

OKEMOS PUBLIC SCHOOLS
REPORT ON FINANCIAL STATEMENTS
(with required and additional
supplementary information)
YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Okemos Public Schools

Opinions

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

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

Basis for Opinions

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Okemos 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 Okemos 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 and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Okemos Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2024 on our consideration of Okemos 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 Okemos 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 Okemos Public Schools internal control over financial reporting and compliance.

Maney Costerian PC

September 3, 2024

OKEMOS PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Okemos Public Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section. A comparative analysis with the prior year has been provided.

FINANCIAL HIGHLIGHTS

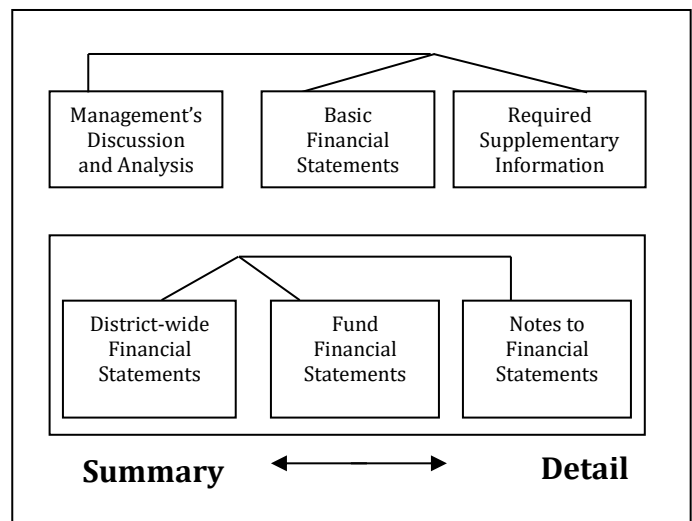
- The District's financial status remained stable. The District's overall revenues were \$90.9 million dollars.
- Total general fund revenues were \$70.9 million. Revenues for the 2023-2024 school year increased 2.5% from the previous year primarily due to an increase in blended student enrollment and other additional funding from the State of Michigan. Expenditures increased 3.1% over the same period due to slight increases in employee compensation and group health insurance costs as well as the corresponding increase in MPSERS expenditures.
- The District's enrollment has increased showing a growth of over 37 students in fiscal year 2023-24.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.

Figure A-1
Organization of Okemos Public Schools'
Annual Financial Report



OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year as well as required schedules related to the net pension liability and net OPEB liability/(asset). Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 Major Features of District-wide and Fund Financial Statements		
	<u>District-wide Statements</u>	<u>Fund Financial Statements</u> <u>Governmental Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.
Required financial statements	<ul style="list-style-type: none"> * Statement of net position * Statement of activities 	<ul style="list-style-type: none"> * Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows, deferred inflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets, deferred outflows, deferred inflows, and liabilities - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base, the condition of school buildings and other facilities and the long-term cash flow needs of the District.

In the District-wide financial statements, the District's activities:

- Governmental Activities - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state foundation aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch and student activities).

The District has one kind of fund:

- Governmental Funds - All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position - The District's combined net position changed as follows:

Table A-3 Okemos Public Schools' Net Position		
	2024	2023
Current and other assets	\$ 106,765,302	\$ 37,229,673
Net other postemployment benefits asset	1,782,556	-
Capital assets	75,421,427	59,279,898
Total assets	183,969,285	96,509,571
Deferred outflows	37,535,174	46,552,215
Noncurrent liabilities	100,676,854	27,580,528
Net pension liability	102,134,550	118,003,532
Net other postemployment benefits liability	-	6,672,724
Other liabilities	15,386,671	10,969,460
Total liabilities	218,198,075	163,226,244
Deferred inflows	31,061,169	22,883,692
Net position		
Net investment in capital assets	53,415,932	45,976,888
Restricted for debt service	34,127	323,796
Restricted for capital projects - sinking fund	3,018,713	2,705,740
Restricted for food service	147,937	268,485
Restricted for net other postemployment benefits	1,782,556	-
Unrestricted	(86,154,050)	(92,323,059)
Total net position	\$ (27,754,785)	\$ (43,048,150)

OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4 Changes in Okemos Public Schools' Net Position		
	2024	2023
Revenues		
Program revenues		
Charges for services	\$ 2,988,326	\$ 3,318,206
Operating grants and contributions	22,557,289	21,493,550
General revenues		
Property taxes	22,718,849	21,425,665
State aid - unrestricted	35,813,305	28,685,643
Ingham ISD	5,202,193	5,097,358
Investment and other	1,644,855	1,325,898
Total revenues	<u>90,924,817</u>	<u>81,346,320</u>
Expenses		
Instruction	39,045,897	39,456,168
Support services	24,803,763	23,573,224
Community services	3,209,908	2,922,773
Food services	2,483,562	1,696,002
Student/school activities	1,177,855	987,821
Athletics	983,742	924,461
Interest on long-term debt	1,554,168	837,272
Unallocated depreciation/amortization	2,372,557	2,407,990
Total expenses	<u>75,631,452</u>	<u>72,805,711</u>
Change in net position	<u>\$ 15,293,365</u>	<u>\$ 8,540,609</u>

District Governmental Activities

The overall stability of the District's financial position can be credited to a focus on controlling expenditures, while attempting to limit impact on K-12 programming. It can further be attributed to the District's "balanced" approach of reducing expenditures, increasing revenue, seeking collaborative cost sharing, and annual assessment of general fund balance level to responsibly manage the District's finances. The District continued to monitor its financial status throughout the fiscal year, and made necessary adjustments to various opportunities faced by the District during 2023-2024.

- The District continued to remain fiscally responsible, initiating prudent budget decisions resulting in balanced or better operating results. In the end, the District's unassigned fund balance increased to 12.7% of expenditures at June 30, 2024 in the General Fund.
- One of the most important factors affecting the budget is our student enrollment. Prior to the Pandemic the District was experiencing consistent annual growth. Enrollment decreased during two years of the Pandemic. However, the District is once again experiencing growth with over a 100 student increase in 2022-23 and 43 students in 2023-24. Preliminary we are seeing encouraging growth over our budget estimate of 15 additional students for the start of 2024-25. The District is continuously monitoring enrollments and making staffing and non-staffing adjustments to accommodate student needs.

OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Employee bargaining groups continued to work with the District in a positive and collaborative manner, agreeing to a 3% increase in wages for 2023-24 and 1% for 2024-25 with a potential to reopen contingent upon enrollment and foundation. Collective goals for bargaining are to support student learning and instructional time while at the same time recognizing the hard work and dedication to our employees.

As a result of a continued emphasis on conservative management and control of expenditure levels throughout the District, the positive impact on the general fund balance in 2023-2024 exceeded the Board adopted budget. The District is acutely aware of past and possible future economic restraints facing Michigan and school funding and has planned and reorganized in anticipation of possible funding shortfalls.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$92,183,455, an increase of \$65,732,399 compared to the ending funding balance of \$26,451,056 as of June 30, 2023.

General Fund Highlights

Over the course of the year, the District revised the annual operating budget twice. These budget amendments are:

- Revisions to the budget were approved in December 2023 to reflect actual enrollment counts, finalized State determined per pupil funding allowance as well as other State and Federal funding. The revisions also reflected other changes in assumptions since the original budget was adopted including actual reflection of health insurance premium increases; finalization of staffing; adjustment of wages; adjustment of supply and textbook budgets (based on enrollments); and adjustments which reflect spending. Further revisions were made to the General Fund budget in May 2024. Revenues (Federal, State and Local) and expenditures were adjusted, resulting in net changes to the Board adopted budget.
- The District's final budget for the general fund anticipated an operating surplus of \$376,095, the actual results were a surplus of \$1,005,452. The additional surplus was due to increased revenues from community education programs and decreased expenditures due to staffing.
- The District invested approximately \$20.7 million in capital assets during 2023-2024, including school building repairs and improvements, machinery and equipment, computer equipment and vehicles. Total depreciation/amortization expense for the year amounted to approximately 4.4 million.

OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-5 Okemos Public Schools' Capital Assets		
	2024	2023
Land and land improvements	\$ 7,413,913	\$ 7,482,660
Building and improvements	53,892,135	45,937,706
Equipment and furniture	12,260,918	4,151,259
Right to use - leased equipment	176,533	227,694
Right to use - subscription-based IT	667,494	830,887
Transportation equipment	1,010,434	649,692
	<hr/>	<hr/>
Total - net of accumulated depreciation/amortization	\$ 75,421,427	\$ 59,279,898
	<hr/>	<hr/>

The District's fiscal year 2024-25 capital expenditures budget anticipates spending approximately \$45,000,000 for secure vestibules, construction and design of the new 5-8 building and a new K-4 building as well as other projects determined to be pressing needs within our district. These projects are funded through the November 2022 bond election as well as District's Building and Site Sinking fund.

Long-term Debt

At June 30, 2024 the District had approximately \$100.7 million in long-term obligations outstanding - an increase of 265.0% from last year due to the passing of a new bond and paying down existing bonded debt. (More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.)

Table A-6 Okemos Public Schools' Long-term Obligations		
	2024	2023
Bond and related debt	\$ 97,244,245	\$ 24,380,114
Notes from direct borrowings and direct placement	199,824	229,203
Compensated absences and other benefits	3,232,785	2,971,211
	<hr/>	<hr/>
Total	\$ 100,676,854	\$ 27,580,528
	<hr/>	<hr/>

SUMMARY

The District has maintained a proactive approach to the control of expenditures and the enhancement of revenues. As a result, the financial status of the District remained stable throughout the 2023-2024 fiscal year.

OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- District operations is reliant on state funding as over 65% of total general fund revenue is from state per pupil funding. The legislature did not provide an annual increase in foundation allowance for the 2024-25 school year rather, they appropriated the equivalent of approximately a \$410 increase per pupil spending via a change in retirement expenditures. The retirement change does not recur each year as foundation does. Therefore, the district will be diligent in monitoring the 2025-26 legislative budget process and how that process impacts future budgeting.
- The District has experienced significant enrollment growth of almost 600 pupils over the previous 10 years. Only two of those 10 years resulted in a loss and those were during the pandemic. As of the start of the 2024-25 school year, enrollment is once again on the rise and has increased by over the 15 pupils originally budget for. Actual enrollment increases will be adjusted in the December 2024 budget revision.
- Overall, the 2023-2024 General Fund original budget projected a decrease in fund balance of \$1,064,943 bringing the ending fund balance at June 30, 2024 to 12.40%. Following the ending results of FY 2023-2024, the ending fund balance is now projected to be closer to 15.6%.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Executive Director of Finance's Office, Okemos Public Schools, 4406 North Okemos Road, Okemos, Michigan 48864.

BASIC FINANCIAL STATEMENTS

OKEMOS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,661,935
Investments	10,743,875
Receivables	
Intergovernmental	9,757,816
Property taxes and other receivables	117,769
Inventories	35,242
Prepays	928,816
Restricted investments capital projects fund	78,519,849
Net other postemployment benefits asset	1,782,556
Capital assets not being depreciated/amortized	4,353,355
Capital assets, net of accumulated depreciation/amortization	<u>71,068,072</u>
TOTAL ASSETS	<u>183,969,285</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	6,952,769
Related to pensions	<u>30,582,405</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>37,535,174</u>
LIABILITIES	
Accounts payable	3,829,618
Arbitrage liability	187,807
Accrued salaries and related items	4,801,593
Accrued retirement	3,122,908
Accrued interest	717,017
Unearned revenue	2,727,728
Noncurrent liabilities	
Due within one year	7,535,800
Due in more than one year	93,141,054
Net pension liability	<u>102,134,550</u>
TOTAL LIABILITIES	<u>218,198,075</u>
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	14,232,960
Related to pensions	10,592,438
Related to state aid funding for pension	<u>6,235,771</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>31,061,169</u>
NET POSITION	
Net investment in capital assets	53,415,932
Restricted for debt service	34,127
Restricted for food service	147,937
Restricted for capital projects - sinking fund	3,018,713
Restricted for net other postemployment benefits	1,782,556
Unrestricted	<u>(86,154,050)</u>
TOTAL NET POSITION	<u><u>\$ (27,754,785)</u></u>

See notes to financial statements.

**OKEMOS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating grants and contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 39,045,897	\$ -	\$ 15,250,691	\$ (23,795,206)
Support services	25,787,505	490,099	3,829,949	(21,467,457)
Community services	3,209,908	2,317,651	-	(892,257)
Food services	2,483,562	180,576	2,250,676	(52,310)
Student/school activities	1,177,855	-	1,225,973	48,118
Interest and fees on long-term debt	1,554,168	-	-	(1,554,168)
Unallocated depreciation/amortization	2,372,557	-	-	(2,372,557)
Total governmental activities	<u>\$ 75,631,452</u>	<u>\$ 2,988,326</u>	<u>\$ 22,557,289</u>	<u>(50,085,837)</u>
General revenues				
Property taxes, levied for general purposes				10,124,413
Property taxes, levied for debt service				11,051,187
Property taxes, levied for capital projects				1,543,249
State sources - unrestricted				35,813,305
Ingham ISD special educational allocation				5,202,193
Investment earnings				1,445,630
Other				<u>199,225</u>
Total general revenues				<u>65,379,202</u>
CHANGE IN NET POSITION				15,293,365
NET POSITION, beginning of year				<u>(43,048,150)</u>
NET POSITION, end of year				<u>\$ (27,754,785)</u>

See notes to financial statements.

**OKEMOS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	2019 Capital Projects Fund	2023 Capital Projects Fund (Series I and II)	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,086,876	\$ -	\$ -	\$ 3,575,059	\$ 6,661,935
Investments	8,108,968	-	-	2,634,907	10,743,875
Receivables					
Property taxes and other receivables	116,935	-	-	834	117,769
Intergovernmental	9,719,545	-	-	38,271	9,757,816
Due from other funds	7,970	-	-	79,338	87,308
Inventories	357	-	-	34,885	35,242
Prepays	928,816	-	-	-	928,816
Restricted investments capital projects fund	-	121,656	78,398,193	-	78,519,849
TOTAL ASSETS	\$ 21,969,467	\$ 121,656	\$ 78,398,193	\$ 6,363,294	\$ 106,852,610
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 577,385	\$ 15,141	\$ 3,221,057	\$ 16,035	\$ 3,829,618
Accrued salaries and related items	4,790,710	-	-	10,883	4,801,593
Accrued retirement	3,119,740	-	-	3,168	3,122,908
Due to other funds	75,586	-	277	11,445	87,308
Unearned revenue	2,377,726	-	-	350,002	2,727,728
TOTAL LIABILITIES	10,941,147	15,141	3,221,334	391,533	14,569,155
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	100,000	-	-	-	100,000
FUND BALANCES					
Nonspendable					
Inventories	357	-	-	34,885	35,242
Prepays	928,816	-	-	-	928,816
Restricted for:					
Debt service	-	-	-	751,144	751,144
Food service	-	-	-	1,120,937	1,120,937
Capital projects	-	-	-	3,018,713	3,018,713
Capital projects - school improvements	-	106,515	75,176,859	-	75,283,374
Committed for student/school activities	-	-	-	773,474	773,474
Assigned for:					
Capital projects	-	-	-	272,608	272,608
Subsequent years expenditures	1,111,764	-	-	-	1,111,764
Unassigned	8,887,383	-	-	-	8,887,383
TOTAL FUND BALANCES	10,928,320	106,515	75,176,859	5,971,761	92,183,455
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 21,969,467	\$ 121,656	\$ 78,398,193	\$ 6,363,294	\$ 106,852,610

See notes to financial statements.

