Davison Community Schools

Financial Statements

June 30, 2023

YEO & YEO

BUSINESS SUCCESS PARTNERS

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Davison Community Schools
Members of the Board of Education and Administration
June 30, 2023

Members of the Board of Education

Ms. Karen Conover	President
Mr. Granger Stefanko	Vice President
Ms. Alicia Hensley	Secretary
Ms. Holly Halabicky	Treasurer
Mr. Kurtis McMahan	Trustee
Ms. Diane Rhines	Trustee
Mr. Matthew Smith	Trustee

Administration

Mr. Mathew Lobban	Superintendent
Mr. Josh Evans	Director of Business Services

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Independent Auditors' Report

Management and the Board of Education
Davison Community Schools
Davison, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Davison Community Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Davison Community 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 Davison Community Schools, as of June 30, 2023, 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 Davison Community 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 Davison Community 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 Davison Community 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 Davison Community Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023, on our consideration of Davison Community 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 Davison Community 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 Davison Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, MI
October 18, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

Davison Community Schools

Where Kids Come First and Futures Begin

Connections ❖ Curriculum ❖ Opportunities

Administrative Offices 1490 N. Oak Road Davison, MI 48423

Management Discussion and Analysis
For the Year Ended June 30, 2023

Our examination and assessment of the financial performance of Davison Community Schools, as mandated by GASB 34, offers a comprehensive snapshot of the School District's fiscal operations during the fiscal year concluding on June 30, 2023. This reporting model was adopted by the Governmental Accounting Standards Board *Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* (GASB 34) in June, 2000.

GASB 34 and generally accepted accounting principles (GAAP) require the reporting of two types of financial statements: fund financial statements and district-wide financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds – not the School District as a whole. The fund-level financial statements are reported on a modified accrual basis. That is, only those assets that are "measurable" and "currently available" are reported, and liabilities are recognized to the extent that they are normally expected to be paid with current financial resources. The School District has two kinds of funds:

- *Governmental Funds:* All of the School District's basic services are provided in governmental funds, which generally focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The School District's governmental funds include the General Fund, Cafeteria, School Activity and Community Enrichment & Recreation Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

Joshua Evans
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- *Fiduciary Funds:* The School District is the trustee or fiduciary for assets that belong to others in the agency fund. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

District-Wide Financial Statements

The District-wide Statement of Net Position and Statement of Activities are reported using the full accrual basis of accounting. With this method, all of the School District's assets, liabilities, current year revenues and expenditures are reported, regardless of when cash is received or paid. These statements provide information about the activities of the School District as a whole, and present a long-term view of the School District's finances. For example, the Statement of Activities details how the School District's services were financed in the short-term and the amount that remains for future spending. The Statement of Net Position aggregates the School District's restricted and unrestricted assets as well as short and long-term obligations recorded in all funds.

Financial Position and Results of Operations

The School District's Net Position – the difference between assets and liabilities, as reported in the Statement of Net Position, is one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's Net Position, as reported in the Statement of Activities, is one indicator of whether its financial health is improving or deteriorating, respectively. The relationship between revenues and expenses indicates the School District's operating results. To assess the School District's overall health, it is important to consider additional non-financial factors such as the quality of educational services provided, the condition of school buildings and facilities, the safety of the schools, and other non-financial factors.

Summary of Net Position

As of June 30, 2023, the School District's Net Position totaled ($51,256,070). Restricted Net Position is presented separately to highlight the legal constraints imposed by debt covenants and legislation that limit the School District's ability to utilize the Net Position for daily operational needs. The following summary outlines the School District's Net Position at both June 30, 2023, and June 30, 2022:

	June 30, 2023	June 30, 2022
Assets		
Current Assets	$ 54,226,896	$ 44,840,721
Investments	2,874,911	10,022,464
Capital Assets, Net of Depreciation and Amortization	85,481,520	66,339,153
Deferred Outflows		
Deferred Outflows--Pension Expense	32,837,250	16,755,425
Deferred Outflows--OPEB Expense	8,793,807	6,704,581
Total Assets and Outflows of Resources	**$ 184,214,384**	**$ 144,662,344**
Liabilities		
Current Liabilities	$ 7,882,525	$ 7,865,073
Long-Term Liabilities --Pension Liability	121,501,764	76,631,825
Long-Term Liabilities --OPEB Liability	6,704,782	5,001,353
Long-Term Liabilities	78,288,176	63,370,017
Total Liabilities	214,377,247	152,868,268
Deferred Inflows		
Deferred Net Pension Liability	$ 6,550,150	$ 31,410,831
Deferred Net OPEB Liability	14,543,057	19,146,349
Total Deferred Inflows	21,093,207	50,557,180
Net Position		
Invested in Capital Assets, Net of Related Debt	34,362,995	32,357,373
Restricted for Food Service	1,236,755	1,552,740
Restricted for Debt Service	1,002,983	1,432,361
Restricted for Capital Projects	2,385,466	1,478,458
Unrestricted	(90,243,833)	(95,584,036)
Total Net Position	(51,256,070)	(58,763,104)
Total Liabilities and Net Position	**$ 184,214,384**	**$ 144,662,344**

Analysis of Financial Position

During the fiscal year ended June 30, 2023, the School District's Net Position increased by $7,507,034. A few of the significant factors affecting Net Position during the year are discussed below:

A. Governmental Operations

In the School District's governmental funds, revenues exceed expenditures by $ 4,138,957 for the fiscal year ended June 30, 2023. See the section entitled Major Governmental Funds Budgeting and Operating Highlights below for further discussion of governmental fund operations.

B. Depreciation Expense

GASB 34 mandates that School District's maintain records of annual depreciation expenses and accumulated depreciation. The net increase in accumulated depreciation signifies a decrease in Net Position. Depreciation expenses are accounted for using the straight-line method, which allocates costs over the projected useful life of the assets. Following generally accepted accounting principles, depreciation expenses are calculated by deducting the estimated salvage value from the original asset cost. In the fiscal year ending on June 30, 2023, the net increase in accumulated depreciation was $2,291,207.

C. Capital Acquisitions

Capital outlay for the year ended June 30, 2023 totaled $21,702,574. Capital outlay was offset by current year depreciation and amortization expense of $2,477,661 and net disposals of assets of $84,546, creating a Net Position increase from capital outlay of $19,142,367.

D. Net Pension Liability

Beginning with the year ended June 30, 2015 is the requirement for Accounting and Financial Reporting of Pensions, GASB 68 & 71. These statements require the district to report our proportionate share of MPSERS (Michigan Public School Employees' Retirement System) net pension liability, related deferred outflows and inflows. For the year ended June 30, 2023 the Schools District's proportionate share of the net pension liability was $121,501,764.

E. Net OPEB Liability

Beginning with the year ended June 30, 2018 is the requirement for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB 75. This statement requires the district to report our proportionate share of MPSERS (Michigan Public School Employees' Retirement System) net OPEB liability, related deferred outflows and inflows. For the year ended June 30, 2023 the pension liability was $6,704,782.

