

Dundee
Community Schools



Year Ended
June 30, 2024

Financial
Statements &
Single Audit Act
Compliance

Rehmann

This page intentionally left blank.

DUNDEE COMMUNITY SCHOOLS

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to the Financial Statements	25
Required Supplementary Information	
MPSERS Cost-Sharing Multiple-Employer Plan:	
Schedule of the District's Proportionate Share of the Net Pension Liability	50
Schedule of the District's Pension Contributions	52
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability	54
Schedule of the District's Other Postemployment Benefit Contributions	56
Notes to Required Supplementary Information	58

DUNDEE COMMUNITY SCHOOLS

Table of Contents

	<u>Page</u>
Combining Fund Financial Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	64
Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds	66
Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds	67
Single Audit Act Compliance	
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	71
Schedule of Expenditures of Federal Awards	74
Notes to the Schedule of Expenditures of Federal Awards	78
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	81
Independent Auditors' Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	83
Schedule of Findings and Questioned Costs	87
Summary Schedule of Prior Audit Findings	91



INDEPENDENT AUDITORS' REPORT

October 31, 2024

Board of Education
Dundee Community Schools
Dundee, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Dundee Community Schools** (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position thereof and the budgetary comparison of the general fund 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 (GAAS) 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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



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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

DUNDEE COMMUNITY SCHOOLS

Management's Discussion and Analysis

As management of Dundee Community Schools (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

Financial Highlights

• Total net position	\$ 3,162,392
• Change in total net position	4,702,550
• Fund balances, governmental funds	15,474,018
• Change in fund balances, governmental funds	(9,869,391)
• Unassigned fund balance, general fund	4,376,122
• Change in fund balance, general fund	2,009,243
• General obligation bonds outstanding	35,750,000
• Change in general obligation bonds outstanding	(2,240,000)

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, community services, athletics, food service, and student/school activities. The District has no business-type activities during the year.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

DUNDEE COMMUNITY SCHOOLS

Management's Discussion and Analysis

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of a government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains various individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and 2022 capital projects funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. The budgetary comparison statement has been provided for the general fund herein to demonstrate compliance with that budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the Michigan Public School Employees' Retirement System (MPERS) pension and other postemployment benefit plans immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the above required supplementary information.

DUNDEE COMMUNITY SCHOOLS

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.2 million at the close of the most recent fiscal year.

	Net Position	
	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 22,938,470	\$ 32,160,610
Capital assets, net	51,246,594	40,039,896
Total assets	<u>74,185,064</u>	<u>72,200,506</u>
Deferred outflows of resources	<u>11,365,699</u>	<u>14,753,518</u>
Liabilities		
Current and other liabilities	7,244,071	7,114,526
Long-term liabilities	68,103,543	77,394,427
Total liabilities	<u>75,347,614</u>	<u>84,508,953</u>
Deferred inflows of resources	<u>7,040,757</u>	<u>3,985,229</u>
Net position		
Net investment in capital assets	20,617,500	18,816,445
Restricted	2,947,380	2,618,539
Unrestricted (deficit)	<u>(20,402,488)</u>	<u>(22,975,142)</u>
Total net position	<u>\$ 3,162,392</u>	<u>\$ (1,540,158)</u>

A portion of the District's net position (\$20,617,500) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, vehicles, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The deficit of \$20.4 million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations including the impact of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. More detailed information on this can be seen in the notes to the financial statements.

DUNDEE COMMUNITY SCHOOLS

Management's Discussion and Analysis

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net position for the fiscal year 2024.

	Changes in Net Position	
	Governmental Activities	
	2024	2023
Revenues		
Program revenues:		
Charges for services	\$ 225,538	\$ 452,308
Operating grants and contributions	2,944,615	4,113,238
General revenues:		
Property taxes	6,271,980	5,585,049
State school aid	19,102,426	17,626,736
Grants and contributions not restricted to specific programs	410,158	736,658
Unrestricted investment earnings	1,011,884	676,032
Total revenues	<u>29,966,601</u>	<u>29,190,021</u>
Expenses		
Instruction	12,181,424	12,850,849
Support services	7,169,290	6,901,293
Community services	111,382	158,726
Athletics	581,534	657,351
Food service	1,070,386	739,667
Student/school activities	370,678	402,101
Unallocated depreciation	2,144,780	1,495,959
Interest on long-term debt	1,634,577	1,263,379
Total expenses	<u>25,264,051</u>	<u>24,469,325</u>
Change in net position	4,702,550	4,720,696
Net position, beginning of year	<u>(1,540,158)</u>	<u>(6,260,854)</u>
Net position, end of year	<u>\$ 3,162,392</u>	<u>\$ (1,540,158)</u>

DUNDEE COMMUNITY SCHOOLS

Management's Discussion and Analysis

Governmental activities. Net position increased by \$4,702,550 compared to an increase of \$4,720,696 in fiscal 2023.

The key elements of this increase are as follows:

- The main reason for the increase in net position are the increases in State school aid funding of approximately \$1.5 million and income on investments of approximately \$336 thousand. The District saw an increase in expenses of approximately \$795 thousand which were more than offset by the revenue additions above.

Financial Analysis of the Government's Funds

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$15.5 million, a decrease of \$9.9 million in comparison with the prior year. Approximately 28% of this total amount - \$4.4 million - constitutes unassigned fund balance, which is available for spending at the District's discretion. The District reports nonspendable fund balances, restricted fund balances to indicate those amounts that are for a specific purpose, and committed fund balances to indicate amounts that are constrained for specific purposes by the formal action of the District's Board of Education.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. The unassigned general fund balance represents 19.8% of the total general fund expenditures and transfers out, and total general fund balance represents 19.8% of total general fund expenditures and transfers out.

The unassigned fund balance of the District's general fund increased by approximately \$2.0 million during the current fiscal year (a change of 84.8%) and the total fund balance of the District's general fund increased by approximately \$2.0 million. This increase can be mostly attributed to increases in state and federal revenue, as well as new grants that took place in the 2023-2024 fiscal year.

The restricted fund balance of the 2022 capital projects fund was \$7.7 million at the end of the year. The decrease from the prior year of \$11.9 million was primarily related to the bond projects that took place in 2023-2024.

DUNDEE COMMUNITY SCHOOLS

Management's Discussion and Analysis

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. A statement showing the District's original and final budget amounts compared with amounts actually earned and expended is provided in these financial statements.

Differences between the original and final amended budgets relate to several factors. Changes to benefits, salaries, and repair and maintenance costs will all influence subsequent budget amendments. The amendments will recognize the additional revenue and additional planned expenditures and the individual various District program budgets are adjusted accordingly. Some of the more significant changes between the original adopted budget and the final amended budget were:

- Budgeted state revenues were decreased \$1.4 million from the original to the final amended budget due to the conservative budgeting during spring versus the final State budget final student count. Amended budgeted federal revenues were increased by approximately \$131,000 to reflect allocated funding and carryover of grants from year to year. In addition, other local sources budgeted revenues were increased by \$608,000.
- Budgeted expenditures were increased \$1.5 million from the original to the final amended budget to better reflect costs of operation, including the additional state grants received during the school year, as well as carryover of grants from year to year. With the state government providing several new grants in the 2024 fiscal year, brought more expenditures to be spent on mental health, school safety, and curriculum.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2024, amounted to \$51.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles, and equipment. The District had significant additions to construction in progress related to the 2022 bond projects starting, additions and upgrades to food service equipment, and the purchase of school buses. See further discussion of capital assets in the footnotes.