OKEMOS PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total governmental fund balances		\$ 92,183,455
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - related to pensions	\$ 30,582,405	
Deferred outflows of resources - related to OPEB	6,952,769	
Deferred inflows of resources - related to pensions	(10,592,438)	
Deferred inflows of resources - related to OPEB	(14,232,960)	
Deferred inflows of resources - related to state pension funding	(6,235,771)	
Deferred inflows at June 30, 2024 expected to be collected after September 1, 2024	<u>100,000</u>	
		6,574,005
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		1,782,556
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	157,377,451	
Accumulated depreciation/amortization is	<u>(81,956,024)</u>	
		75,421,427
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
General obligation bonds		(97,244,245)
Direct borrowings and direct placement		(199,824)
Compensated absences and other benefits		(3,232,785)
Arbitrage liability		(187,807)
Net pension liability		(102,134,550)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid:		
Accrued interest		<u>(717,017)</u>
Net position of governmental activities		<u><u>\$ (27,754,785)</u></u>

OKEMOS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>2019 Capital Projects Fund</u>	<u>2023 Capital Projects Fund (Series I and II)</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources					
Property taxes	\$ 10,124,413	\$ -	\$ -	\$ 12,594,436	\$ 22,718,849
Community service	2,317,964	-	-	-	2,317,964
Intermediate district	5,242,515	-	-	-	5,242,515
Investment earnings	191,336	106,569	894,366	325,988	1,518,259
Food service sales	-	-	-	180,576	180,576
Athletics	235,760	-	-	-	235,760
Student/school activity income	-	-	-	1,225,973	1,225,973
Other	397,760	-	-	24,441	422,201
	<u>18,509,748</u>	<u>106,569</u>	<u>894,366</u>	<u>14,351,414</u>	<u>33,862,097</u>
Total local sources					
	18,509,748	106,569	894,366	14,351,414	33,862,097
State sources	49,705,355	-	-	1,582,493	51,287,848
Federal sources	2,692,350	-	-	772,655	3,465,005
	<u>70,907,453</u>	<u>106,569</u>	<u>894,366</u>	<u>16,706,562</u>	<u>88,614,950</u>
TOTAL REVENUES					
	70,907,453	106,569	894,366	16,706,562	88,614,950
EXPENDITURES					
Current					
Instruction	41,377,186	-	-	-	41,377,186
Support services	25,059,083	-	-	-	25,059,083
Community services	3,294,871	-	-	-	3,294,871
Food service	-	-	-	2,429,507	2,429,507
Student/school activities	-	-	-	1,177,855	1,177,855
Capital outlay	198,631	4,166,053	15,567,410	1,538,408	21,470,502

See notes to financial statements.

	<u>General Fund</u>	<u>2019 Capital Projects Fund</u>	<u>2023 Capital Projects Fund (Series I and II)</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES (continued)					
Debt service					
Principal repayment	\$ 57,951	\$ -	\$ -	\$ 10,040,000	\$ 10,097,951
Interest	8,294	-	-	1,003,928	1,012,222
Bond issuance costs	-	-	412,278	-	412,278
Miscellaneous	-	-	-	1,619	1,619
	<u>69,996,016</u>	<u>4,166,053</u>	<u>15,979,688</u>	<u>16,191,317</u>	<u>106,333,074</u>
TOTAL EXPENDITURES					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>911,437</u>	<u>(4,059,484)</u>	<u>(15,085,322)</u>	<u>515,245</u>	<u>(17,718,124)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of bonds	-	-	76,980,000	-	76,980,000
Premium on issuance of debt	-	-	6,439,473	-	6,439,473
Proceeds from subscription-based IT arrangements	31,050	-	-	-	31,050
Transfers in	80,000	-	-	17,035	97,035
Transfers out	(17,035)	-	-	(80,000)	(97,035)
	<u>94,015</u>	<u>-</u>	<u>83,419,473</u>	<u>(62,965)</u>	<u>83,450,523</u>
TOTAL OTHER FINANCING SOURCES (USES)					
NET CHANGE IN FUND BALANCES	1,005,452	(4,059,484)	68,334,151	452,280	65,732,399
FUND BALANCES					
Beginning of year	<u>9,922,868</u>	<u>4,165,999</u>	<u>6,842,708</u>	<u>5,519,481</u>	<u>26,451,056</u>
End of year	<u>\$ 10,928,320</u>	<u>\$ 106,515</u>	<u>\$ 75,176,859</u>	<u>\$ 5,971,761</u>	<u>\$ 92,183,455</u>

See notes to financial statements.

OKEMOS PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net change in fund balances total governmental funds	\$ 65,732,399
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation/amortization:	
Depreciation/amortization expense	(4,378,124)
Capital outlay	20,724,135
Book value of capital assets disposed of during the year	(204,482)
Accrued interest on bonds and other debt is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	175,665
Accrued interest payable, end of the year	(717,017)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on 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. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Proceeds from issuance of bonds	(76,980,000)
Premium on issuance of debt	(6,439,473)
Proceeds from subscription-based IT arrangements	(28,572)
Payment on debt principal	10,040,000
Amortization of bond premium	515,342
Payments on notes from direct borrowings and direct placement	57,951
Arbitrage liability	(72,629)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Unavailable revenue, beginning of the year	(100,000)
Unavailable revenue, end of the year	100,000
Compensated absences and other benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences and other benefits, beginning of the year	2,971,211
Accrued compensated absences and other benefits, end of the year	(3,232,785)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Other postemployment benefits related items	5,478,577
Pension related items	(701,385)
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
Change in state aid funding for pension	2,352,552
Change in net position of governmental activities	\$ 15,293,365

See notes to financial statements.

OKEMOS PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *2019 Capital Projects Fund* includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

The *2023 Capital Projects Fund (Series I and II)* includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Beginning with the year of bond issuance, the District has reported the annual construction activity in the *2019 capital projects fund* and the *2023 capital projects fund (Series I and II)*. The projects related to the 2019 bonds and 2023 bonds were ongoing as of June 30, 2024. The cumulative revenues and expenditures recognized for the construction period were as follows:

	<u>2019 Capital Projects Fund</u>	<u>2023 Capital Projects Fund (Series I and II)</u>
Revenue and other financing sources	<u>\$ 25,721,838</u>	<u>\$ 94,183,872</u>
Expenditures and outgoing transfers	<u>\$ 25,615,323</u>	<u>\$ 19,007,013</u>

The District reports the following *Other Nonmajor Funds*:

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

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes and the acquisition of capital assets or construction of major capital projects.

The *Capital Projects Fund* accounts for the receipt of local funding that will be used for the acquisition of capital assets or construction of major capital projects.

Sinking Fund - The Okemos Public Schools capital project fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of §1212(I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

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

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

Measurement Focus and Basis of Accounting

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

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

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

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

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

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

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one was approved prior to year ended June 30, 2024. The District does not consider these amendments to be significant.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, right to use – leased equipment, right to use - subscription based IT arrangements, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of 2 years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Land improvements	10 - 27.5 years
Building and improvements	10 - 50 years
Furniture and fixtures	7 - 20 years
Machinery and equipment	5 - 20 years
Computers and equipment	5 - 10 years
Right to use - leased equipment	5 years
Transportation equipment	5 - 10 years
Right to use - subscription-based IT	3 - 7 years

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The last item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Net Position Flow Assumption

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

During the year ended June 30, 2022, the District issued bonded debt in the amount of \$13,150,000 used to make principal and interest payments related to the School Loan Revolving Fund. As of June 30, 2024, the outstanding balance was \$1,940,000. Of this amount, 8.00% of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The amount not considered capital-related debt as of June 30, 2024 is \$155,200.

Fund Balance Flow Assumptions

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

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

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

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

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

Leases and Subscription Based IT Arrangements (SBITA)

The District is a lessee for a noncancelable lease/subscription of equipment and IT arrangements. The District recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

At the commencement of a lease/subscription, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to lease/SBITA include how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases and Subscription Based IT Arrangements (SBITA) (continued)

The District monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

For the year ended June 30, 2024, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	7.0000
Capital projects fund (Sinking Fund):	
PRE, Non-PRE, Commercial Personal Property	0.9850

Compensated Absences

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

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Long-Term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2024, the District had the following deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits.

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, \$7,301,068 of the District's bank balance of \$7,551,068 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$6,661,935.

Custodial Credit Risk – Investments

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

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, 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; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (years)
MILAF External Investment pool - Max	<u>\$ 89,263,724</u>	N/A
Portfolio weighted average maturity		<u>N/A</u>

1 day maturity equals approximately .0027 years.