F. Acquisition of Long-Term Debt

The School District's issuance of debt increases its long-term principal commitments and reduces the Net Position of the district. During the fiscal year ending on June 30, 2013, the School District issued long-term debt amounting to $11,835,000 for the Central Renovation Project and also refinanced previous debt totaling $8,125,000. Furthermore, in 2020, the School District issued long-term debt for facility upgrades, totaling $54,010,645, and repeated this in 2022, securing an additional $18,130,823 in long-term debt. The bond premiums resulting from issuance of debt are amortized over the remaining life of the issued debt. Amortization of bond premiums was $ 100,922 for the year ended June 30, 2023.

G. Repayments of Long-Term Debt

The School District's repayment of long-term debt reduces its long-term principal commitments, consequently increasing the School District's Net Position. In the current year, the School District repaid $2,962,940 in long-term general obligation bonds.

Results of Operations

The results of operations for the School District as a whole for the year ended June 30, 2023 are reported in the Statement of Activities. A summary of the district-wide results of operations for the years ended June 30, 2023 and June 30, 2022 are as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Revenue		
General Revenue:		
Property Taxes, Levied for General Purposes	$ 4,708,537	$ 4,562,424
Property Taxes, Levied for Debt Service	5,068,128	4,811,740
Property Taxes, Levied for Sinking Fund	1,339,416	1,283,306
State Aid, Unrestricted	47,704,219	43,351,976
Interest and Investment Earnings	1,466,600	(26,511)
Other	409,424	98,026
Total General Revenue	60,696,324	54,080,961
Program Revenue:		
Charges for Services	1,682,528	1,130,924
Operating Grants and Contributions	27,379,485	22,649,180
Total Revenue	89,758,337	77,861,065
Expenses		
Instruction	44,253,112	36,684,380
Supporting Services	29,917,677	23,988,749
Food Services	3,473,467	2,833,659
Community Services	1,638,362	976,248
Interest on Long-Term Debt	2,968,685	2,131,924
Total Expenses	82,251,303	66,614,960
Change in Net Position	7,507,034	11,246,105
Net Position – Beginning	(58,763,104)	(70,009,209)
Net Position – Ending	$ (51,256,070)	$ (58,763,104)

Governmental Funds Financial Highlights

The General Fund is reported separately as a major fund in the fund financial statements. Funds reported as “Other Governmental Funds” in the fund financial statements include the Cafeteria, Student Activity and Community Enrichment & Recreation Special Revenue Funds, Debt Retirement Funds, and Capital Projects Sinking Fund.

The annual fund financial statements provide the following insights about the results of this year’s operations:

A. General Fund

The financial health of the School District's General Fund remained firmly stable for the fiscal year ending on June 30, 2023. The General Fund experienced an increase in fund equity of $ 4,138,957 or 32.3% during the year ended June 30, 2023. Ending fund equity in the General Fund is $ 16,952,843 at June 30, 2023, which equates to 23.1% of expenditures and other financing uses for the year.

Please refer to the Major Governmental Funds Budgeting and Operating Highlights section below for further discussion of General Fund operations for the year.

B. Nonmajor Governmental Funds

Nonmajor governmental funds experienced an overall increase in fund equity of $ 462,438 during the year ended June 30, 2023. The fund balance within the School District's Special Revenue Funds, which includes Food Service, Student Activity, and Davison Community Enrichment & Recreation (DCER), exhibited a decrease of ($290,180). This resulted in a closing fund equity of $2,100,481, equivalent to 42.6% of expenditures and other financing uses for the year ended on June 30, 2023. This decline is primarily linked to the Food Service department and the COVID-19 pandemic. During the pandemic, the School District's Food Service department excelled at providing free of charge breakfast and lunch to all students. This led to an increase in federal reimbursement revenue and created a situation in which the department accumulated an Excess Fund Balance (EFB). An EFB arises when the Fund Balance surpasses the allowable limit of 3 months' average expenditures at year-end. In accordance with the Michigan Department of Education (MDE) requirements, a Spend Down Plan of Actions is required for all School District’s with an EFB. The School District implemented an investment strategy to enhance the food service program and spend down the EFB. This involved improvements in the quality of food served, procurement of necessary supplies, services, and equipment, all aimed at optimizing the program's effectiveness. Debt Retirement funds experienced a decrease in fund equity of ($ 171,642) during the year ended June 30, 2023, resulting in an ending fund equity of $ 1,451,692. The Capital Projects Sinking Fund experienced an increase in fund equity of $ 907,008 during the year ended June 30, 2023, resulting in ending fund equity of $ 2,385,466.

Major Governmental Fund Budgeting and Operating Highlights

The School District follows Michigan law when formulating its budgets, which are initially approved before July 1 of each year. These budgets are based on the information and assumptions available at the time of their adoption. It is important to note that changes are expected to occur between the initial budget and subsequent revisions due to various factors that are not fully known when the initial budget is created. These factors include uncertainties like student enrollment figures, staffing needs, staffing changes throughout the year, adjustments in state school aid, grant allocations, and unforeseen expenses.

To accommodate these changes, the School District made three amendments to its budget during the fiscal year that concluded on June 30, 2023. The School District's budgeting process encompasses various funds, including the General Fund, Special Revenue Funds, Debt Retirement Funds, Capital Projects Funds, and the 2020 School Building and Site Bond, Series I & II.

General Fund

In the General Fund, the total actual revenue and other income for the fiscal year ending on June 30, 2023, amounted to $77.4 million. This figure exceeded the initial budget projection of $69.1 million but fell short of the final adjusted budget amount of $78.5 million, resulting in a variance of $1,165,745 or 1.5%. The disparities between the actual revenue and the initial and final adjusted budgets in the General Fund can be attributed primarily to the following factors:

- Adjustments to State School Aid due to changes in Student Enrollment, where the original budget was based on enrollment estimates.
- Adjustments to funds received from the Genesee Intermediate School District for grant programs.
- Adjustments to Local Revenue Sources, including Property Taxes, Investment Earnings, and Charges for Services.
- Adjustments to various Local, State, and Federal Grants.

The actual expenditures and other outflows from the General Fund totaled $73.3 million, surpassing the initial budget estimate of $69.5 million but falling short of the final adjusted budgeted amount of $77.3 million. This resulted in a variance of $3,985,225 or 5.2%. The discrepancies between the actual General Fund expenditures and the initial and final expenditure budgets can be attributed to the following factors:

- Unspent allocations for Employee Salary and Related Benefits.
- Adjustments for Federal and State Grant Expenditures.
- Unspent budget allocations for Teaching Supplies, Textbooks, Instructional Materials, and Capital Outlay.
- Unspent budget allocations for Board of Education, Central Office, and School Administration.

The General Fund saw revenues exceed expenditures by $4,138,957 for the fiscal year concluding on June 30, 2023. As of June 30, 2023, the closing fund equity in the General Fund stands at $16,952,843, constituting 23.1% of the year's total expenditures and other financing uses.

Governmental Fund Revenue

The combined revenue for all governmental funds amounted to $108.1 million for the fiscal year ending on June 30, 2023. Among this total revenue and other sources, $15.5 million, representing 14.5%, were generated from local sources, $65.5 million, or 60.3%, came from state sources, $7.8 million, or 7.3%, originated from federal sources, $1 million, or 1%, from inter-district sources, and $18.1 million, or 16.9%, were derived from other financing sources.