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$39.0 million. This amount represents the general obligations of the District that do constitute an indebtedness of the District within any constitutional or statutory limitations. See further discussion of long-term debt in the footnotes.

DUNDEE COMMUNITY SCHOOLS

Management's Discussion and Analysis

Factors Bearing on the District's Future

Our elected school board officials and administration considered many factors when setting the District's 2025 fiscal year budget (2024-2025). The most important factors affecting the budget are as follows:

- The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2025 fiscal year will be 90% of the October 2025 and 10% of the February 2025 student counts, respectively.
- The 2025 fiscal year budget was adopted in June 2024, based on an estimate of students that will be funded for the 2024-2025 year (a blended figure is used based on the percentages above). Based on our internal analysis, the District conservatively estimate that our student count will decrease by five students in 2024-2025.
- Under State law, the only means that the District has to access additional property tax revenue for general operations is through a county-wide enhancement millage. Accordingly, district funding is heavily dependent on the State's ability to fund local school operations.
- Once the final student count and related per pupil (State) funding is validated, the District will amend the budget to reflect updated revenues and expenditures. Current state legislative budgetary changes will adjust revenues and expenditures for new categorical State allocations.

The following factors were also considered in preparing the District's budget for the 2024-2025 fiscal year:

- There continues to be a high degree of uncertainty regarding potential changes to state and federal funding and the ability to sustain the current levels of financing operations. In addition, the District is continuously evaluating the impacts of the pandemic and student safety as it determines the appropriate methods to deliver education to students in a safe environment. These factors will have a significant impact on the operational and financial performance of the District.
- The amount received on a county-wide basis for the costs of the special education program is another major factor influencing the District revenues. The 2024-2025 preliminary budget assumes a flat funding level due to consistent spending and the reimbursement nature of the funding. However legislative changes to special education funding will impact adjustments to the 2024-2025 revenues.
- The retirement cost for the District will increase slightly in 2024-2025. More significant is the retirement costs being reimbursed by the State in Section 147c categorical payments. These monies are flow-through, and impact revenues and expenditures equally in the budget.
- For the 2024-2025 fiscal year, the District's staffing was anticipated to remain stable. Staffing adjustments due to retirements and staff changing employment during the summer are not reflected in the 2024-2025 preliminary budget.
- Although there is a student decrease anticipated, recent years has proven the District continues to receive additional students through the school of choice program prior to the start of the next school year. However, budgetary amendments are needed to make adjustments for items that are estimates to start the budget.
- The District must continue to meet increased contractual obligations, maintenance/repair costs on aging buildings, buses, and equipment, increasing health care costs, and State mandated retirement rates through continued budget management and attracting student enrollment.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Dundee Community Schools Business Office, 420 Ypsilanti Street, Dundee, MI 48131.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DUNDEE COMMUNITY SCHOOLS

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Cash and investments	\$ 18,704,412
Receivables	3,605,483
Inventories	7,955
Prepaid assets	119,106
Net other postemployment benefit asset	501,514
Capital assets not being depreciated	14,436,498
Capital assets being depreciated, net	36,810,096
Total assets	74,185,064
Deferred outflows of resources	
Deferred charge on refunding	440,754
Deferred pension amounts	8,932,038
Deferred other postemployment benefit amounts	1,992,907
Total deferred outflows of resources	11,365,699
Liabilities	
Accounts payable and accrued liabilities	5,387,263
Note payable	549,286
Unearned revenue	1,307,522
Long-term debt:	
Due within one year	2,648,080
Due in more than one year	36,395,610
Net pension liability (due in more than one year)	29,059,853
Total liabilities	75,347,614
Deferred inflows of resources	
Deferred pension amounts	3,035,220
Deferred other postemployment benefit amounts	4,005,537
Total deferred inflows of resources	7,040,757
Net position	
Net investment in capital assets	20,617,500
Restricted for:	
Net other postemployment benefit asset	501,514
Food service	538,354
Debt service	1,907,512
Unrestricted (deficit)	(20,402,488)
Total net position	\$ 3,162,392

The accompanying notes are an integral part of these financial statements.

DUNDEE COMMUNITY SCHOOLS

Statement of Activities

For the Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 12,181,424	\$ -	\$ 1,933,211	\$ (10,248,213)
Support services	7,169,290	-	3,625	(7,165,665)
Community services	111,382	67,329	-	(44,053)
Athletics	581,534	112,758	-	(468,776)
Food service	1,070,386	45,451	618,756	(406,179)
Student/school activities	370,678	-	389,023	18,345
Unallocated depreciation	2,144,780	-	-	(2,144,780)
Interest on long-term debt	1,634,577	-	-	(1,634,577)
Total governmental activities	\$ 25,264,051	\$ 225,538	\$ 2,944,615	(22,093,898)
General revenues				
Property taxes				6,271,980
State school aid				19,102,426
Grants and contributions not restricted to specific programs				410,158
Unrestricted investment earnings				1,011,884
Total general revenues				26,796,448
Change in net position				4,702,550
Net position, beginning of year				(1,540,158)
Net position, end of year				\$ 3,162,392

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

DUNDEE COMMUNITY SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	2022 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 5,247,223	\$ 10,809,565	\$ 2,647,624	\$ 18,704,412
Accounts receivable	55,331	-	-	55,331
Due from other governments	3,537,353	-	12,799	3,550,152
Due from other funds	316,177	1,547	1,104,483	1,422,207
Inventories	-	-	7,955	7,955
Prepaid items	10,670	-	108,436	119,106
Total assets	\$ 9,166,754	\$ 10,811,112	\$ 3,881,297	\$ 23,859,163
Liabilities				
Accounts payable	\$ 650,982	\$ 2,729,981	\$ 36,239	\$ 3,417,202
Salaries payable	1,688,928	-	-	1,688,928
Short-term note payable	549,286	-	-	549,286
Due to other funds	613,664	407,588	400,955	1,422,207
Unearned revenue	1,277,102	-	30,420	1,307,522
Total liabilities	4,779,962	3,137,569	467,614	8,385,145
Fund balances				
Nonspendable:				
Inventories	-	-	7,955	7,955
Prepaid items	10,670	-	108,436	119,106
Restricted for:				
Food service	-	-	421,963	421,963
Debt service	-	-	2,188,645	2,188,645
Capital projects	-	7,673,543	-	7,673,543
Committed for -				
Student/school activities	-	-	479,610	479,610
Capital projects	-	-	207,074	207,074
Unassigned	4,376,122	-	-	4,376,122
Total fund balances	4,386,792	7,673,543	3,413,683	15,474,018
Total liabilities and fund balances	\$ 9,166,754	\$ 10,811,112	\$ 3,881,297	\$ 23,859,163

The accompanying notes are an integral part of these financial statements.

DUNDEE COMMUNITY SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2024

Fund balances - total governmental funds	\$ 15,474,018
---	----------------------

Amounts reported for *governmental activities* in the statement of net position
are different because:

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

Capital assets not being depreciated	14,436,498
Capital assets being depreciated	61,299,878
Accumulated depreciation	(24,489,782)

Certain liabilities, such as bonds payable, are not due and payable in the current
period and therefore are not reported in the funds.