Concentration Of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Standard & Poor's Rating	Rating Agency
MILAF External Investment pool - Max	<u>\$ 89,263,724</u>	AAAm	Standard & Poor's

Foreign Currency Risk

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

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment pool - Max	<u>\$ 89,263,724</u>

The carrying amount of deposits and investments are as follows:

Investments	\$ 89,263,724
Deposits	<u>6,661,935</u>
	<u>\$ 95,925,659</u>

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The above amounts are reported in the financial statements as follows:

Cash and cash equivalents	\$ 6,661,935
Investments	10,743,875
Investments restricted for capital projects fund	<u>78,519,849</u>
	<u><u>\$ 95,925,659</u></u>

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables as of June 30, 2024 consist of the following:

State aid - Michigan Department of Education	\$ 9,251,473
Federal	421,574
Intermediate school district and other	<u>84,769</u>
Total	<u><u>\$ 9,757,816</u></u>

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Assets, not being depreciated/amortized				
Land	\$ 4,353,355	\$ -	\$ -	\$ 4,353,355
Capital assets, being depreciated/amortized				
Land improvements	12,416,496	288,092	-	12,704,588
Building and improvements	98,745,947	10,604,035	-	109,349,982
Furniture and fixtures	8,910,506	619,526	-	9,530,032
Machinery and equipment	4,623,019	342,988	-	4,966,007
Computers and equipment	9,821,513	8,287,722	(5,335,638)	12,773,597
Right to use - leased equipment	255,804	-	-	255,804
Right to use - subscription-based IT	997,693	28,572	-	1,026,265
Transportation equipment	2,301,282	553,200	(436,661)	2,417,821
Total capital assets, being depreciated/amortized	138,072,260	20,724,135	(5,772,299)	153,024,096
Accumulated depreciation/amortization				
Land improvements	9,287,191	356,839	-	9,644,030
Building and improvements	52,808,241	2,649,606	-	55,457,847
Furniture and fixtures	7,357,989	124,329	-	7,482,318
Machinery and equipment	4,119,171	99,199	-	4,218,370
Computers and equipment	7,726,619	712,567	(5,131,156)	3,308,030
Right to use - leased equipment	28,110	51,161	-	79,271
Right to use - subscription-based IT	166,806	191,965	-	358,771
Transportation equipment	1,651,590	192,458	(436,661)	1,407,387
Total accumulated depreciation/amortization	83,145,717	4,378,124	(5,567,817)	81,956,024
Net capital assets, being depreciated/amortized	54,926,543	16,346,011	204,482	71,068,072
Net governmental capital assets	\$ 59,279,898	\$ 16,346,011	\$ 204,482	\$ 75,421,427

Depreciation/amortization for the fiscal year ended June 30, 2024 amounted to \$4,378,124. The District allocated depreciation/amortization to the various activities as follows:

Instruction	\$ 6,874
Support	1,997,671
Community service	1,022
Unallocated	2,372,557
	<u>\$ 4,378,124</u>

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

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

	Compensated Absences and Other Benefits	General Obligation Bonds	Direct Borrowings and Direct Placements	Total
Balance July 1, 2023	\$ 2,971,211	\$ 24,380,114	\$ 229,203	\$ 27,580,528
Additions	261,574	83,419,473	28,572	83,709,619
Deletions	<u>-</u>	<u>(10,555,342)</u>	<u>(57,951)</u>	<u>(10,613,293)</u>
Balance June 30, 2024	3,232,785	97,244,245	199,824	100,676,854
Due within one year	<u>(161,639)</u>	<u>(7,315,000)</u>	<u>(59,161)</u>	<u>(7,535,800)</u>
Due in more than year	<u>\$ 3,071,146</u>	<u>\$ 89,929,245</u>	<u>\$ 140,663</u>	<u>\$ 93,141,054</u>

Long-term obligations currently outstanding is as follows:

General Obligation Bonds

2021 Refunding Bond due in annual installments of \$1,940,000 through May 1, 2025 with interest at .69%.	\$ 1,940,000
2019 Building and Site Bond due in annual installments of \$5,090,000 through May 1, 2025 with interest at 5%.	5,090,000
2023 Bond (Series I) due in annual installments of \$125,000 to \$470,000 through May 1, 2043 with interest at 5% to 4%.	5,795,000
2023 Bond (Series II) due in annual installments of \$285,000 to \$7,805,000 through May 1, 2054 with interest at 5%.	76,980,000
Premium on bonds	<u>7,439,245</u>
Total general obligation debt	<u>97,244,245</u>

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS

Direct Borrowings and Direct Placement

Copier leases due in monthly installments ranging from \$508 to \$3,059, including an implied interest rate of 4.00%. The leases expire at various dates through March 2028.

	\$ 181,152
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SBITA - During the 2024 fiscal year, the District entered into a SBITA agreement. An initial liability was recorded in the amount of \$28,572 during the current fiscal year. Due in annual installments of \$9,900 with an implied interest rate of 4.00%.

	<u>18,672</u>
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Total direct borrowing and direct placement	199,824
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Compensated Absences

Obligation under contract for compensated absences and other benefits.

	<u>3,232,785</u>
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Total general long-term obligations	<u><u>\$ 100,676,854</u></u>
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The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$199,824 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize debt outstanding as of June 30, 2024, including interest payments are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Direct Placements		Compensated Absences and Other Benefits	Total
	Principal	Interest	Principal	Interest		
2025	\$ 7,315,000	\$ 4,356,244	\$ 59,161	\$ 7,083	\$ -	\$ 11,737,488
2026	7,930,000	4,084,800	61,565	4,679	-	12,081,044
2027	2,450,000	3,688,300	52,020	2,181	-	6,192,501
2028	2,745,000	3,565,800	27,078	452	-	6,338,330
2029	970,000	3,428,550	-	-	-	4,398,550
2030 - 2034	6,210,000	16,328,750	-	-	-	22,538,750
2035 - 2039	10,730,000	14,460,500	-	-	-	25,190,500
2040 - 2044	14,495,000	11,391,300	-	-	-	25,886,300
2045 - 2049	16,230,000	7,696,250	-	-	-	23,926,250
2050 - 2054	20,730,000	3,210,750	-	-	-	23,940,750
	89,805,000	72,211,244	199,824	14,395	-	162,230,463
Premium on bonds	7,439,245	-	-	-	-	7,439,245
Compensated absences and other benefits	-	-	-	-	3,232,785	3,232,785
	<u>\$ 97,244,245</u>	<u>\$ 72,211,244</u>	<u>\$ 199,824</u>	<u>\$ 14,395</u>	<u>\$ 3,232,785</u>	<u>\$ 172,902,493</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2024 are as follows:

Receivable Fund		Payable Fund	
General fund	\$ 7,970	General fund	\$ 75,586
2023 Capital Projects Fund (Series I and II)	-	2023 Capital Projects Fund (Series I and II)	277
Nonmajor Governmental Funds	<u>79,338</u>	Nonmajor Governmental Funds	<u>11,445</u>
Total	<u>\$ 87,308</u>		<u>\$ 87,308</u>

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

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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 option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

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 of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan Members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

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

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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 will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. 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 normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2023 were determined as of the September 30, 2020 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020 are amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	<u>Pension</u>	<u>Other Postemployment Benefit</u>
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Total pension contributions were approximately \$13,528,000. Of the total pension contributions approximately \$13,094,000 was contributed to fund the Defined Benefit Plan and approximately \$434,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. Total OPEB contributions were approximately \$3,080,000. Of the total OPEB contributions approximately \$2,825,000 was contributed to fund the Defined Benefit Plan and approximately \$255,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total pension liability	\$ 94,947,828,557	\$ 95,876,795,620
Plan fiduciary net position	\$ 62,581,762,238	\$ 58,268,076,344
Net pension liability	\$ 32,366,066,319	\$ 37,608,719,276
Proportionate share	0.31556%	0.31377%
Net pension liability for the District	\$ 102,134,550	\$ 118,003,532

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

For the year ended June 30, 2024, the District recognized pension expense of \$13,795,368.