A. Unrestricted State Aid

The School District is predominantly funded by State Aid. Unrestricted state aid is determined by the following three variables: (1) State of Michigan student foundation allowance; (2) student enrollment for the year, blended at 90% of the current year's fall student count and 10% of the previous year's winter student count; and (3) the School District's operating property tax levy on non-primary residence and commercial personal property.

Annually, the State of Michigan establishes the per student foundation allowance. For the year ended June 30, 2023, the foundation allowance for Davison Community Schools was established at $ 9,150. This is an increase of $450 per student from the 2021/2022 school year.

The School District's blended student enrollment count used to calculate state aid for the year ended June 30, 2023, was 5,569 students. This is a decrease of 80 full-time equated students from the year ended June 30, 2022. The following schedule summarizes the School District's blended student enrollment in full-time equivalencies and per student Foundation Allowance for the year ended June 30, 2023, and the previous five years:

Student Enrollment and Foundation Allowance History
2018/2019 to 2022/2023

Year	Student Enrollment	Change from Prior Year	Net Foundation Allowance	Change from Prior Year
2022/2023	5,569	(80)	$ 9,150	$ 450
2021/2022	5,649	(70)	$ 8,700	$ 589
2020/2021	5,719	(25)	$ 8,111	$ 175
2019/2020	5,744	36	$ 7,936	$ 65
2018/2019	5,708	(90)	$ 7,871	$ 240

B. Property Taxes

The School District imposes an 18-mill property tax on all non-primary residence properties and a 6-mill tax on all commercial personal properties located within the School District to fund General Fund operations. The annual assessment increase for each property is constitutionally limited to 5% or the inflation rate, whichever is less. When a property changes ownership, the Taxable Valuation of that property is adjusted to match the State Equalized Value, which is approximately 50% of the property's market value.

Due to millage reduction fractions, the School District levied 17.7606 mills for non-primary residence properties and 5.7606 mills for commercial personal properties during the fiscal year ending on June 30, 2023. Consequently, property tax revenue for general operations amounted to $4.7 million.

The School District imposed a 5.14-mill property tax on all property types situated within its boundaries to fund the retirement of bonded debt associated with the 2013 Refunding Bonds, the 2013 Central Project, the 2020 Series I Bond, and the 2022 Series II Bond. This levy is not affected by millage reduction fractions, and the tax proceeds are directed toward servicing the principal and interest on these bond obligations. In the fiscal year ending on June 30, 2023, the total amount levied for debt retirement reached $5.1 million.

The School District's sinking fund serves the purpose of funding significant repairs and the replacement of buildings and sites within the School District, as authorized by Michigan law. In 2015, the voters of the School District approved the renewal of a 1.4016 mill levy, spanning a ten-year period from 2016 to 2025. This particular levy is subject to millage reduction fractions, leading to the School District imposing a 1.3585-mill tax for the sinking fund during the fiscal year that concluded on June 30, 2023. Consequently, property tax revenue for this fund amounted to $1.3 million.

Governmental Fund Expenditures

The following chart illustrates General Fund expenditures and other uses within the governmental funds comprised %'s. For the year ended June 30, 2023, expenditures and other financing uses totaled $105.6 million for all School District programs. The ending fund equity for all funds totaled $49.7 million at June 30, 2023.

Governmental Fund Expenditures & Other Uses
For the Years Ended June 30, 2023 and 2022
(Amounts in Millions)

	2023	2023 Percent	2022	2022 Percent
General Fund	$ 73.3	69.4%	$ 65.3	72.6%
Other Governmental Funds	32.3	30.6%	24.6	27.4%
Total	$ 105.6	100.0%	$ 89.9	100.0%

Capital Asset and Debt Administration

A. Capital Assets

As of June 30, 2023, the School District had $ 125.6 million invested in land and buildings, furniture and equipment, buses and other vehicles, and construction in progress. Of this amount, $ 40.1 million has been depreciated, which resulted in a net book value of $ 85.5 million. Total additions for the year were $ 21.7 million consisting of construction in progress as of June 30, 2023, furniture and equipment and bus purchases during the year.

The School District's buildings range in years of construction from 1930 (Central Elementary School) to 2013 (Central Elementary Remodel). The majority of the buildings were constructed in the 1950's and 1960's. The School District is committed to timely repairs and maintenance of its facilities. Computer purchases fall below the School District's capitalization threshold of $ 5,000 and are expensed accordingly.

The following chart illustrates the composition of Capital Assets at June 30, 2023 and 2022.

Capital Assets at Year-End
(In Millions)

	June 30, 2023	June 30, 2022
Land, Buildings, and Additions	$ 65.3	$ 65.1
Equipment and Furniture	11.6	10.7
School Buses and Other Vehicles	3.5	2.8
Construction in Progress	45.2	24.8
Total	125.6	103.4
Less Accumulated Depreciation	(40.1)	(37.1)
Net Capital Assets	$ 85.5	$ 66.3

B. **Long-Term Debt**

As of June 30, 2023, the School District held net long-term obligations amounting to $77.2 million. The School District collects property taxes to service the bonded debt associated with the 2013 Refunding Bonds, 2013 Central Bonds, 2020 Series I Bonds, and 2022 Series II Bonds, encompassing all property valuations. The overall growth in property valuations plays a pivotal role in assessing the School District's capacity to retire existing bonded debt and potentially acquire additional bonded debt, particularly in response to rising enrollment needs.

Outstanding Debt at Year-End
(In Millions)

	June 30, 2023	June 30, 2022
Government obligation bonds	$ 67.67	$ 53.8
Unamortized bond premium and issue costs	9.51	7.9
Notes payable	0.02	0.1
Total outstanding debt	$ 77.2	$ 61.8

For more detailed information regarding capital assets and debt administration, please review the Notes to Financial Statements located in the financial section of this report.

Contacting the District's Financial Management

The purpose of this financial report is to offer an insight into the financial status of the Davison Community School District. If you require clarification on any of the details within this report or seek further information, please don't hesitate to get in touch with Joshua Evans, Director of Business Services at Davison Community Schools. You can reach him at 1490 N. Oak Road, P.O. Box 319, Davison, Michigan, 48423, via phone at (810) 591-0803, or by email at jevans@davisonschools.org.

