760	33,171
Employee benefits	25,289	26,641
Purchased services	659	500
Supplies and materials	12,447	13,036
Total community activities	73,155	73,348

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	2023	2022
Community services - welfare activities		
Salaries	\$ 26,834	\$ 25,000
Employee benefits	26,916	23,156
Purchased services	42	-
	<u>53,792</u>	<u>48,156</u>
Total welfare activities		
Community services - non-public school pupils		
Salaries	35,271	29,574
Employee benefits	23,405	18,305
Purchased services	3,959	6,003
Supplies and materials	208	399
	<u>62,843</u>	<u>54,281</u>
Total non-public school pupils		
Capital outlay		
Basic program - elementary	30,041	19,098
Basic program - middle school	33,736	21,054
Basic program - high school	47,298	32,724
Basic program - pre-school	-	2,978
Added needs - career and technical education	222,743	8,605
Pupil - speech services	617	-
Instructional staff - improvement of education	651	214
Instructional staff - technology assisted instruction	-	5,046
Instructional staff - supervision and direction of instructional staff	-	583
School administration - office of the principal	614	3,709
Operations and maintenance - operating building services	1,250,265	66,749
Pupil transportation services	58,426	-
Central - staff/personnel services	1,264	-
Central - support services technology	1,093,128	60,663
Athletic activities	8,090	-
Facilities acquisition	745,119	208,163
	<u>3,491,992</u>	<u>429,586</u>
Total capital outlay		

Midland Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures
For the Year Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Debt service		
Principal	\$ 413,445	\$ -
Interest and other expenditures	<u>481</u>	<u>-</u>
Total debt service	<u>413,926</u>	<u>-</u>
Other financing uses		
Transfers out	<u>783,500</u>	<u>287,250</u>
Total expenditures and financing uses	<u>\$ 107,385,008</u>	<u>\$ 90,551,704</u>