At June 30, 2024, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 13,839,696	\$ 7,979,654
Net difference between projected and actual earnings on pension plan investments	-	2,090,004
Differences between expected and actual experience	3,224,076	156,454
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,329,525	366,326
Reporting Unit's contributions subsequent to the measurement date	12,189,108	-
	<u>\$ 30,582,405</u>	<u>\$ 10,592,438</u>

\$12,189,108, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 2,777,417
2025	1,871,920
2026	4,606,108
2027	(1,454,586)

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

OPEB Liabilities (Assets)

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total other postemployment benefit liability	\$ 11,223,648,949	\$ 12,522,713,324
Plan fiduciary net position	\$ 11,789,347,341	\$ 10,404,650,683
Net other postemployment benefit liability (asset)	\$ (565,698,392)	\$ 2,118,062,641
Proportionate share	0.31511%	0.31504%
Net other postemployment benefit liability (asset) for the District	\$ (1,782,556)	\$ 6,672,724

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

For the year ended June 30, 2024, the District recognized OPEB benefit of \$2,653,200.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2024, the Reporting Unit 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
Changes of assumptions	\$ 3,968,280	\$ 477,856
Net difference between projected and actual earnings on OPEB plan investments	5,435	-
Differences between expected and actual experience	-	13,469,907
Changes in proportion and differences between employer contributions and proportionate share of contributions	501,037	285,197
Reporting Unit's contributions subsequent to the measurement date	2,478,017	-
	<u>\$ 6,952,769</u>	<u>\$ 14,232,960</u>

\$2,478,017, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Amount
2024	\$ (3,104,474)
2025	(2,955,580)
2026	(1,215,401)
2027	(1,131,389)
2028	(892,232)
2029	(459,132)

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

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

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-202 adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2022. Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and 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.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit – Pre 65, 7.50% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and graded to 3.5% in year fifteen.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

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 coverage 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.

The target asset allocation at September 30, 2023 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those 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.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

OPEB Discount Rate - A single 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 school districts 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 Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	<u>\$ 137,983,478</u>	<u>\$ 102,134,550</u>	<u>\$ 72,289,021</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate -The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	<u>\$ 1,847,976</u>	<u>\$ (1,782,556)</u>	<u>\$ (4,902,641)</u>

Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	<u>\$ (4,910,420)</u>	<u>\$ (1,782,556)</u>	<u>\$ 1,602,819</u>

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2023 Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 8 - COMMITMENTS AND CONTINGENCIES

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

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. With regard to injuries to employees, the District participates in an association of educational institutions within the State of Michigan for self-insuring workers disability compensation. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for a policy year exceeded the total normal annual premiums for said years, all members of the policy year may be subject to special assessment to make up the difference. The association maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. This program is recorded in the general fund. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

Self-funded dental and vision insurance programs were approved by the Board of Education and implemented for support personnel. All plans have limits on amounts for expenditures that will be reimbursed. This program is recorded in the general fund. Any liability for incurred and unreported claims is not considered material.

Settlements have not exceeded coverage for each of the past three fiscal years. Changes in the balances of claims liabilities during the past 3 years have been immaterial.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2024 are as follows:

	General Fund	Transfers in Nonmajor Governmental Funds	Total
Transfers out			
General fund	\$ -	\$ 17,035	\$ 17,035
Nonmajor Governmental Funds	80,000	-	80,000
Total	<u>\$ 80,000</u>	<u>\$ 17,035</u>	

During the year, transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Further, during the year ended June 30, 2024, Okemos Public Schools made the following one-time transfers:

- A transfer of \$80,000 from the food service fund to the general fund for indirect cost expenditure reimbursement.
- A transfer of \$17,035 from the general fund to various non major funds for capital and bond related expenditures.

NOTE 11 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatements*.

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. 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; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are as follows:

<u>Municipality</u>	<u>Taxes Abated</u>
Meridian Township	<u>\$ 105,592</u>

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

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

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

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

REQUIRED SUPPLEMENTARY INFORMATION

**OKEMOS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 16,779,710	\$ 18,005,848	\$ 18,509,748	\$ 503,900
State sources	46,676,062	49,721,163	49,705,355	(15,808)
Federal sources	2,953,342	2,938,092	2,692,350	(245,742)
TOTAL REVENUES	66,409,114	70,665,103	70,907,453	242,350
EXPENDITURES				
Current				
Instruction				
Basic programs	32,039,381	32,678,096	32,744,380	(66,284)
Added needs	8,874,673	9,182,172	8,632,806	549,366
Total instruction	40,914,054	41,860,268	41,377,186	483,082
Supporting services				
Pupil	5,462,247	5,532,599	5,722,793	(190,194)
Instructional staff	3,151,319	3,422,328	3,256,085	166,243
General administration	721,002	815,530	751,363	64,167
School administration	4,357,749	3,950,325	3,933,818	16,507
Business	861,702	945,958	907,049	38,909
Operations and maintenance	5,102,581	5,885,659	5,869,018	16,641
Transportation	1,342,183	1,389,906	1,410,540	(20,634)
Central	1,950,944	2,244,380	2,190,483	53,897
Athletics	868,964	882,227	1,017,934	(135,707)
Total supporting services	23,818,691	25,068,912	25,059,083	9,829
Community services	2,666,312	3,260,997	3,294,871	(33,874)
Capital outlay	155,000	198,631	198,631	-
Debt Service				
Principal repayment	-	-	57,951	(57,951)
Interest	-	-	8,294	(8,294)
Total debt service	-	-	66,245	(66,245)
TOTAL EXPENDITURES	67,554,057	70,388,808	69,996,016	392,792
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,144,943)	276,295	911,437	635,142
OTHER FINANCING SOURCES (USES)				
Proceeds from leases	-	19,800	-	(19,800)
Proceeds from subscription-based IT arrangements	-	-	31,050	31,050
Transfers in	80,000	80,000	80,000	-
Transfers out	-	-	(17,035)	(17,035)
TOTAL OTHER FINANCING SOURCES (USES)	80,000	99,800	94,015	(5,785)
NET CHANGE IN FUND BALANCE	\$ (1,064,943)	\$ 376,095	1,005,452	\$ 629,357
FUND BALANCE				
Beginning of year			9,922,868	
End of year			\$ 10,928,320	

OKEMOS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.31556%	0.31377%	0.31378%	0.30913%	0.30204%	0.29781%	0.29446%	0.28402%	0.27502%	0.26922%
Reporting Unit's proportionate share of net pension	\$ 102,134,550	\$ 118,003,532	\$ 73,405,268	\$ 106,189,243	\$ 100,024,383	\$ 89,526,314	\$ 76,307,692	\$ 70,861,622	\$ 67,174,817	\$ 59,299,481
Reporting Unit's covered-employee payroll	\$ 31,537,299	\$ 30,631,496	\$ 28,065,403	\$ 27,818,733	\$ 26,737,156	\$ 25,503,566	\$ 25,027,904	\$ 24,336,762	\$ 22,962,203	\$ 22,692,532
Reporting Unit's proportionate share of net pension as a percentage of its covered-employee payroll	323.85%	385.24%	261.55%	381.72%	374.10%	351.03%	304.89%	291.17%	292.55%	261.32%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

OKEMOS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 13,093,983	\$ 14,322,599	\$ 10,303,088	\$ 9,079,868	\$ 8,356,210	\$ 7,889,595	\$ 7,849,263	\$ 6,885,428	\$ 6,193,998	\$ 4,935,873
Contributions in relation to statutorily required contributions	<u>13,093,983</u>	<u>14,322,599</u>	<u>10,303,088</u>	<u>9,079,868</u>	<u>8,356,210</u>	<u>7,889,595</u>	<u>7,849,263</u>	<u>6,885,428</u>	<u>6,193,998</u>	<u>4,935,873</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 32,882,072	\$ 30,975,699	\$ 29,284,255	\$ 27,770,543	\$ 27,754,219	\$ 26,507,293	\$ 25,450,771	\$ 25,807,538	\$ 23,952,924	\$ 22,692,073
Contributions as a percentage of covered-employee payroll	39.82%	46.24%	35.18%	32.70%	30.11%	29.76%	30.84%	26.68%	25.86%	21.75%

**OKEMOS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.31511%	0.31504%	0.31016%	0.31348%	0.30542%	0.29991%	0.29436%
Reporting Unit's proportionate share of net OPEB (asset) liability	\$ (1,782,556)	\$ 6,672,724	\$ 4,734,265	\$ 16,794,102	\$ 21,922,632	\$ 23,839,817	\$ 26,066,532
Reporting Unit's covered-employee payroll	\$ 31,537,299	\$ 30,631,496	\$ 28,065,403	\$ 27,818,733	\$ 26,737,156	\$ 25,503,566	\$ 25,027,904
Reporting Unit's proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	5.65%	21.78%	16.87%	60.37%	81.99%	93.48%	104.15%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	105.04%	83.09%	87.33%	59.44%	48.48%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, The District presents information for those years for which information is available.