BASIC FINANCIAL STATEMENTS

Davison Community Schools
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash	$ 38,190,093
Accounts receivable	281,291
Due from other governmental units	15,429,832
Due from agency fund activities	3,500
Inventory	41,987
Investments	2,874,911
Prepaid items	280,193
Right to use assets - net of amortization	658,386
Capital assets not being depreciated	45,383,026
Capital assets - net of accumulated depreciation	39,440,108
Total assets	142,583,327
Deferred outflows of resources	
Deferred amount relating to the net pension liability	32,837,250
Deferred amount relating to the net OPEB liability	8,793,807
Total deferred outflows of resources	41,631,057

Davison Community Schools
Statement of Net Position
June 30, 2023

	Governmental Activities
Liabilities	
Accounts payable	$ 728,609
State aid anticipation note payable	579,504
Due to other governmental units	981,122
Due to agency fund activities	2,000
Payroll deductions and withholdings	1,609,330
Accrued expenditures	448,709
Accrued salaries payable	2,883,837
Unearned revenue	649,414
Long-term liabilities	
Net pension liability	121,501,764
Net OPEB liability	6,704,782
Debt due within one year	3,192,697
Debt due within more than one year	75,095,479
Total liabilities	214,377,247
Deferred inflows of resources	
Deferred amount relating to net pension liability	6,550,150
Deferred amount relating to the net OPEB liability	14,543,057
Total deferred inflows of resources	21,093,207
Net Position	
Net investment in capital assets	34,362,559
Restricted for	
Food service	1,236,755
Debt service	1,002,983
Capital projects	2,385,466
Unrestricted	(90,243,833)
Total net position	$ (51,256,070)

See Accompanying Notes to the Financial Statements

Davison Community Schools
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 44,191,202	$ 31,076	$ 23,792,668	$ (20,367,458)
Supporting services	29,979,587	133,780	918,535	(28,927,272)
Food services	3,473,467	646,689	2,578,282	(248,496)
Community services	1,638,362	870,983	90,000	(677,379)
Interest and other expenditures	2,968,685	-	-	(2,968,685)
Total governmental activities	$ 82,251,303	$ 1,682,528	$ 27,379,485	(53,189,290)
	General revenues			
	Property taxes, levied for general purposes			4,708,537
	Property taxes, levied for debt service			5,068,128
	Property taxes, levied for sinking fund			1,339,416
	State aid - unrestricted			47,704,219
	Interest and unrealized investment losses			1,466,600
	Other			409,424
	Total general revenues			60,696,324
	Change in net position			7,507,034
	Net position - beginning			(58,763,104)
	Net position - ending			$ (51,256,070)

See Accompanying Notes to the Financial Statements

Davison Community Schools
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	2020 Building & Site Bond, Series I Fund	2022 Building & Site Bond, Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 8,623,489	$ 5,508,965	$ 18,188,564	$ 5,869,075	$ 38,190,093
Accounts receivable	212,817	-	-	68,474	281,291
Due from other funds	-	212,278	-	-	212,278
Due from other governmental units	15,190,946	-	-	238,886	15,429,832
Due from agency fund activities	3,500	-	-	-	3,500
Inventory	-	-	-	41,987	41,987
Investments	-	2,874,911	-	-	2,874,911
Prepaid items	180,193	-	-	100,000	280,193
Total assets	$ 24,210,945	$ 8,596,154	$ 18,188,564	$ 6,318,422	$ 57,314,085

See Accompanying Notes to the Financial Statements

Davison Community Schools
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	2020 Building & Site Bond, Series I Fund	2022 Building & Site Bond, Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities					
Accounts payable	$ 468,877	$ 7,209	$ -	$ 252,523	$ 728,609
State aid anticipation note payable	579,504	-	-	-	579,504
Due to other funds	212,278	-	-	-	212,278
Due to other governmental units	981,122	-	-	-	981,122
Due to agency fund activities	2,000	-	-	-	2,000
Payroll deductions and withholdings	1,609,330	-	-	-	1,609,330
Accrued salaries payable	2,883,837	-	-	-	2,883,837
Unearned revenue	521,154	-	-	128,260	649,414
Total liabilities	7,258,102	7,209	-	380,783	7,646,094
Fund Balances					
Non-spendable					
Inventory	-	-	-	41,987	41,987
Prepaid items	180,193	-	-	100,000	280,193
Restricted for					
Debt service	-	-	-	1,451,692	1,451,692
Food service	-	-	-	1,094,768	1,094,768
Capital projects	-	8,588,945	18,188,564	2,385,466	29,162,975
Committed					
Student activity	-	-	-	627,157	627,157
Assigned					
Community enrichment & recreation	-	-	-	236,569	236,569
Budgeted excess expenditures over revenues	1,200,014	-	-	-	1,200,014
Unassigned	15,572,636	-	-	-	15,572,636
Total fund balances	16,952,843	8,588,945	18,188,564	5,937,639	49,667,991
Total liabilities and fund balances	$ 24,210,945	$ 8,596,154	$ 18,188,564	$ 6,318,422	$ 57,314,085

See Accompanying Notes to the Financial Statements

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

Total fund balances for governmental funds	$	49,667,991
Total net position for governmental activities in the statement of net position is different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets - net of amortization		658,386
Capital assets not being depreciated		45,383,026
Capital assets - net of accumulated depreciation		39,440,108
Deferred outflows (inflows) of resources		
Deferred outflows of resources resulting from the net pension liability		32,837,250
Deferred outflows of resources resulting from the net OPEB liability		8,793,807
Deferred inflows of resources resulting from the net pension liability		(6,550,150)
Deferred inflows of resources resulting from the net OPEB liability		(14,543,057)
Certain liabilities are not due and payable in the current period and are not reported in the funds.		
Accrued interest		(448,709)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Net pension liability		(121,501,764)
Net OPEB liability		(6,704,782)
Compensated absences		(391,706)
Bonds payable		(77,182,973)
Other loans payable and liabilities		(713,497)
Net position of governmental activities	$	(51,256,070)

See Accompanying Notes to the Financial Statements

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

	General Fund	2020 Building & Site Bond, Series I Fund	2022 Building & Site Bond, Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	$ 5,692,520	$ 754,873	$ 644,602	$ 8,426,513	$ 15,518,508
State sources	65,375,654	-	-	135,201	65,510,855
Federal sources	5,302,741	-	-	2,471,937	7,774,678
Interdistrict sources	1,006,565	-	-	-	1,006,565
Total revenues	77,377,480	754,873	644,602	11,033,651	89,810,606
Expenditures					
Current					
Education					
Instruction	43,389,190	-	-	-	43,389,190
Supporting services	28,481,999	-	-	876,488	29,358,487
Food services	-	-	-	3,411,353	3,411,353
Community services	1,090,750	-	-	518,315	1,609,065
Capital outlay	-	21,013,657	413,438	440,253	21,867,348
Debt service					
Principal	317,940	-	-	2,645,000	2,962,940
Interest and other expenditures	43,644	-	-	2,594,503	2,638,147
Bond issuance costs	-	-	173,423	301	173,724
Total expenditures	73,323,523	21,013,657	586,861	10,486,213	105,410,254
Excess (deficiency) of revenues over expenditures	4,053,957	(20,258,784)	57,741	547,438	(15,599,648)

See Accompanying Notes to the Financial Statements

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

	General Fund	2020 Building & Site Bond, Series I Fund	2022 Building & Site Bond, Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Proceeds from issuance of bonds	$ -	$ -	$ 16,450,000	$ -	$ 16,450,000
Premium on issuance of bonds	-	-	1,680,823	-	1,680,823
Transfers in	130,000	-	-	45,000	175,000
Transfers out	(45,000)	-	-	(130,000)	(175,000)
Total other financing sources (uses)	85,000	-	18,130,823	(85,000)	18,130,823
Net change in fund balances	4,138,957	(20,258,784)	18,188,564	462,438	2,531,175
Fund balances - beginning	12,813,886	28,847,729	-	5,475,201	47,136,816
Fund balances - ending	$ 16,952,843	$ 8,588,945	$ 18,188,564	$ 5,937,639	$ 49,667,991
			-		