Bonds payable	(35,750,000)
Unamortized deferred charge on refunding	440,754
Unamortized bond premium	(2,993,391)
Accrued interest on bonds payable	(281,133)
Compensated absences	(300,299)

Certain pension and other postemployment benefit-related amounts, such as the net
pension and other postemployment benefit liabilities (asset) and deferred amounts are not
due and payable in the current period or do not represent current financial resources
and therefore are not reported in the funds.

Net pension liability	(29,059,853)
Deferred outflows of resources related to the net pension liability	8,932,038
Deferred inflows of resources related to the net pension liability	(3,035,220)
Net other postemployment benefit asset	501,514
Deferred outflows of resources related to the net other postemployment benefit asset	1,992,907
Deferred inflows of resources related to the net other postemployment benefit asset	(4,005,537)

Net position of governmental activities	<u>\$ 3,162,392</u>
--	----------------------------

The accompanying notes are an integral part of these financial statements.

DUNDEE COMMUNITY SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2024

	General Fund	2022 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources:				
Property taxes	\$ 3,216,019	\$ -	\$ 3,055,961	\$ 6,271,980
Other local sources	1,712,762	785,924	505,443	3,004,129
State sources	18,908,921	-	864,150	19,773,071
Federal sources	319,894	-	597,527	917,421
Total revenues	<u>24,157,596</u>	<u>785,924</u>	<u>5,023,081</u>	<u>29,966,601</u>
Expenditures				
Current:				
Instruction	12,819,747	-	-	12,819,747
Support services	7,570,507	-	17,359	7,587,866
Community services	112,197	-	-	112,197
Athletics	607,305	-	-	607,305
Food service	-	-	1,075,019	1,075,019
Student/school activities	-	-	370,678	370,678
Debt service:				
Principal	175,000	-	2,065,000	2,240,000
Interest and fiscal charges	304,385	-	1,615,929	1,920,314
Capital outlay	223,362	12,701,112	178,392	13,102,866
Total expenditures	<u>21,812,503</u>	<u>12,701,112</u>	<u>5,322,377</u>	<u>39,835,992</u>
Revenues over (under) expenditures	<u>2,345,093</u>	<u>(11,915,188)</u>	<u>(299,296)</u>	<u>(9,869,391)</u>
Other financing sources (uses)				
Transfers in	-	-	335,850	335,850
Transfers out	(335,850)	-	-	(335,850)
Total other financing sources (uses)	<u>(335,850)</u>	<u>-</u>	<u>335,850</u>	<u>-</u>
Net change in fund balances	<u>2,009,243</u>	<u>(11,915,188)</u>	<u>36,554</u>	<u>(9,869,391)</u>
Fund balances, beginning of year	<u>2,377,549</u>	<u>19,588,731</u>	<u>3,377,129</u>	<u>25,343,409</u>
Fund balances, end of year	<u>\$ 4,386,792</u>	<u>\$ 7,673,543</u>	<u>\$ 3,413,683</u>	<u>\$ 15,474,018</u>

The accompanying notes are an integral part of these financial statements.

DUNDEE COMMUNITY SCHOOLS

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ (9,869,391)
---	-----------------------

Amounts reported for *governmental activities* in the statement of activities
are different because:

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

Capital assets purchased/constructed	13,351,478
Depreciation expense	(2,144,780)

Bond proceeds provide current financial resources to governmental funds in the
period issued, but issuing bonds increases long-term debt in the statement
of net position. Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term debt in the
statement of net position.

Principal payments on bonds	2,240,000
Amortization of refunding deferred charge and refunding premium	269,545

Some expenses reported in the statement of activities do not require the use of
current financial resources and therefore are not reported as expenditures in the fund.

Change in net pension liability and related deferred amounts	(606,530)
Change in net other postemployment benefit asset/liability and related deferred amounts	1,439,530
Change in accrued interest payable on bonds	16,192
Change in the accrual for compensated absences	6,506

Change in net position of governmental activities	\$ 4,702,550
--	---------------------

The accompanying notes are an integral part of these financial statements.

DUNDEE COMMUNITY SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources:				
Property taxes	\$ 2,927,551	\$ 3,214,216	\$ 3,216,019	\$ 1,803
Other local sources	1,043,133	1,650,826	1,712,762	61,936
State sources	18,117,454	19,471,158	18,908,921	(562,237)
Federal sources	226,535	357,624	319,894	(37,730)
Total revenues	22,314,673	24,693,824	24,157,596	(536,228)
Expenditures				
Instruction:				
Basic programs	10,313,975	10,551,165	10,292,323	(258,842)
Added needs - Special education	2,612,251	3,004,847	2,527,424	(477,423)
Total instruction	12,926,225	13,556,012	12,819,747	(736,265)
Support services:				
Pupil	886,710	911,142	806,245	(104,897)
Instructional services	170,554	265,488	266,863	1,375
General administration	480,202	500,075	485,319	(14,756)
School administration	1,182,599	1,156,529	1,105,010	(51,519)
Business	362,128	328,060	356,784	28,724
Maintenance	2,652,193	2,980,703	3,000,439	19,736
Transportation	1,114,915	1,161,467	938,333	(223,134)
Other support services	634,054	743,671	611,514	(132,157)
Total support services	7,483,355	8,047,135	7,570,507	(476,628)
Community services	90,947	125,217	112,197	(13,020)
Athletics	685,233	605,812	607,305	1,493
Debt service:				
Principal	195,000	175,000	175,000	-
Interest and fiscal charges	170,875	312,445	304,385	(8,060)
Total debt service	365,875	487,445	479,385	(8,060)
Capital outlay	144,364	422,499	223,362	(199,137)
Total expenditures	21,695,999	23,244,120	21,812,503	(1,431,617)
Revenues over expenditures	618,674	1,449,704	2,345,093	895,389
Other financing uses				
Transfers out	(326,565)	(336,100)	(335,850)	(250)
Net change in fund balance	292,109	1,113,604	2,009,243	895,639
Fund balance, beginning of year	2,377,549	2,377,549	2,377,549	-
Fund balance, end of year	\$ 2,669,658	\$ 3,491,153	\$ 4,386,792	\$ 895,639

The accompanying notes are an integral part of these financial statements.

DUNDEE COMMUNITY SCHOOLS

Statement of Fiduciary Net Position

June 30, 2024

	Private- Purpose Trusts
Assets	
Cash and investments	\$ 1,668,234
Accounts receivable	<u>6,215</u>
Total assets	<u>1,674,449</u>
Net position	
Restricted for scholarships	<u><u>\$ 1,674,449</u></u>

The accompanying notes are an integral part of these financial statements.

DUNDEE COMMUNITY SCHOOLS

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2024

	Private-Purpose Trusts
Additions	
Private donations	\$ 8,750
Investment income	<u>77,579</u>
Total additions	86,329
Deductions	
Scholarships	<u>39,572</u>
Change in net position	46,757
Net position, beginning of year	<u>1,627,692</u>
Net position, end of year	<u><u>\$ 1,674,449</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Dundee Community Schools (the “District”) has followed the guidelines of the Governmental Accounting Standards Board and has determined that no entities should be included in its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of all significant interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

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

The District reports the following major governmental funds:

The *general fund* is a government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *2022 capital projects fund* is used to account for the expenditure of bond proceeds from the 2022 School Building and Site Bonds.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for food service or student/school activities.

The *debt service funds* are used to account for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed, or assigned to expenditure for the acquisition or construction of capital assets.