OKEMOS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 2,825,377	\$ 2,540,790	\$ 2,402,148	\$ 2,377,660	\$ 2,356,668	\$ 2,182,909	\$ 2,217,970
Contributions in relation to statutorily required contributions	<u>2,825,377</u>	<u>2,540,790</u>	<u>2,402,148</u>	<u>2,377,660</u>	<u>2,356,668</u>	<u>2,182,909</u>	<u>2,217,970</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 32,882,072	\$ 30,975,699	\$ 29,284,255	\$ 27,770,543	\$ 27,754,219	\$ 26,507,293	\$ 25,450,771
Contributions as a percentage of covered-employee payroll	8.59%	8.20%	8.20%	8.56%	8.49%	8.24%	8.71%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**OKEMOS PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions – the assumption changes for 2023 were:

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

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

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

ADDITIONAL SUPPLEMENTARY INFORMATION

**OKEMOS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2024**

	Special Revenue				
	Food Service Fund	Student/ School Activities Fund	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	\$ 1,389,126	\$ 785,919	\$ 748,485	\$ 651,529	\$ 3,575,059
Investments	-	-	-	2,634,907	2,634,907
Property taxes and other receivables	834	-	-	-	834
Due from other governments	38,271	-	-	-	38,271
Due from other funds	59,308	-	2,659	17,371	79,338
Inventories	34,885	-	-	-	34,885
TOTAL ASSETS	\$ 1,522,424	\$ 785,919	\$ 751,144	\$ 3,303,807	\$ 6,363,294
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,549	\$ 1,000	\$ -	\$ 12,486	\$ 16,035
Accrued salaries and related items	10,883	-	-	-	10,883
Accrued retirement	3,168	-	-	-	3,168
Due to other funds	-	11,445	-	-	11,445
Unearned revenue	350,002	-	-	-	350,002
TOTAL LIABILITIES	366,602	12,445	-	12,486	391,533
FUND BALANCES					
Nonspendable					
Inventories	34,885	-	-	-	34,885
Restricted for:					
Debt service	-	-	751,144	-	751,144
Capital projects	-	-	-	3,018,713	3,018,713
Food service	1,120,937	-	-	-	1,120,937
Committed for:					
Student/school activities	-	773,474	-	-	773,474
Assigned for:					
Capital projects	-	-	-	272,608	272,608
TOTAL FUND BALANCES	1,155,822	773,474	751,144	3,291,321	5,971,761
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,522,424	\$ 785,919	\$ 751,144	\$ 3,303,807	\$ 6,363,294

OKEMOS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2024

	Special Revenue				
	Food Service Fund	Student/ School Activities Fund	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Funds
REVENUES					
Local sources					
Property taxes	\$ -	\$ -	\$ 11,051,187	\$ 1,543,249	\$ 12,594,436
Investment earnings	-	-	155,428	170,560	325,988
Food service sales	180,576	-	-	-	180,576
Student/school activity income	-	1,225,973	-	-	1,225,973
Other	2,160	-	-	22,281	24,441
Total local sources	182,736	1,225,973	11,206,615	1,736,090	14,351,414
State sources	1,479,127	-	90,615	12,751	1,582,493
Federal sources	772,655	-	-	-	772,655
TOTAL REVENUES	2,434,518	1,225,973	11,297,230	1,748,841	16,706,562
EXPENDITURES					
Food service	2,429,507	-	-	-	2,429,507
Student/school activities	-	1,177,855	-	-	1,177,855
Capital outlay	100,947	-	-	1,437,461	1,538,408
Debt service:					
Principal repayment	-	-	10,040,000	-	10,040,000
Interest	-	-	1,003,928	-	1,003,928
Miscellaneous	-	-	1,619	-	1,619
TOTAL EXPENDITURES	2,530,454	1,177,855	11,045,547	1,437,461	16,191,317
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(95,936)	48,118	251,683	311,380	515,245
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	17,035	17,035
Transfers out	(80,000)	-	-	-	(80,000)
TOTAL OTHER FINANCING SOURCES (USES)	(80,000)	-	-	17,035	(62,965)
NET CHANGE IN FUND BALANCES	(175,936)	48,118	251,683	328,415	452,280
FUND BALANCES					
Beginning of year	1,331,758	725,356	499,461	2,962,906	5,519,481
End of year	\$ 1,155,822	\$ 773,474	\$ 751,144	\$ 3,291,321	\$ 5,971,761

**OKEMOS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2024
(with comparative totals for the year ended 2023)**

	Capital Projects Fund	Sinking Fund	Totals	
			2024	2023
ASSETS				
Cash and cash equivalents	\$ 255,611	\$ 395,918	\$ 651,529	\$ 722,633
Investments	-	2,634,907	2,634,907	2,423,958
Property taxes and other receivables	-	-	-	10,205
Due from other funds	16,997	374	17,371	18,084
TOTAL ASSETS	<u>\$ 272,608</u>	<u>\$ 3,031,199</u>	<u>\$ 3,303,807</u>	<u>\$ 3,174,880</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 12,486	\$ 12,486	\$ 53,028
Due to other funds	-	-	-	158,946
TOTAL LIABILITIES	<u>-</u>	<u>12,486</u>	<u>12,486</u>	<u>211,974</u>
FUND BALANCES				
Restricted	-	3,018,713	3,018,713	2,705,740
Assigned	272,608	-	272,608	257,166
TOTAL FUND BALANCES	<u>272,608</u>	<u>3,018,713</u>	<u>3,291,321</u>	<u>2,962,906</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 272,608</u>	<u>\$ 3,031,199</u>	<u>\$ 3,303,807</u>	<u>\$ 3,174,880</u>

OKEMOS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2024
(with comparative totals for the year ended 2023)

	Capital Projects Fund	Sinking Fund	Totals	
			2024	2023
REVENUES				
Local sources				
Property taxes	\$ -	\$ 1,543,249	\$ 1,543,249	\$ 1,454,363
Investment earnings	8,873	161,687	170,560	90,275
Other	22,281	-	22,281	96,227
Total local sources	31,154	1,704,936	1,736,090	1,640,865
State sources	-	12,751	12,751	7,796
TOTAL REVENUES	31,154	1,717,687	1,748,841	1,648,661
EXPENDITURES				
Capital outlay	136,338	1,301,123	1,437,461	1,066,277
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(105,184)	416,564	311,380	582,384
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	-	1,203
Transfers in	17,035	-	17,035	17,035
TOTAL OTHER FINANCING SOURCES (USES)	17,035	-	17,035	18,238
NET CHANGE IN FUND BALANCES	(88,149)	416,564	328,415	600,622
FUND BALANCES				
Beginning of year	360,757	2,602,149	2,962,906	2,362,284
End of year	\$ 272,608	\$ 3,018,713	\$ 3,291,321	\$ 2,962,906

**OKEMOS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2024
(with comparative totals for the year ended 2023)**

				<u>Totals</u>	
	<u>2019 Debt Retirement</u>	<u>2021 Refunding Debt Service Fund</u>	<u>2023 Debt Retirement</u>	<u>2024</u>	<u>2023</u>
ASSETS					
Cash and cash equivalents	\$ 337,803	\$ 176,201	\$ 234,481	\$ 748,485	\$ 440,455
Property taxes and other receivables	-	-	-	-	60,421
Due from other funds	<u>1,277</u>	<u>412</u>	<u>970</u>	<u>2,659</u>	<u>1,724</u>
TOTAL ASSETS	<u>\$ 339,080</u>	<u>\$ 176,613</u>	<u>\$ 235,451</u>	<u>\$ 751,144</u>	<u>\$ 502,600</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,139</u>
FUND BALANCES					
Restricted for debt service	<u>339,080</u>	<u>176,613</u>	<u>235,451</u>	<u>751,144</u>	<u>499,461</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 339,080</u>	<u>\$ 176,613</u>	<u>\$ 235,451</u>	<u>\$ 751,144</u>	<u>\$ 502,600</u>