Davison Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - Total governmental funds	$ 2,531,175
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Grants	(52,269)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Depreciation and amortization expense	(2,477,661)
Capital outlay	21,702,574
Sale of capital assets (net book value)	(82,546)
Expenses are recorded when incurred in the statement of activities.	
Interest	(257,736)
Compensated absences	148,802
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(44,869,939)
Net change in the deferred inflow of resources related to the net pension liability	40,942,506
The statement of net position reports the net OPEB and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	(1,703,429)
Net change in the deferred inflow of resources related to the net OPEB liability	6,692,518
Bond and note proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference is the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source, or expenditure in the governmental funds. However in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt Issued	(18,130,823)
Repayments of long-term debt	2,962,940
Amortization of premiums	100,922
Change in Net position of governmental activities	$ 7,507,034

See Accompanying Notes to the Financial Statements

Davison Community Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	Custodial Scholarship Fund
Assets	
Cash	$ 20,311
Due from other funds	2,000
Total assets	22,311
Liabilities	
Due to General Fund	3,500
Net Position	
Assets held for scholarships and loans	$ 18,811

See Accompanying Notes to the Financial Statements

Davison Community Schools
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Custodial Scholarship Fund
Additions	
Local sources	$ 6,431
Deductions	
Scholarships	3,511
Change in net position	2,920
Net position - beginning	15,891
Net position - ending	$ 18,811

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental fund:

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

2020 School Building and Site Bond, Series I Fund – The 2020 School Building and Site Bond, Series I Fund is used to record the proceeds and uses of the funds received from the bond.

2022 School Building and Site Bond, Series II Fund – The 2022 School Building and Site Bond, Series II Fund is used to record the proceeds and uses of the funds received from the bond.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service Fund, Student Activity Fund, and Davison Community Enrichment and Recreation (DCER).

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

Sinking Fund – The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction or repair of school buildings.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Custodial Scholarship Funds are funds entrusted to the School District for scholarship awards.

Assets, Liabilities, and Equity

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

The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

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

General Fund	
Non-principal residence exemption	17.7606
Commercial personal property	5.7606
Debt Service Funds	5.1400
Sinking Fund	1.3585

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 99% of the School District's tax roll lies within Genesee County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the Counties of Genesee and Lapeer and remitted to the School District by May 15.

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

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

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

Buildings and improvements	7-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refunding's are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences – Sick days earned by employees vary per department. Administrators, Administrator Support, Custodians, and Teachers are granted 12 sick days a year. Secretaries are granted 10 sick days a year. Teachers and Administrators can accumulate up to 150 days. Custodians can accumulate up to 75 days. Administrator Support can accumulate up to 85 days. Secretaries can accumulate up to 85 days. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category. Vacation days per department vary according to how many days are worked and how many years they have been employed.

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

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

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

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

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

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

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

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

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

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

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

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

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

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

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

Statement No. 96, *Subscription-Based Information Technology Arrangements,* is based on the standards established in Statement No. 87 *Leases.* This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2023.

Upcoming Accounting and Reporting Changes

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

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

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Business	$ 969,503	1,032,114	$ 62,611
Other	86,876	92,387	5,511
Community services	1,081,064	1,090,750	9,686

Compliance Bond Proceeds

The 2020 and 2022 Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For this capital project, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code.

The following is a summary of the revenue and expenditures in the 2020 School Building and Site Bond, Series I Fund from the inception of the funds through the current fiscal year:

Revenues	$ 54,661,320
Expenses	(46,072,375)
	$ 8,588,945

The following is a summary of the revenue and expenditures in the 2022 School Building and Site Bond, Series II Fund from the inception of the funds through the current fiscal year:

Revenues	$ 18,775,425
Expenses	(586,861)
	$ 18,188,564

Compliance Sinking Funds

The Capital Project Fund records capital project activities funded with Sinking Fund millage. For the funds, the School District has complied with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

Note 3 - Deposits and Investments

The School District's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	$ 38,190,093	$ 20,311	$ 38,210,404
Investments	2,874,911	-	2,874,911
	$ 41,065,004	$ 20,311	$ 41,085,315

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 10,260,857
Investments in Michigan Liquid Asset Fund (MILAF)	30,823,533
Petty cash and cash on hand	925
Total	$ 41,085,315

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External Investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	$ 18,130,793	N/A	AA+	Standard and Poor's
MAX Class	9,817,829	N/A	AA+	Standard and Poor's
MILAF Managed Account				
US Treasury Notes	2,158,419	2 - 5 years	AA+	Standard and Poor's
Fannie Mae Notes	716,492	3 - 5 years	AA+	Standard and Poor's
	$ 30,823,533			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2023, the net asset value of the School District's investment in MILAF + Portfolio was $27,948,622. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of $1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk – The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk – State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk – The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, $ 15,551,123 of the School District's bank balance of $ 15,994,091 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Fair Value Measurements

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

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

U.S. Treasury and Federal Agency notes of $ 2.9 million are valued using quoted market prices (Level 1 inputs).

Note 5 - Capital Assets

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 178,416	$ -	$ -	$ 178,416
Construction-in-progress	24,611,281	20,593,329	-	45,204,610
Total capital assets not being depreciated	24,789,697	20,593,329	-	45,383,026
Capital assets being depreciated				
Buildings and improvements	65,072,576	-	-	65,072,576
Buses and other vehicles	2,857,303	869,237	269,000	3,457,540
Furniture and other equipment	9,495,384	240,008	-	9,735,392
Right to use asset - equipment	1,263,204	-	-	1,263,204
Total capital assets being depreciated	78,688,467	1,109,245	269,000	79,528,712
Less accumulated depreciation for				
Buildings and improvements	28,893,612	1,449,218	-	30,342,830
Buses and other vehicles	2,071,595	263,317	186,454	2,148,458
Furniture and other equipment	5,871,395	462,717	-	6,334,112
Right to use asset - equipment	302,409	302,409	-	604,818
Total accumulated depreciation	37,139,011	2,477,661	186,454	39,430,218
Net capital assets being depreciated	41,549,456	(1,368,416)	82,546	40,098,494
Net capital assets	$ 66,339,153	$ 19,224,913	$ 82,546	$ 85,481,520
Total right to use leased assets				
Right to use assets, net of amortization	$ 960,795	$ (302,409)	$ -	$ 658,386
Capital assets				
Assets not being depreciated	24,789,697	20,593,329	-	45,383,026
Other capital assets, net of depreciation	40,588,661	(1,066,007)	82,546	39,440,108
Net capital assets	$ 66,339,153	$ 19,224,913	$ 82,546	$ 85,481,520

Depreciation and amortization of right to use assets expense were charged to activities of the School District as follows:

Governmental activities	
Instruction	$ 1,382,363
Support services	935,350
Food services	108,684
Community services	51,264
Total governmental activities	$ 2,477,661

Note 6 - Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at year end consist of the following:

Payable Fund	Receivable Fund	Amount
General Fund	2020 Building & Site Fund	$ 212,278

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and when payments between funds are made. Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers at year end consist of the following:

	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
Transfers in			
General Fund	$ -	$ 130,000	$ 130,000
Nonmajor Governmental Funds	45,000	-	45,000
	$ 45,000	$ 130,000	$ 175,000

Interfund transfers were made during the year, between the General Fund and the DCER Fund to cover operating shortfalls. Transfers from the Food Service Fund to the General Fund were used to reimburse for indirect costs.