The *private-purpose trust funds* account for contributions earmarked for scholarships available to qualifying students of the District.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

Deposits and Investments

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

The District's investments in the Michigan Liquid Assets Fund (MILAF) are recorded at amortized cost. All other investments for the District are reported at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10-25
Buildings and improvements	10-50
Vehicles	5-10
Equipment	5-20

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows for the deferred charge on refunding. This amount represents the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit asset. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. These are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Employees accrue 10-12 days of sick leave per year, which accumulates if not used. Sick time is paid upon termination only to employees who have 10 or more years of service with the District. The maximum payout upon termination varies, depending on the employee's classification (teacher, administrator, etc.).

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources consist of amounts related to net pension liability and net other postemployment benefit asset.

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance*, if any, is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Superintendent or his/her designee. *Unassigned fund balance* is the residual classification for the general fund. In other funds, the unassigned classification should be only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and net other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. BUDGETARY INFORMATION

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted annually on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis.

3. ACCOUNTABILITY AND COMPLIANCE

P.A. 621 of 1978, as amended, provides that a government shall not incur expenditures in excess of the amount appropriated. The approved budgets of the District were adopted on a detailed functional level basis.

During the year ended June 30, 2024, the government incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Final Budget	Actual	Variance
General fund			
Support services -			
Instructional services	\$ 265,488	\$ 266,863	\$ 1,375
Business	328,060	356,784	28,724
Maintenance	2,980,703	3,000,439	19,736
Athletic	605,812	607,305	1,493

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Bonded Construction Costs

The 2022 capital projects fund includes capital project activities funded with bonds. For this capital project, the District has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

4. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position and Statement of Fiduciary Net Position follows:

Statement of Net Position

Cash and investments	\$ 18,704,412
----------------------	---------------

Statement of Fiduciary Net Position

Private-purpose trusts -	
Cash and investments	1,668,234

Total	\$ 20,372,646
--------------	----------------------

Deposits and investments

Bank deposits (checking accounts, savings accounts and CDs due within one year)	\$ 8,636,416
---	--------------

Investments:

U.S. government agencies	155,150
U.S. treasuries	346,334
Mutual funds	933,151
Michigan Liquid Asset Fund	10,168,664
Money market and cash management funds	132,931

Total	\$ 20,372,646
--------------	----------------------

Statutory Authority

State statutes authorize the District to deposit and invest in:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than five years after the purchase dates.
- Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

- d. Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for all of these types of investments.

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2024, all of the District's debt securities had the following maturities:

	< 1 year	1 - 5 years	6 -10 years	Total
U.S. government agencies	\$ -	\$ 103,266	\$ 51,884	\$ 155,150
U.S. treasuries	-	108,916	237,418	346,334
	<u>\$ -</u>	<u>\$ 212,182</u>	<u>\$ 289,302</u>	<u>\$ 501,484</u>

Credit Risk. State law limits investments to specific government securities, certificates of deposits, and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk.

As of June 30, 2024, all of the District's debt securities had the following credit ratings as determined by either Standard and Poor's or Kroll:

Rating	MILAF	U.S. Treasuries	U.S. Government Agencies	Total
AA+	\$ -	\$ 346,334	\$ 155,150	\$ 501,484
AAAm	10,168,664	-	-	10,168,664
	<u>\$ 10,168,664</u>	<u>\$ 346,334</u>	<u>\$ 155,150</u>	<u>\$ 10,670,148</u>

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$8,327,200 of the District's bank balance of \$8,612,868 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. The District's investments in U.S. government agencies and municipal bonds are not exposed to custodial credit risk since the securities are held by a counterparty in the name of the District. Investments in mutual funds and money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk.

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

The District's recurring fair value measurements as of June 30, 2024 are related to its investments in U.S. government agencies, U.S. treasuries, mutual funds, and money market cash management funds. The money market cash management funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The investments in U.S. government agencies, U.S. treasuries, and mutual funds are valued using significant other observable inputs (Level 2 inputs).

5. RECEIVABLES

Receivables as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	General Fund	Nonmajor Governmental Funds	Total
Accounts receivable	\$ 55,331	\$ -	\$ 55,331
Due from other governments	3,537,353	12,799	3,550,152
	<u>\$ 3,592,684</u>	<u>\$ 12,799</u>	<u>\$ 3,605,483</u>

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 762,767	\$ -	\$ -	\$ 762,767
Construction in progress	10,228,935	13,088,208	(9,643,412)	13,673,731
	<u>10,991,702</u>	<u>13,088,208</u>	<u>(9,643,412)</u>	<u>14,436,498</u>
Capital assets being depreciated:				
Land improvements	1,816,561	-	-	1,816,561
Buildings and improvements	46,665,385	-	9,643,412	56,308,797
Vehicles	1,580,955	146,202	-	1,727,157
Equipment	1,335,367	117,068	(5,072)	1,447,363
	<u>51,398,268</u>	<u>263,270</u>	<u>9,638,340</u>	<u>61,299,878</u>
Less accumulated depreciation for:				
Land improvements	(960,435)	(62,480)	-	(1,022,915)
Buildings and improvements	(19,377,038)	(1,802,870)	-	(21,179,908)
Vehicles	(1,305,039)	(81,323)	-	(1,386,362)
Equipment	(707,562)	(198,107)	5,072	(900,597)
	<u>(22,350,074)</u>	<u>(2,144,780)</u>	<u>5,072</u>	<u>(24,489,782)</u>
Total capital assets being depreciated, net	<u>29,048,194</u>	<u>(1,881,510)</u>	<u>9,643,412</u>	<u>36,810,096</u>
Capital assets, net	<u>\$ 40,039,896</u>	<u>\$ 11,206,698</u>	<u>\$ -</u>	<u>\$ 51,246,594</u>

Depreciation expense for the fiscal year ended June 30, 2024 amounted to \$2,144,780. The District determined that it was impractical to allocate depreciation to the various functions as the assets serve multiple functions.

At June 30, 2024, the District has outstanding construction commitments of approximately \$6.5 million related to open projects.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	General Fund	2022 Capital Projects Fund	Nonmajor Governmental Funds	Total
Accounts payable	\$ 650,982	\$ 2,729,981	\$ 36,239	\$ 3,417,202
Salaries payable	1,688,928	-	-	1,688,928
	<u>\$ 2,339,910</u>	<u>\$ 2,729,981</u>	<u>\$ 36,239</u>	5,106,130
Accrued interest on long-term debt				<u>281,133</u>
				<u>\$ 5,387,263</u>

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2024, interfund receivables and payables consisted of the following:

	Due From	Due To
General fund	\$ 316,177	\$ 613,664
2022 capital projects fund	1,547	407,588
Nonmajor governmental funds	<u>1,104,483</u>	<u>400,955</u>
	<u>\$ 1,422,207</u>	<u>\$ 1,422,207</u>

The District reports interfund balances between many of its funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ending June 30, 2024, interfund transfers consisted of the following:

	Transfers out	Transfers in
General fund	\$ 335,850	\$ -
Nonmajor governmental funds	<u>-</u>	<u>335,850</u>
	<u>\$ 335,850</u>	<u>\$ 335,850</u>

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and (4) move residual capital projects amounts that were intended for debt service. For the year ended June 30, 2024, the District transferred funds from the general fund to a debt service fund to cover debt service expenditures. The District also transferred funds from the general fund to the general capital projects fund to cover current and future project expenditures.