OKEMOS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2024
(with comparative totals for the year ended 2023)

				Totals	
	2019 Debt Retirement	2021 Refunding Debt Service Fund	2023 Debt Retirement	2024	2023
REVENUES					
Local sources					
Property taxes	\$ 5,304,828	\$ 1,707,594	\$ 4,038,765	\$ 11,051,187	\$ 10,405,316
Investment earnings	77,621	27,684	50,123	155,428	101,471
Total local sources	5,382,449	1,735,278	4,088,888	11,206,615	10,506,787
State sources	43,495	13,981	33,139	90,615	55,344
TOTAL REVENUES	5,425,944	1,749,259	4,122,027	11,297,230	10,562,131
EXPENDITURES					
Principal repayment	4,855,000	1,780,000	3,405,000	10,040,000	9,430,000
Interest	497,250	25,668	481,010	1,003,928	787,107
Miscellaneous	526	527	566	1,619	1,712
TOTAL EXPENDITURES	5,352,776	1,806,195	3,886,576	11,045,547	10,218,819
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	73,168	(56,936)	235,451	251,683	343,312
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	500
NET CHANGE IN FUND BALANCES	73,168	(56,936)	235,451	251,683	343,812
FUND BALANCES					
Beginning of year	265,912	233,549	-	499,461	155,649
End of year	\$ 339,080	\$ 176,613	\$ 235,451	\$ 751,144	\$ 499,461

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
YEAR ENDED JUNE 30, 2024**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original Issue</u>
06/10/19	2019 School building and site bonds	General obligation	<u>\$ 21,965,000</u>

Purpose: The proceeds from the bonds will be used for the purpose of remodeling, equipping and re-equipping and furnishing and re-furnishing school buildings, including for school security improvements; erecting, furnishing, and equipping additions to Bennett Woods Elementary School; acquiring, installing and equipping or re-equipping school buildings for instructional technology; purchasing school buses; and preparing, developing and improving athletic facilities and sites.

<u>Debt Service Fiscal Year June 30th</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2025	5.00%	<u>\$ 5,090,000</u>	<u>\$ 127,250</u>	<u>\$ 127,250</u>	<u>\$ 5,344,500</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
YEAR ENDED JUNE 30, 2024**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original Issue</u>
08/19/21	2021 Refunding bonds	Refunding Bonds	<u>\$ 13,150,000</u>

Purpose: The proceeds from the bonds were used to repay the school loan revolving fund outstanding principal and interest

<u>Debt Service Fiscal Year June 30th</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2025	0.69%	<u>\$ 1,940,000</u>	<u>\$ 6,693</u>	<u>\$ 6,693</u>	<u>\$ 1,953,386</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
YEAR ENDED JUNE 30, 2024**

Date	Name	Kind	Original Issue
02/09/23	2023 School building and site bonds (Series I)	General obligation	<u>\$ 9,200,000</u>

Purpose: The proceeds from the bonds will be used for the purpose of erecting, furnishing and equipping additions to a school building; erecting, furnishing and equipping a new middle school building as an addition to Chippewa Middle School; erecting, furnishing and equipping additions to school buildings; remodeling, equipping and re-equipping school buildings for instructional technology; purchasing school buses; and preparing, developing, improving and equipping playgrounds, play fields, athletic fields and facilities and sites.

Debt Service Fiscal Year June 30th	Interest Rate	Principal Due May 1	Interest Due		Total
			May 1	November 1	
2025	5.00%	\$ -	\$ 125,025	\$ 125,025	\$ 250,050
2026	5.00%	125,000	125,025	125,025	375,050
2027	5.00%	165,000	121,900	121,900	408,800
2028	5.00%	190,000	117,775	117,775	425,550
2029	5.00%	220,000	113,025	113,025	446,050
2030	5.00%	245,000	107,525	107,525	460,050
2031	5.00%	270,000	101,400	101,400	472,800
2032	5.00%	295,000	94,650	94,650	484,300
2033	5.00%	315,000	87,275	87,275	489,550
2034	4.00%	330,000	79,400	79,400	488,800
2035	4.00%	345,000	72,800	72,800	490,600
2036	4.00%	355,000	65,900	65,900	486,800
2037	4.00%	370,000	58,800	58,800	487,600
2038	4.00%	390,000	51,400	51,400	492,800
2039	4.00%	405,000	43,600	43,600	492,200
2040	4.00%	420,000	35,500	35,500	491,000
2041	4.00%	435,000	27,100	27,100	489,200
2042	4.00%	450,000	18,400	18,400	486,800
2043	4.00%	470,000	9,400	9,400	488,800
		<u>\$ 5,795,000</u>	<u>\$ 1,455,900</u>	<u>\$ 1,455,900</u>	<u>\$ 8,706,800</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
YEAR ENDED JUNE 30, 2024**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original Issue</u>
05/02/24	2023 School building and site bonds (Series II)	General obligation	<u>\$ 76,980,000</u>

Purpose: The proceeds from the bonds will be used for the purpose of erecting, furnishing and equipping additions to a school building; erecting, furnishing and equipping a new middle school building as an addition to Chippewa Middle School; erecting, furnishing and equipping additions to school buildings; remodeling, equipping and re-equipping school buildings for instructional technology; purchasing school buses; and preparing, developing, improving and equipping playgrounds, play fields, athletic fields and facilities and sites.

<u>Debt Service Fiscal Year June 30th</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2025	5.00%	\$ 285,000	\$ 1,913,808	\$ 1,924,500	\$ 4,123,308
2026	5.00%	7,805,000	1,917,375	1,917,375	11,639,750
2027	5.00%	2,285,000	1,722,250	1,722,250	5,729,500
2028	5.00%	2,555,000	1,665,125	1,665,125	5,885,250
2029	5.00%	750,000	1,601,250	1,601,250	3,952,500
2030	5.00%	825,000	1,582,500	1,582,500	3,990,000
2031	5.00%	850,000	1,561,875	1,561,875	3,973,750
2032	5.00%	925,000	1,540,625	1,540,625	4,006,250
2033	5.00%	1,035,000	1,517,500	1,517,500	4,070,000
2034	5.00%	1,120,000	1,491,625	1,491,625	4,103,250
2035	5.00%	1,220,000	1,463,625	1,463,625	4,147,250
2036	5.00%	1,510,000	1,433,125	1,433,125	4,376,250
2037	5.00%	1,865,000	1,395,375	1,395,375	4,655,750
2038	5.00%	2,075,000	1,348,750	1,348,750	4,772,500
2039	5.00%	2,195,000	1,296,875	1,296,875	4,788,750
2040	5.00%	2,300,000	1,242,000	1,242,000	4,784,000
2041	5.00%	2,415,000	1,184,500	1,184,500	4,784,000
2042	5.00%	2,540,000	1,124,125	1,124,125	4,788,250
2043	5.00%	2,665,000	1,060,625	1,060,625	4,786,250
2044	5.00%	2,800,000	994,000	994,000	4,788,000
2045	5.00%	2,935,000	924,000	924,000	4,783,000
2046	5.00%	3,085,000	850,625	850,625	4,786,250
2047	5.00%	3,240,000	773,500	773,500	4,787,000
2048	5.00%	3,400,000	692,500	692,500	4,785,000
2049	5.00%	3,570,000	607,500	607,500	4,785,000
2050	5.00%	3,750,000	518,250	518,250	4,786,500
2051	5.00%	3,940,000	424,500	424,500	4,789,000
2052	5.00%	4,135,000	326,000	326,000	4,787,000
2053	5.00%	4,345,000	222,625	222,625	4,790,250
2054	5.00%	4,560,000	114,000	114,000	4,788,000
		<u>\$ 76,980,000</u>	<u>\$ 34,510,433</u>	<u>\$ 34,521,125</u>	<u>\$ 146,011,558</u>