Note 7 - Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 521,154
Deposit on future meals	128,260
Total	$ 649,414

Note 8 - Leases

Lease Liability
During the 2020 fiscal year, the School District entered into a 5 year lease agreement as lessee for the use of copiers. An initial lease liability was recorded in the amount of $ 1,263,204 during the 2022 fiscal year. As of June 30, 2023, the value of the lease liability was $ 689,078. The School District is required to make annual principal and interest payments of $ 336,453. The lease has an implied interest rate of 5%. The value of the right-to-use asset as of the end of the current fiscal year was $ 1,263,204 and had accumulated amortization of $ 604,818.

The future minimum lease payments for these leases are as follows:

	Principal	Interest
Year ending June 30,		
2024	$ 309,278	$ 27,175
2025	325,095	11,358
2026	54,705	301
Total	$ 689,078	$ 38,834

Note 9 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ 494,784	$ 3,985,000	$ 3,900,280	$ 579,504

The state aid anticipation note agreement includes an irrevocable set-aside of $ 3,405,496 at year end that is considered defeased debt and not included in the ending balance.

Note 10 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Bond Loan Fund or School Loan Revolving Fund, the State may withhold state aid if the School District is in default or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds					
General obligation bonds	$ 53,865,000	$ 16,450,000	$ 2,645,000	$ 67,670,000	$ 2,660,000
Unamortized bond premium	7,933,072	1,680,823	100,922	9,512,973	-
Total bonds	61,798,072	18,130,823	2,745,922	77,182,973	2,660,000
Notes from direct borrowings and direct placements					
Notes payable	48,138	-	23,719	24,419	24,419
Other liabilities					
Leases	983,299	-	294,221	689,078	309,278
Compensated absences	540,508	124,995	273,797	391,706	199,000
Total other liabilities	1,523,807	124,995	568,018	1,080,784	508,278
Total	$ 63,370,017	$ 18,255,818	$ 3,337,659	$ 78,288,176	$ 3,192,697

For governmental activities, notes payable, leases, and compensated absences are primarily liquidated by the General Fund.

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of $ 1,451,692 to pay this debt. Future debt and interest will be payable from future tax levies. The School District's outstanding notes from direct borrowings and direct placements related to governmental activities of $ 24,419 are collateralized by buildings and equipment owned by the district.

General obligation bonds payable at year end consist of the following:

2013 serial bond with interest at 3.13% to 3.00%, due in annual installments of $ 665,000 to $ 1,575,000 through May 2028.	$	7,650,000
2020 Building and site bond with interest at 3.00%, due in annual installments of $410,000 to $3,340,000 through through May 2043		43,570,000
2022 Building and site bond with interest at 4.00% to 5.00%, due in annual installments of $750,000 to $790,000 through through May 2044		16,450,000
Total general obligation bonded debt	$	67,670,000

Notes payable at year end consist of the following:

2020 installment purchase agreement with interest at 2.95%, due in annual installments of $ 22,000 to $ 25,000 through May 2024, liquidated by future General Fund earnings and secured by buses.	$	24,419

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

Year Ending June 30,	Bonds Principal	Bonds Interest	Notes from direct borrowings and direct placements Principal	Notes from direct borrowings and direct placements Interest	Total
2024	$ 2,660,000	$ 2,715,256	$ 24,419	$ 720	$ 5,400,395
2025	2,690,000	2,623,856	-	-	5,313,856
2026	2,800,000	2,531,256	-	-	5,331,256
2027	2,825,000	2,434,506	-	-	5,259,506
2028	2,905,000	2,435,070	-	-	5,340,070
2029-2033	14,105,000	10,137,000	-	-	24,242,000
2034-2038	16,400,000	7,020,300	-	-	23,420,300
2039-2043	19,155,000	3,331,200	-	-	22,486,200
2043-2044	4,130,000	173,100	-	-	4,303,100
Total	$ 67,670,000	$ 33,401,544	$ 24,419	$ 720	$ 101,096,683

Interest expenditures for fiscal year 2023, in the General Fund and the Debt Retirement Funds were $ 43,644 and $ 2,594,503, respectively.

Compensated Absences

Accrued compensated absences at year end, consist of $ 391,706 of vacation hours earned and vested and accrued sick time benefits.

Note 11 - Risk Management

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

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School

District. The School District had no unemployment compensation expense for the year. No provision has been made for possible future claims.

Note 12 - Pension Plan

Plan Description

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

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

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

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

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members. A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

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

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

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

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

Required contributions to the pension plan from the School District were $ 10,995,901 for the year ending September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, School District reported a liability of $ 121,501,764 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the School District's proportion was .3231 percent, which was a decrease of .0006 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022 the School District recognized pension expense of $ 14,313,373 for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total pension contribution expense of $ 10,911,821.

Section 147c of the State School Aid Act (MCL 388.1747c) was amended to include a one-time distribution to districts, intermediate districts, and other participating entities of MPSERS, which is referred to as Section 147c(2). Section 147c(2) is required to be forwarded to the state's ORS as additional assets being contributed to the retirement system. This funding is a one-time, state payment toward the MPSERS unfunded liability and not part of the actuarially determined contributions and therefore not included in the above pension expense, pension contributions or related deferred inflows/outflows of resources. For the period ending June 30, 2023, the School District recognized in their financial statements an additional amount related to Section 147c(2) of $ 3,142,978 in total pension expense and offset in state revenues.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 1,215,442	$ (271,665)	$ 943,777
Changes of assumptions	20,878,357	-	20,878,357
Net difference between projected and actual earnings on pension plan investments	284,922	-	284,922
Changes in proportion and differences between the School District contributions and proportionate share of contributions	554,060	(881,777)	(327,717)
Total to be recognized in future	22,932,781	(1,153,442)	21,779,339
School District contributions subsequent to the measurement date	9,904,469	(5,396,708)	4,507,761
Total	$ 32,837,250	$ (6,550,150)	$ 26,287,100

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)		
2023	$	6,094,306
2024		4,728,282
2025		4,020,635
2026		6,936,116
	$	21,779,339

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

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

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

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

Recognition period for assets is 5.0000 years.

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

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
	100.0%	

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

Rate of Return

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

Discount Rate

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

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

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

1% Decrease *	**Current Single Discount Rate Assumption ***	**1% Increase ***
5.00%	6.00%	7.00%
$ 160,337,189	$ 121,501,764	$ 89,499,623

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

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

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

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

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

Note 13 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

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

Benefits Provided

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

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

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

Contributions

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

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

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

OPEB Contribution Rates

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

Required contributions to the OPEB plan from the School District were $ 2,411,287 for the year ended September 30, 2022.