9. SHORT-TERM NOTE PAYABLE

During the year, the District financed certain of its operations and paid off the note payable from the local financial institution through issuance of a State Aid Note. The note was issued for a term of one year, and accordingly is recorded as a liability of the general fund. The District borrowed \$3,845,000 on August 21, 2023 with an interest of 3.46%. This note is due on August 20, 2024. Changes in short-term notes payable for the year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
State aid note	\$ -	\$ 3,845,000	\$ 3,295,714	\$ 549,286
Other	1,500,000	-	1,500,000	-
	<u>\$ 1,500,000</u>	<u>\$ 3,845,000</u>	<u>\$ 4,795,714</u>	<u>\$ 549,286</u>

10. LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 37,990,000	\$ -	\$ (2,240,000)	\$ 35,750,000	\$ 2,230,000
Unamortized bond premium	3,336,396	-	(343,005)	2,993,391	343,005
Compensated absences	306,805	49,869	(56,375)	300,299	75,075
	<u>\$ 41,633,201</u>	<u>\$ 49,869</u>	<u>\$ (2,639,380)</u>	<u>\$ 39,043,690</u>	<u>\$ 2,648,080</u>

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Bonds payable at June 30, 2024, are comprised of the following issues:

General obligation bonds:

\$17,165,000 2015 Refunding Bonds for refunding a portion of the 2000 Building and Site Bonds, due in annual installments of \$1,145,000 to \$1,235,000 through 2030; interest at 5.0%	\$ 7,370,000
\$8,910,000 2018 School Building and Site Bonds for improvements to buildings due in annual installments of \$650,000 to \$1,085,000 through 2029; interest at 2.5% to 3.0%	4,935,000
\$3,600,000 2022 School Building and Site Bonds (General Obligation Limited Tax) for improvements to buildings due in annual installments of \$195,000 to \$325,000 through 2037; interest at 5.0%	3,230,000
\$20,215,000 2022 School Building and Site Bonds (General Obligations Unlimited Tax) for improvements to buildings due in annual installments of \$100,000 to \$3,240,000 through 2037; interest at 4.0% to 5.0%	<u>20,215,000</u>
Total general obligation bonds	<u>\$ 35,750,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	\$ 2,230,000	\$ 1,686,800	\$ 3,916,800
2026	2,350,000	1,591,700	3,941,700
2027	2,535,000	1,492,900	4,027,900
2028	2,625,000	1,387,350	4,012,350
2029	2,715,000	1,278,800	3,993,800
2030-2034	13,300,000	4,504,000	17,804,000
2035-2037	<u>9,995,000</u>	<u>1,022,750</u>	<u>11,017,750</u>
	<u>\$ 35,750,000</u>	<u>\$ 12,964,300</u>	<u>\$ 48,714,300</u>

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for general liability, employee injuries/workers' compensation, property and casualty, and health claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage during the last fiscal year.

12. CONTINGENCIES

Under the terms of various federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

As is the case with other entities, the District faces exposure from potential claims and legal proceedings involving environmental matters. No such claims or proceedings have been asserted as of June 30, 2024.

13. PROPERTY TAXES

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of July 1 and December 1, and are due upon receipt of the billing by the taxpayer. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. District property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

14. TAX ABATEMENTS

The District received reduced property tax revenues during 2024 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by cities, villages, townships, and authorities within the District boundaries.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property within the District boundaries. The abatements amounted to approximately \$25,000 in reduced District tax revenues for 2024.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

15. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

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

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

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

Pension 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% to 1.50%. 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 member 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.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment 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.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

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

The table below summarizes pension contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.16% - 23.03%
Member Investment Plan (MIP)	3.00% - 7.00%	20.16% - 23.03%
Pension Plus	3.00% - 6.40%	17.24% - 19.17%
Pension Plus 2	6.20%	19.95% - 20.10%
Defined Contribution	0.00%	13.75% - 13.90%

For the year ended June 30, 2024, required and actual contributions from the District to the pension plan were \$3,598,781, which included \$1,760,472, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

The table below summarizes OPEB contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	7.06% - 7.21%

For the year ended June 30, 2024, required and actual contributions from the District to the OPEB plan were \$723,090.

The table below summarizes defined contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

For the year ended June 30, 2024, required and actual contributions from the District for those members with a defined contribution benefit were \$174,289.

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

At June 30, 2024, the District reported a liability of \$29,059,853 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the District's proportion was .08978%, which was a decrease of 0.00026% from its proportion measured as of September 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$4,104,887. At June 30, 2024, the 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 917,331	\$ 44,515	\$ 872,816
Changes in assumptions	3,937,742	2,270,413	1,667,329
Net difference between projected and actual earnings on pension plan investments	-	594,659	(594,659)
Changes in proportion and differences between employer contributions and proportionate share of contributions	703,056	125,633	577,423
	5,558,129	3,035,220	2,522,909
District contributions subsequent to the measurement date	3,373,909	-	3,373,909
Total	\$ 8,932,038	\$ 3,035,220	\$ 5,896,818

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

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

Year Ended June 30,	Amount
2025	\$ 971,924
2026	672,061
2027	1,315,391
2028	<u>(436,467)</u>
Total	<u>\$ 2,522,909</u>

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

At June 30, 2024, the District reported an asset of \$501,514 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the District's proportion was 0.08865% which was a decrease of 0.00095% from its proportion measured as of September 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB benefit of \$748,990. At June 30, 2024, the 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 3,789,694	\$ (3,789,694)
Changes in assumptions	1,116,457	134,443	982,014
Net difference between projected and actual earnings on OPEB plan investments	1,529	-	1,529
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>243,458</u>	<u>81,400</u>	<u>162,058</u>
	1,361,444	4,005,537	(2,644,093)
District contributions subsequent to the measurement date	<u>631,463</u>	<u>-</u>	<u>631,463</u>
Total	<u>\$ 1,992,907</u>	<u>\$ 4,005,537</u>	<u>\$ (2,012,630)</u>

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset/liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2025	\$ (832,712)
2026	(819,423)
2027	(288,643)
2028	(314,517)
2029	(256,537)
Thereafter	<u>(132,261)</u>
Total	<u>\$ (2,644,093)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2022 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.50% Year 1 graded to 3.5% Year 15 Post-65: 6.25% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Other OPEB assumptions:

Opt-out assumptions	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 and 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 and September 30, 2023 valuations, respectively. The total pension and OPEB liabilities as of September 30, 2023, are based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4406 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.5099 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and 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 pension/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 pension and OPEB plans' target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.43%	1.36%
Private equity pools	16.00%	8.99%	1.44%
International equity pools	15.00%	6.37%	0.95%
Fixed income pools	13.00%	1.22%	0.16%
Real estate and infrastructure pools	10.00%	5.99%	0.60%
Absolute return pools	9.00%	4.49%	0.40%
Real return/opportunistic pools	10.00%	6.83%	0.68%
Short-term investment pools	2.00%	0.28%	0.01%
	<u>100.00%</u>		5.60%
Inflation			2.70%
Risk adjustment			<u>-2.30%</u>
Investment rate of return			<u><u>6.00%</u></u>

Rate of Return

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

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Discount Rate

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

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 39,259,777	\$ 29,059,853	\$ 20,568,048

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB (asset) liability	\$ 519,919	\$ (501,514)	\$ (1,379,335)

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB (asset) liability	\$ (1,381,523)	\$ (501,514)	\$ 450,945

DUNDEE COMMUNITY SCHOOLS

Notes to the Financial Statements

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan’s fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2024, the District reported a payable of \$570,695 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2024.