OKEMOS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2024
<u>U.S. Department of Agriculture</u>								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash assistance (donated foods)								
National School Lunch Program								
Entitlement	10.555	N/A	\$ 133,540	\$ -	\$ 109,128	\$ 133,540	\$ 133,540	\$ -
Entitlement - Bonus		N/A	1,106	-	2,531	1,106	1,106	-
Total non-cash assistance			134,646	-	111,659	134,646	134,646	-
Cash Assistance								
National School Lunch Program	10.555	241960	451,380	-	-	451,380	446,584	4,796
National School Lunch Program		240910	108,048	-	-	-	108,048	(108,048)
National School Lunch Program		231960	511,789	18,010	440,076	71,713	89,723	-
National School Lunch Program		220910	223,872	(141,871)	23,602	-	-	(141,871)
			1,295,089	(123,861)	463,678	523,093	644,355	(245,123)
Total ALN 10.555			1,429,735	(123,861)	575,337	657,739	779,001	(245,123)
School Breakfast Program	10.553	241970	89,674	-	-	89,674	87,710	1,964
School Breakfast Program		231970	48,960	2,079	40,385	8,575	10,654	-
Total ALN 10.553			138,634	2,079	40,385	98,249	98,364	1,964
Total cash assistance			1,433,723	(121,782)	504,063	755,988	877,365	(243,159)
Total Child Nutrition Cluster			1,568,369	(121,782)	615,722	755,988	877,365	(243,159)
Local Food for Schools	10.185	230985	16,667	-	-	16,667	16,667	-
Total U.S. Department of Agriculture			1,585,036	(121,782)	615,722	772,655	894,032	(243,159)

The accompanying notes are an integral part of the schedule.

OKEMOS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2024
<u>U.S. Department of Education</u>								
Passed through Michigan Department of Education								
Title I, Part A - Improving Basic Programs	84.010	241530-2324	\$ 250,930	\$ -	\$ -	\$ 114,041	\$ 88,198	\$ 25,843
Title I, Part A - Improving Basic Programs		231530-2223	176,716	50,902	176,716	-	50,902	-
Total ALN 84.010			427,646	50,902	176,716	114,041	139,100	25,843
Title II, Part A - Supporting Effective Instruction	84.367	240520-2324	65,702	-	-	65,702	49,765	15,937
Title II, Part A - Supporting Effective Instruction		230520-2223	48,047	22,140	46,655	1,392	23,532	-
Total ALN 84.367			113,749	22,140	46,655	67,094	73,297	15,937
Title III, Part A - Language Instruction for Immigrant Students	84.365	240580-2324	59,294	-	-	25,490	21,342	4,148
Title III, Part A - Language Instruction for Immigrant Students		230580-2223	47,864	3,100	8,801	35,990	39,090	-
Total ALN 84.365			107,158	3,100	8,801	61,480	60,432	4,148
Title IV, Part A - Student Support and Academic Enrichment	84.424	240750-2324	10,068	-	-	6,683	5,942	741
		230750-2223	10,000	830	9,932	-	830	-
Total ALN 84.424			20,068	830	9,932	6,683	6,772	741
Education Stabilization Fund								
COVID-19 Elementary and Secondary School								
Emergency Relief Fund (ESSER II 98c Learning Loss)	84.425D	203710-1920	231,871	231,871	231,871	-	231,871	-
Emergency Relief Fund (ESSER II Supplemental)	84.425D	213712-2021	401,785	134,810	309,753	-	134,810	-
Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213742-2122	902,993	130,075	387,300	463,174	491,697	101,552
Emergency Relief Fund (ESSER III Equalization Funds)	84.425U	213723-2122	4,155,466	475,556	1,392,368	1,634,494	2,030,130	79,920
Total ALN 84.425			5,692,115	972,312	2,321,292	2,097,668	2,888,508	181,472

The accompanying notes are an integral part of the schedule.

OKEMOS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2024
<u>U.S. Department of Education (continued)</u>								
Passed through Ingham Intermediate School District								
Special Education Cluster								
Special Education - Preschool	84.173	230460-2223	\$ 22,067	\$ 22,067	\$ 22,067	\$ 21,929	\$ 22,067	\$ 21,929
COVID 19 - Special Education - Preschool (American Rescue Plan)	84.173X	221285-2122	7,722	3,835	3,835	-	3,835	-
Total ALN 84.173			29,789	25,902	25,902	21,929	25,902	21,929
Special Education - Flowthrough	84.027	220450-2022	3,247	3,247	3,529	3,128	3,247	3,128
Total Special Education Cluster			33,036	29,149	29,431	25,057	29,149	25,057
Total U.S. Department of Education			6,393,772	1,078,433	2,592,827	2,372,023	3,197,258	253,198
<u>U.S. Department of Health and Human Services</u>								
Passed through Ingham Intermediate School District								
Medicaid Cluster								
Medical Assistance Program	93.778	2024	44,642	-	-	44,642	44,642	-
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	242810-HRA2024	336,000	-	-	251,142	89,526	161,616
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases		232810-HRA2023	336,000	166,540	263,234	24,543	191,083	-
Total ALN 93.323			672,000	166,540	263,234	275,685	280,609	161,616
Total U.S. Department of Health and Human Services			716,642	166,540	263,234	320,327	325,251	161,616
TOTAL FEDERAL AWARDS			\$ 8,695,450	\$ 1,123,191	\$ 3,471,783	\$ 3,465,005	\$ 4,416,541	\$ 171,655

The accompanying notes are an integral part of the schedule.

OKEMOS PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Okemos Public Schools under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Okemos Public Schools, it is not intended to and does not present the financial position or changes in net position of Okemos Public Schools.

The District qualifies for low-risk auditee status. Management has utilized the Nexsys Cash Management System (CMS) and the Grant Auditor Report in preparing the schedule of expenditures of federal awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Okemos Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 2,692,350
Other nonmajor governmental fund	<u>772,655</u>
Total federal revenue in the fund financial statements	<u>3,465,005</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 3,465,005</u></u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Okemos Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Okemos Public Schools' basic financial statements and have issued our report thereon dated September 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Okemos Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Okemos Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Okemos Public Schools' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Maney Costeiran PC

September 3, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Okemos Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Okemos Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Okemos Public Schools' major federal programs for the year ended June 30, 2024. Okemos Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Okemos Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis of Presentation on Each Major Federal Program

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

We are required to be independent of Okemos Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Okemos Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Okemos Public Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Okemos Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Okemos Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Okemos Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Government Auditing Standards requires the auditors to perform limited procedures to Okemos Public Schools response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Okemos Public Schools response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Manes Costeian PC

September 3, 2024

**OKEMOS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

- | | | | |
|---|-----------|-------------------------|---------------|
| ➤ Material weakness(es) identified? | _____ Yes | _____ <u>X</u> _____ No | |
| ➤ Significant deficiency(ies) identified? | _____ Yes | _____ <u>X</u> _____ | None reported |

Noncompliance material to financial statements noted?

_____ Yes _____ X _____ No

Federal Awards

Internal control over major programs:

- | | | | |
|---|-----------|-------------------------|---------------|
| ➤ Material weakness(es) identified? | _____ Yes | _____ <u>X</u> _____ No | |
| ➤ Significant deficiency(ies) identified? | _____ Yes | _____ <u>X</u> _____ | None reported |

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes _____ X _____ No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ X _____ Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**OKEMOS PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Finding 2023-001: Considered a significant deficiency in internal control over compliance.

Criteria: In order to comply with the Michigan Department of Education requirements, the District must maintain accurate records of meals served justifying all meals claimed and documenting that all program funds were spent only on allowable Child Nutrition Program costs.

Condition: In one monthly claim, the District did not have accurate records to support the amount of meals served and claimed, as a result they significantly underclaimed meals served.

Questioned costs: None

Cause: The District did not use an accurate tracking system to count the number of meals served for a portion of the school year.

Recommendation: The District should consistently utilize a point-of-sale system to track and claim the number of meals served.

District's Response: The District concurs with the facts of this finding and continues to implement procedures to prevent this in the future.

Status: This issue is ongoing, and we recommend that the District puts into place processes for improvement as soon as possible.



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September 3, 2024

To the Board of Education
Okemos Public Schools

In planning and performing our audit of the financial statements of Okemos Public Schools as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Okemos Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 3, 2024 on the financial statements of Okemos Public Schools. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows.

CURRENT YEAR COMMENTS

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Okemos Public Schools develop a plan to spend down the excess by June 30, 2025.

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

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC



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September 3, 2024

To the Board of Education
Okemos Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Okemos Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by Okemos Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability/asset. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 3, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Very truly yours,

Manes Costeiran PC