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

At June 30, 2023, the School District reported a liability of $ 6,704,782 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The School District’s proportion of the net OPEB liability was determined by dividing each employer statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the School District’s proportion was .3166 percent, which was a decrease of .0111 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the School District recognized OPEB expense of $ (2,822,307) for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total OPEB contribution expense of $ 2,277,118.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$ (13,132,099)	$ (13,132,099)
Changes of assumptions	5,976,187	(486,615)	5,489,572
Net difference between projected and actual earnings on OPEB plan investments	524,032	-	524,032
Changes in proportion and differences between the School District contributions and proportionate share of contributions	439,512	(924,343)	(484,831)
Total to be recognized in future	6,939,731	(14,543,057)	(7,603,326)
School District contributions subsequent to the measurement date	1,854,076	-	1,854,076
Total	$ 8,793,807	$ (14,543,057)	$ (5,749,250)

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2023	$ (2,714,165)
2024	(2,363,570)
2025	(2,063,495)
2026	(198,593)
2027	(236,402)
Thereafter	(27,101)
	$ (7,603,326)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%

- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year15; 3.0% Year 120
- Mortality:
    - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
    - Active: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006

Other Assumptions:

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

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

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

Recognition period for assets is 5.0000 years.

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

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
	100.0%	

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

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

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 11,246,627	$ 6,704,782	$ 2,879,985

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 2,807,642	$ 6,704,782	$ 11,079,398

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

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

Note 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by the City of Davison, Davison Township, and Richfield Township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities;

For the fiscal year ended June 30, 2023, the School District's property tax revenues were reduced by $ 56,354 under this program.

There are no significant abatements made by the School District.

Note 15 - Contingent Liabilities

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

The School District is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, in the opinion of the School District, the resolution of these matters will not have a material adverse effect on the financial condition of the School District.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 5,945,189	$ 5,781,471	$ 5,692,520	$ (88,951)
State sources	57,297,042	65,621,899	65,375,654	(246,245)
Federal sources	4,990,582	6,332,640	5,302,741	(1,029,899)
Interdistrict sources	835,423	807,215	1,006,565	199,350
Total revenues	69,068,236	78,543,225	77,377,480	(1,165,745)
Expenditures				
Instruction				
Basic programs	32,915,288	35,616,873	34,430,137	(1,186,736)
Added needs	8,223,278	9,928,874	8,959,053	(969,821)
Supporting services				
Pupil	5,344,473	5,484,605	5,351,043	(133,562)
Instructional staff	3,113,809	3,548,234	3,332,135	(216,099)
General administration	610,095	616,810	559,297	(57,513)
School administration	4,556,623	5,031,099	4,872,161	(158,938)
Business	754,353	969,503	1,032,114	62,611
Operations and maintenance	6,143,222	6,983,731	6,868,167	(115,564)
Pupil transportation services	2,766,304	3,590,032	3,209,892	(380,140)
Central	2,469,088	2,701,501	1,973,566	(727,935)
Athletics activities	1,208,376	1,241,491	1,191,237	(50,254)
Other	90,553	86,876	92,387	5,511
Community services	830,510	1,081,064	1,090,750	9,686
Capital outlay	6,000	6,000	-	(6,000)
Debt service				
Principal	362,055	371,112	317,940	(53,172)
Interest and fiscal charges	60,000	50,943	43,644	(7,299)
Total expenditures	69,454,027	77,308,748	73,323,523	(3,985,225)
Excess (deficiency) of revenues over expenditures	(385,791)	1,234,477	4,053,957	(2,819,480)

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

	Budgeted Amounts			Over
	Original	Final	Actual	(Under) Budget
Other Financing Sources (Uses)				
Transfers in	$ 130,000	$ 130,000	$ 130,000	$ -
Transfers out	(165,630)	(164,916)	(45,000)	(119,916)
Total other financing sources (uses)	(35,630)	(34,916)	85,000	(119,916)
Net change in fund balance	(421,421)	1,199,561	4,138,957	(2,939,396)
Fund balance - beginning	12,813,886	12,813,886	12,813,886	-
Fund balance - ending	$ 12,392,465	$ 14,013,447	$ 16,952,843	$ (2,939,396)

Davison Community Schools

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

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A.	School district's proportion of the net pension liability (%)	0.3231%	0.3237%	0.3203%	0.3235%	0.3301%	0.3320%	0.3208%	0.3014%	0.3066%	
B.	School district's proportionate share of the net pension liability	$ 121,501,764	$ 76,631,825	$ 110,029,399	$ 107,123,441	$ 99,233,292	$ 86,030,799	$ 80,028,532	$ 73,619,158	$ 67,537,045	
C.	School district's covered payroll	$ 30,500,906	$ 29,410,783	$ 28,225,369	$ 27,914,647	$ 27,891,830	$ 27,882,562	$ 26,494,402	$ 26,513,627	$ 26,654,395	
D.	School district's proportionate share of the net pension liability as a percentage of its covered payroll	398.35%	260.56%	389.82%	383.75%	355.78%	308.55%	302.06%	277.67%	253.38%	
E.	Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%	

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

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

	For the Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	$ 10,911,821	$ 10,923,773	$ 9,551,352	$ 8,826,595	$ 8,689,348	$ 8,406,440	$ 7,202,970	$ 5,814,565	$ 4,761,948	
B. Contributions in relation to statutorily required contributions	10,911,821	10,923,773	9,551,352	8,826,595	8,689,348	8,406,440	7,202,970	5,814,565	4,761,948	
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
D. School district's covered payroll	$ 32,020,109	$ 30,110,911	$ 28,387,148	$ 28,540,025	$ 28,043,830	$ 27,806,516	$ 27,677,187	$ 25,184,365	$ 26,534,971	
E. Contributions as a percentage of covered payroll	34.08%	36.28%	33.65%	30.93%	30.98%	30.23%	26.02%	23.09%	17.95%	

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

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A.	School district's proportion of the net OPEB liability (%)	0.3166%	0.3277%	0.3196%	0.3201%	0.3280%	0.3320%				
B.	School district's proportionate share of the net OPEB liability	$ 6,704,782	$ 5,001,353	$ 17,123,575	$ 22,975,197	$ 26,072,075	$ 29,382,651				
C.	School district's covered payroll	$ 30,500,906	$ 29,410,783	$ 28,225,369	$ 27,914,647	$ 27,891,830	$ 27,882,582				
D.	School district's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.98%	17.01%	60.67%	82.31%	93.48%	105.38%				
E.	Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%				

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

Davison Community Schools
Required Supplementary Information
Schedule of the School Districts' OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30, 2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	$ 2,277,118	$ 2,401,998	$ 2,350,357	$ 2,278,015	$ 2,144,400	$ 1,844,453				
B. Contributions in relation to statutorily required contributions	2,277,118	2,401,998	2,350,357	2,278,015	2,144,400	1,844,453				
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
D. School district's covered payroll	$ 32,020,109	$ 30,110,911	$ 28,387,148	$ 28,540,025	$ 28,043,830	$ 27,806,516				
E. Contributions as a percentage of covered payroll	7.11%	7.98%	8.28%	7.98%	7.65%	6.63%				