Payable to the OPEB Plan

At June 30, 2024, the District reported a payable of \$90,376 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2024.

16. NET INVESTMENT IN CAPITAL ASSETS

As of June 30, 2024, net investment in capital assets was comprised of the following:

Invested in capital assets:	
Capital assets not being depreciated	\$ 14,436,498
Capital assets being depreciated, net	36,810,096
Related debt:	
Bonds and installment loans payable	(35,750,000)
Unamortized bond premium	(2,993,391)
Unamortized charge on refunding	440,754
Unspent bond proceeds	<u>7,673,543</u>
	<u>\$ 20,617,500</u>

■ ■ ■ ■ ■

REQUIRED SUPPLEMENTARY INFORMATION

DUNDEE COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,		
	2024	2023	2022
District's proportionate share of the net pension liability	\$ 29,059,853	\$ 33,863,376	\$ 20,618,481
District's proportion of the net pension liability	0.08978%	0.09004%	0.08709%
District's covered payroll	\$ 8,911,494	\$ 8,743,862	\$ 8,010,448
District's proportionate share of the net pension liability as a percentage of its covered payroll	326.09%	387.28%	257.39%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%

See notes to required supplementary information.



Year Ended June 30,						
2021	2020	2019	2018	2017	2016	2015
\$ 29,266,996	\$ 27,766,291	\$ 24,123,550	\$ 20,405,669	\$ 19,292,085	\$ 18,452,018	\$ 16,669,865
0.08520%	0.08384%	0.08025%	0.07874%	0.07733%	0.07555%	0.07568%
\$ 7,529,096	\$ 7,484,418	\$ 6,927,483	\$ 6,636,417	\$ 6,612,129	\$ 6,348,273	\$ 6,473,812
388.72%	370.99%	348.23%	307.48%	291.77%	290.66%	257.50%
59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

DUNDEE COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Pension Contributions

	Year Ended June 30,		
	2024	2023	2022
Statutorily required contributions	\$ 3,598,781	\$ 3,289,299	\$ 3,026,875
Contributions in relation to the statutorily required contributions	<u>(3,598,781)</u>	<u>(3,289,299)</u>	<u>(3,026,875)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,926,117	\$ 9,098,122	\$ 8,483,524
Contributions as a percentage of covered payroll	40.32%	36.15%	35.68%

See notes to required supplementary information.



Year Ended June 30,						
2021	2020	2019	2018	2017	2016	2015
\$ 2,628,200	\$ 2,398,220	\$ 2,207,033	\$ 2,189,215	\$ 1,828,675	\$ 1,711,132	\$ 1,473,709
<u>(2,628,200)</u>	<u>(2,398,220)</u>	<u>(2,207,033)</u>	<u>(2,189,215)</u>	<u>(1,828,675)</u>	<u>(1,711,132)</u>	<u>(1,473,709)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,086,738	\$ 7,856,245	\$ 7,379,463	\$ 6,879,031	\$ 6,587,415	\$ 6,384,679	\$ 6,588,021
32.50%	30.53%	29.91%	31.82%	27.76%	26.80%	30.67%

DUNDEE COMMUNITY SCHOOLS

Required Supplementary Information

MPERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability

	Year Ended June 30,		
	2024	2023	2022
District's proportionate share of the net OPEB (asset) liability	\$ (501,514)	\$ 1,897,850	\$ 1,350,065
District's proportion of the net OPEB (asset) liability	0.08865%	0.08960%	0.08845%
District's covered payroll	\$ 8,911,494	\$ 8,743,862	\$ 8,010,448
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-5.63%	21.70%	16.85%
Plan fiduciary net position as a percentage of the total OPEB liability	105.04%	83.09%	87.33%

See notes to required supplementary information.

--

Year Ended June 30,				
2021	2020	2019	2018	
\$ 4,539,416	\$ 6,135,282	\$ 6,461,292	\$ 6,979,764	
0.08473%	0.08548%	0.08128%	0.07882%	
\$ 7,529,096	\$ 7,484,418	\$ 6,927,483	\$ 6,636,417	
60.29%	81.97%	93.27%	105.17%	
59.44%	48.46%	42.95%	36.39%	

DUNDEE COMMUNITY SCHOOLS

Required Supplementary Information

MPERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,		
	2024	2023	2022
Statutorily required contributions	\$ 723,090	\$ 703,535	\$ 664,789
Contributions in relation to the statutorily required contributions	<u>(723,090)</u>	<u>(703,535)</u>	<u>(664,789)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,926,117	\$ 9,098,122	\$ 8,483,524
Contributions as a percentage of covered payroll	8.10%	7.73%	7.84%

See notes to required supplementary information.

--

Year Ended June 30,			
2021	2020	2019	2018
\$ 661,255	\$ 627,718	\$ 571,565	\$ 506,884
<u>(661,255)</u>	<u>(627,718)</u>	<u>(571,565)</u>	<u>(506,884)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 8,086,738	\$ 7,856,245	\$ 7,379,463	\$ 6,879,031
8.18%	7.99%	7.75%	7.37%

DUNDEE COMMUNITY SCHOOLS

Notes to Required Supplementary Information

Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

DUNDEE COMMUNITY SCHOOLS

Notes to Required Supplementary Information

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

This page intentionally left blank.

COMBINING FUND FINANCIAL STATEMENTS

DUNDEE COMMUNITY SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds		Debt Service Funds	
	Food Service Fund	Student/School Activity Fund	2010 Debt Fund	2015 Debt Fund
Assets				
Cash and investments	\$ 728,047	\$ 479,610	\$ -	\$ 324,058
Due from other governments	12,799	-	-	-
Due from other funds	2,934	-	-	621,911
Inventories	7,955	-	-	-
Prepaid items	108,436	-	-	-
Total assets	<u>\$ 860,171</u>	<u>\$ 479,610</u>	<u>\$ -</u>	<u>\$ 945,969</u>
Liabilities				
Accounts payable	\$ 35,075	\$ -	\$ -	\$ 597
Due to other funds	256,322	-	-	-
Unearned revenue	30,420	-	-	-
Total liabilities	<u>321,817</u>	<u>-</u>	<u>-</u>	<u>597</u>
Fund balances				
Nonspendable	116,391	-	-	-
Restricted	421,963	-	-	945,372
Committed	-	479,610	-	-
Total fund balances	<u>538,354</u>	<u>479,610</u>	<u>-</u>	<u>945,372</u>
Total liabilities and fund balances	<u>\$ 860,171</u>	<u>\$ 479,610</u>	<u>\$ -</u>	<u>\$ 945,969</u>

--

Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
2018 Debt Fund	2022 Debt Fund	General Fund	Athletic Complex Fund	
\$ 174,786	\$ 592,965	\$ 348,158	\$ -	\$ 2,647,624
-	-	-	-	12,799
73,598	402,491	-	3,549	1,104,483
-	-	-	-	7,955
-	-	-	-	108,436
<u>\$ 248,384</u>	<u>\$ 995,456</u>	<u>\$ 348,158</u>	<u>\$ 3,549</u>	<u>\$ 3,881,297</u>
\$ 246	\$ 321	\$ -	\$ -	\$ 36,239
-	-	144,633	-	400,955
-	-	-	-	30,420
<u>246</u>	<u>321</u>	<u>144,633</u>	<u>-</u>	<u>467,614</u>
-	-	-	-	116,391
248,138	995,135	-	-	2,610,608
-	-	203,525	3,549	686,684
<u>248,138</u>	<u>995,135</u>	<u>203,525</u>	<u>3,549</u>	<u>3,413,683</u>
<u>\$ 248,384</u>	<u>\$ 995,456</u>	<u>\$ 348,158</u>	<u>\$ 3,549</u>	<u>\$ 3,881,297</u>