OTHER SUPPLEMENTARY INFORMATION

Davison Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue Funds			Debt		Total Nonmajor
	Food Service	Student Activity	DCER	Service Funds	Sinking Fund	Governmental Funds
Assets						
Cash	$ 1,158,434	$ 652,172	$ 221,311	$ 1,451,692	$ 2,385,466	$ 5,869,075
Accounts receivable	56,479	1,319	10,676	-	-	68,474
Due from other governmental units	226,056	-	12,830	-	-	238,886
Inventory	41,987	-	-	-	-	41,987
Prepaid items	100,000	-	-	-	-	100,000
Total assets	$ 1,582,956	$ 653,491	$ 244,817	$ 1,451,692	$ 2,385,466	$ 6,318,422

Davison Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue Funds			Debt Service Funds	Sinking Fund	Total Nonmajor Governmental Funds
	Food Service	Student Activity	DCER			
Liabilities						
Accounts payable	$ 217,941	$ 26,334	$ 8,248	$ -	$ -	$ 252,523
Unearned revenue	128,260	-	-	-	-	128,260
Total liabilities	346,201	26,334	8,248	-	-	380,783
Fund Balances						
Non-spendable						
Inventory	41,987	-	-	-	-	41,987
Prepaid items	100,000	-	-	-	-	100,000
Restricted for						
Food service	1,094,768	-	-	-	-	1,094,768
Debt service	-	-	-	1,451,692	-	1,451,692
Capital projects	-	-	-	-	2,385,466	2,385,466
Committed						
Student activity	-	627,157	-	-	-	627,157
Assigned						
Community enrichment and recreation	-	-	236,569	-	-	236,569
Total fund balances	1,236,755	627,157	236,569	1,451,692	2,385,466	5,937,639
Total liabilities and fund balances	$ 1,582,956	$ 653,491	$ 244,817	$ 1,451,692	$ 2,385,466	$ 6,318,422

Davison Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Special Revenue Funds					
	Food Service	Student Activity	DCER	Debt Retirement Funds	Sinking Fund	Total Nonmajor Governmental Funds
Revenues						
Local sources	$ 647,086	$ 910,919	$ 474,934	$ 5,053,929	$ 1,339,645	$ 8,426,513
State sources	113,352	-	-	14,233	7,616	135,201
Federal sources	2,464,930	-	7,007	-	-	2,471,937
Total revenues	3,225,368	910,919	481,941	5,068,162	1,347,261	11,033,651
Expenditures						
Current						
Education						
Supporting services	-	876,488	-	-	-	876,488
Food services	3,411,353	-	-	-	-	3,411,353
Community services	-	-	518,315	-	-	518,315
Capital outlay	-	-	-	-	440,253	440,253
Debt service						
Principal	-	-	-	2,645,000	-	2,645,000
Interest and other expenditures	-	-	-	2,594,503	-	2,594,503
Bond issuance costs	-	-	-	301	-	301
Total expenditures	3,411,353	876,488	518,315	5,239,804	440,253	10,486,213
Excess (deficiency) of revenues over expenditures	(185,985)	34,431	(36,374)	(171,642)	907,008	547,438
Other Financing Sources (Uses)						
Transfers in	-	-	45,000	-	-	45,000
Transfers out	(130,000)	-	-	-	-	(130,000)
Total other financing sources (uses)	(130,000)	-	45,000	-	-	(85,000)
Net change in fund balances	(315,985)	34,431	8,626	(171,642)	907,008	462,438
Fund balances - beginning	1,552,740	592,726	227,943	1,623,334	1,478,458	5,475,201
Fund balances - ending	$ 1,236,755	$ 627,157	$ 236,569	$ 1,451,692	$ 2,385,466	$ 5,937,639

Davison Community Schools
Other Supplementary Information
Budgetary Comparison Schedule - 2020 School Building and Site Bond, Series I
For the Year Ended June 30, 2023

	Budgeted Amounts			Over
	Original	Final	Actual	(Under) Budget
Revenues				
Local sources	$ 703,989	$ 703,989	$ 754,873	$ 50,884
Expenditures				
Capital outlay	21,776,437	21,776,437	21,013,657	(762,780)
Net change in fund balance	(21,072,448)	(21,072,448)	(20,258,784)	813,664
Fund balance - beginning	28,847,729	28,847,729	28,847,729	-
Fund balance - ending	$ 7,775,281	$ 7,775,281	$ 8,588,945	$ 813,664

Davison Community Schools
Other Supplemental Information
Budgetary Comparison Schedule - 2022 School Building and Site Bond, Series II
For the Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Over (Under) Budget
Revenues				
Local sources	$ 631,609	$ 631,609	$ 644,602	$ 12,993
Expenditures				
Capital outlay	-	576,000	413,438	(162,562)
Debt service				
Bond issuance costs	-	174,000	173,423	(577)
Total expenditures	-	750,000	586,861	(163,139)
Excess (deficiency) of revenues over expenditures	631,609	(118,391)	57,741	176,132
Other Financing Sources (Uses)				
Proceeds from issuance of bonds	-	17,207,400	16,450,000	(757,400)
Premium on bonds	-	-	1,680,823	1,680,823
Total other financing sources (uses)	-	17,207,400	18,130,823	923,423
Net change in fund balance	631,609	17,089,009	18,188,564	1,099,555
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ 631,609	$ 17,089,009	$ 18,188,564	$ 1,099,555

Davison Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2023

Year Ending June 30,	2013 Central Bond	2020 Building and Site Bond, Series I	2022 Building and Site Bond, Series II	Total
2024	$ 1,500,000	$ 410,000	$ 750,000	$ 2,660,000
2025	1,500,000	420,000	770,000	2,690,000
2026	1,525,000	500,000	775,000	2,800,000
2027	1,550,000	500,000	775,000	2,825,000
2028	1,575,000	550,000	780,000	2,905,000
2029	-	1,880,000	780,000	2,660,000
2030	-	1,955,000	780,000	2,735,000
2031	-	2,035,000	780,000	2,815,000
2032	-	2,120,000	780,000	2,900,000
2033	-	2,205,000	790,000	2,995,000
2034	-	2,295,000	790,000	3,085,000
2035	-	2,390,000	790,000	3,180,000
2036	-	2,485,000	790,000	3,275,000
2037	-	2,585,000	790,000	3,375,000
2038	-	2,695,000	790,000	3,485,000
2039	-	2,805,000	790,000	3,595,000
2040	-	2,915,000	790,000	3,705,000
2041	-	3,035,000	790,000	3,825,000
2042	-	3,160,000	790,000	3,950,000
2043	-	3,290,000	790,000	4,080,000
2044	-	3,340,000	790,000	4,130,000
Total	$ 7,650,000	$ 43,570,000	$ 16,450,000	$ 67,670,000
Principal payments due the first day of	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	
Interest rate	3.00% - 3.12%	3.00%	4.00% - 5.00%	
Original issue	$ 11,835,000	$ 46,050,000	$ 16,450,000	