DUNDEE COMMUNITY SCHOOLS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds		Debt Service Funds	
	Food Service Fund	Student/School Activity Fund	2010 Debt Fund	2015 Debt Fund
Revenues				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ 1,570,032
Other local sources	66,680	389,023	-	14,187
State sources	522,412	-	-	165,223
Federal sources	597,527	-	-	-
Total revenues	1,186,619	389,023	-	1,749,442
Expenditures				
Current:				
Support services	-	-	-	8,907
Food service	1,075,019	-	-	-
Student/school activities	-	370,678	-	-
Debt service:				
Principal	-	-	130,000	1,225,000
Interest and fiscal charges	-	-	5,850	430,341
Capital outlay	178,392	-	-	-
Total expenditures	1,253,411	370,678	135,850	1,664,248
Revenues over (under) expenditures	(66,792)	18,345	(135,850)	85,194
Other financing sources				
Transfers in	-	-	135,850	-
Change in fund balances	(66,792)	18,345	-	85,194
Fund balances, beginning of year	605,146	461,265	-	860,178
Fund balances, end of year	\$ 538,354	\$ 479,610	\$ -	\$ 945,372



Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
2018 Debt Fund	2022 Debt Fund	General Fund	Athletic Complex Fund	
\$ 650,334	\$ 835,595	\$ -	\$ -	\$ 3,055,961
13,765	18,263	3,525	-	505,443
76,668	99,847	-	-	864,150
-	-	-	-	597,527
740,767	953,705	3,525	-	5,023,081
3,671	4,781	-	-	17,359
-	-	-	-	1,075,019
-	-	-	-	370,678
710,000	-	-	-	2,065,000
169,897	1,009,841	-	-	1,615,929
-	-	-	-	178,392
883,568	1,014,622	-	-	5,322,377
(142,801)	(60,917)	3,525	-	(299,296)
-	-	200,000	-	335,850
(142,801)	(60,917)	203,525	-	36,554
390,939	1,056,052	-	3,549	3,377,129
\$ 248,138	\$ 995,135	\$ 203,525	\$ 3,549	\$ 3,413,683

DUNDEE COMMUNITY SCHOOLS

Combining Statement of Fiduciary Net Position

Private-Purpose Trust Funds

June 30, 2024

	Eddy Scholarship	Schultz Scholarship	Total
Assets			
Cash and investments	\$ 100,668	\$ 1,567,566	\$ 1,668,234
Accounts receivable	6,215	-	6,215
Total assets	<u>106,883</u>	<u>1,567,566</u>	<u>1,674,449</u>
Net position			
Restricted for scholarships	<u>\$ 106,883</u>	<u>\$ 1,567,566</u>	<u>\$ 1,674,449</u>

DUNDEE COMMUNITY SCHOOLS

Combining Statement of Changes in Fiduciary Net Position

Private-Purpose Trust Funds

For the Year Ended June 30, 2024

	Eddy Scholarship	Schultz Scholarship	Total
Additions			
Private donations	\$ 8,750	\$ -	\$ 8,750
Investment income	-	77,579	77,579
Total additions	8,750	77,579	86,329
Deductions			
Scholarships	9,572	30,000	39,572
Change in net position	(822)	47,579	46,757
Net position, beginning of year	107,705	1,519,987	1,627,692
Net position, end of year	<u>\$ 106,883</u>	<u>\$ 1,567,566</u>	<u>\$ 1,674,449</u>

This page intentionally left blank.

SINGLE AUDIT ACT COMPLIANCE

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

October 31, 2024

Board of Education
Dundee Community Schools
Dundee, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Dundee Community Schools** (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 31, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Lobson LLC



This page intentionally left blank.

This page intentionally left blank.

DUNDEE COMMUNITY SCHOOLS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number
U.S. Department of Agriculture			
Child Nutrition Cluster:			
School Breakfast Program	10.553	MDE	231970
School Breakfast Program	10.553	MDE	241970
National School Lunch Program	10.555	MDE	231960
National School Lunch Program	10.555	MDE	240910
National School Lunch Program	10.555	MDE	241960
Entitlement Commodities (non-cash assistance)	10.555	MDE	-n/a-
Bonus Entitlement Commodities (non-cash assistance)	10.555	MDE	-n/a-
Summer Food Service Program for Children	10.559	MDE	230900
Summer Food Service Program for Children	10.559	MDE	240900
Total Child Nutrition Cluster			
Child and Adult Care Food Program - Meals	10.558	MDE	231920
Child and Adult Care Food Program - Snacks	10.558	MDE	241920
Total U.S. Department of Agriculture			
U.S. Department of Education			
Title I Grants to Local Educational Agencies -			
Title I, Part A - Improving Basic Programs:			
Project 231530-2223 *6013*	84.010	MDE	231530-2223
Project 231530-2324	84.010	MDE	241530-2324
Language Instruction for English Learners and Immigrant Students:			
Title III, MPS	84.365A	MPS	230580-22223
Title III, MPS	84.365A	MPS	240580-22324
Supporting Effective Instruction State Grants			
(formally Improving Teacher Quality State Grants) -			
Title II, Part A:			
Project 230520-2223 *7663*	84.367	MDE	230520-2223
Project 230520-2324	84.367	MDE	240520-2324

Approved Grant Award Amount	Accrued (Unearned) Revenue June 30, 2023	Federal Funds / Payments In-Kind Received	Expenditures (Memo Only) Prior Year(s)	Prior Year Adjustments	Expenditures Year Ended June 30, 2024	Accrued (Unearned) Revenue June 30, 2024
\$ 122,625	\$ 2,172	\$ 11,824	\$ 112,973	\$ -	\$ 9,652	\$ -
109,355	-	108,259	-	-	109,355	1,096
	<u>2,172</u>	<u>120,083</u>	<u>112,973</u>	<u>-</u>	<u>119,007</u>	<u>1,096</u>
430,613	4,703	35,450	399,866	-	30,747	-
48,492	-	48,492	-	-	48,492	-
320,998	-	320,612	-	-	320,998	386
64,883	-	64,883	-	-	64,883	-
23	-	23	-	-	23	-
	<u>4,703</u>	<u>469,460</u>	<u>399,866</u>	<u>-</u>	<u>465,143</u>	<u>386</u>
10,156	5,527	10,156	5,527	-	4,629	-
7,424	-	-	-	-	7,424	7,424
	<u>5,527</u>	<u>10,156</u>	<u>5,527</u>	<u>-</u>	<u>12,053</u>	<u>7,424</u>
	<u>12,402</u>	<u>599,699</u>	<u>518,366</u>	<u>-</u>	<u>596,203</u>	<u>8,906</u>
93	-	93	-	-	93	-
1,231	-	1,231	-	-	1,231	-
	<u>-</u>	<u>1,324</u>	<u>-</u>	<u>-</u>	<u>1,324</u>	<u>-</u>
	<u>12,402</u>	<u>601,023</u>	<u>518,366</u>	<u>-</u>	<u>597,527</u>	<u>8,906</u>
146,522	20,161	21,398	145,285	-	1,237	-
147,307	-	117,927	-	-	123,463	5,536
	<u>20,161</u>	<u>139,325</u>	<u>145,285</u>	<u>-</u>	<u>124,700</u>	<u>5,536</u>
871	871	871	871	-	-	-
1,905	-	-	-	-	1,905	1,905
	<u>871</u>	<u>871</u>	<u>871</u>	<u>-</u>	<u>1,905</u>	<u>1,905</u>
60,328	(5,705)	5,714	35,614	-	419	(11,000)
44,381	-	33,009	-	-	34,527	1,518
	<u>(5,705)</u>	<u>38,723</u>	<u>35,614</u>	<u>-</u>	<u>34,946</u>	<u>(9,482)</u>

continued...

DUNDEE COMMUNITY SCHOOLS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number
U.S. Department of Education (concluded)			
Student Support and Academic Enrichment Program - Title IV, Part A:			
Project 230750-2223 *7533*	84.424	MDE	230750-2223
Project 240750-2324	84.424	MDE	240750-2324
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief (ESSER) - COVID-19 - ESSER II -98C LEARNING LOSS *4513*	84.425D	MDE	213782-2223
School Emergency Relief (ARP-ESSER):			
COVID-19 - ESSER III - American Rescue Plan *4350*	84.425U	MDE	213713-2122
COVID-19 - ESSER III - Equalization Funds-4410	84.425U	MDE	213723-2122
American Rescue Plan -			
Homeless Children & Youth American Rescue Plan	84.425W	MDE	211012-2122
Total U.S. Department of Education			
U.S. Department of Health and Human Services			
Medicaid Cluster -			
Medicaid Assistance Program	93.778	MCISD	n/a
Total Federal Financial Assistance			

See notes to schedule of expenditures of federal awards.

Approved Grant Award Amount	Accrued (Unearned) Revenue June 30, 2023	Federal Funds / Payments In-Kind Received	Expenditures (Memo Only) Prior Year(s)	Prior Year Adjustments	Expenditures Year Ended June 30, 2024	Accrued (Unearned) Revenue June 30, 2024	
\$ 13,833	\$ 1,320	\$ 2,387	\$ 6,280	\$ -	\$ 1,067	\$ -	
16,360	-	11,934	-	-	12,653	719	
	<u>1,320</u>	<u>14,321</u>	<u>6,280</u>	<u>-</u>	<u>13,720</u>	<u>719</u>	
91,125	23,477	23,477	91,125	-	-	-	
944,659	45,262	45,262	944,659	-	-	-	
926,863	145,743	235,219	804,165	-	122,698	33,222	
19,491	-	-	-	-	14,304	14,304	
	<u>214,482</u>	<u>303,958</u>	<u>1,839,949</u>	<u>-</u>	<u>137,002</u>	<u>47,526</u>	
	<u>231,129</u>	<u>497,198</u>	<u>2,027,999</u>	<u>-</u>	<u>312,273</u>	<u>46,204</u>	
7,621	-	7,621	-	-	7,621	-	
	<u>\$ 243,531</u>	<u>\$ 1,105,842</u>	<u>\$ 2,546,365</u>	<u>\$ -</u>	<u>\$ 917,421</u>	<u>\$ 55,110</u>	

concluded

DUNDEE COMMUNITY SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been incurred and all grant requirements have been met.

The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue, and accounts payable items at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports. The amounts reported on the Grant Auditor Report reconcile with this Schedule.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the District has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

DUNDEE COMMUNITY SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

3. PASS-THROUGH AGENCIES

The District receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
MCISD	Monroe County Intermediate School District
MPS	Monroe Public Schools

■ ■ ■ ■ ■

This page intentionally left blank.

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

October 31, 2024

Board of Education
Dundee Community Schools
Dundee, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Dundee Community Schools** (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.



A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Dundee Community Schools' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

A handwritten signature in black ink that reads "Rehmann Loborn LLC". The signature is written in a cursive, flowing style.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

October 31, 2024

Board of Education
Dundee Community Schools
Dundee, Michigan

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the compliance of **Dundee Community Schools** (the "District") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program

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

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



Responsibilities of Management for Compliance

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

Independent Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.

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

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

This page intentionally left blank.

DUNDEE COMMUNITY SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major programs and type of auditors' report issued on compliance for each major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
10.553, 10.555, and 10.559	Child Nutrition Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

DUNDEE COMMUNITY SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 – Timely Year-End Closing and Workpaper Reconciliation (Repeat)

Finding Type. Material Weakness in Internal Control over Financial Reporting

Criteria. The timely preparation and issuance of financial statements in accordance with generally accepted accounting principles requires a coordinated effort between management and the external auditors. This places the burden on the auditee to properly prepare for the audit, including timely closing of the accounting records, completion of bank reconciliations, preparation of workpapers to support the significant account balances and obtaining the necessary documents needed to perform their procedures.

Condition. Some year-end reconciliations, including bank reconciliations of cash accounts and closing entries were not complete at the start of the audit. Reconciliations and journal entries needed to adjust the District's general ledger to the appropriate balances were being completed through end of October 2024. Additionally, proper review and approval over reconciliations was not being completed.

Cause. The District did not have documented processes in place to ensure reconciliations were being done and that the closing of the accounting records were being completed in preparation for the audit.

Effect. As a result of these conditions, management was unable to timely close the accounting records and prepare for the audit. Additionally, we identified some discrepancies in account reconciliations that needed to be addressed by management prior to starting certain audit areas. Management was able to subsequently adjust the District's general ledger to the appropriate balances.

Recommendation. We recommend that the District develop and adhere to (with appropriate oversight) a written plan with detailed tasks and completion points for the timely completion of year end closing procedures to ensure timely issuance of the financial statements.

View of Responsible Officials. Management concurs. The District will work with the audit team prior to the next audit and develop clear timelines for both staff and auditors to complete the necessary testing. The District has also put in place an internal control going forward that there will be two or three people do bank reconciliation and a review will be done properly.

Responsible Official. Scott Leach, Superintendent

Estimated Completion Date. June 30, 2025

DUNDEE COMMUNITY SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

2024-002 – Preparation of the Schedule of Expenditures of Federal Awards (Repeat)

Finding Type. Significant Deficiency in Internal Control over Financial Reporting

Criteria. The Uniform Guidance requires that the District “identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the assistance listing title and number, award number and year, name of the federal agency, and name of the pass-through entity.” In addition, the District is required to “prepare appropriate financial statements, including the schedule of expenditures of federal awards (SEFA) in accordance with the Uniform Guidance.”

Condition. Management required some external assistance to complete the SEFA. These adjustments included proper presentation of balances in the correct column of the SEFA, adding and subtracting grants, changing expenditure amounts to match the District's accounting records, adjusting the revenue recorded, and properly recording amounts received during the year.

Cause. The District's internal controls did not identify the necessary elements to prepare a complete and reconciled SEFA.

Effect. The District's SEFA preparation process did not detect balances were presented in the wrong column of the SEFA and variances in the originally reported cash receipts. This resulted in some revisions to the SEFA during the audit process.

Recommendation. The District should evaluate its processes to ensure that the SEFA is prepared in accordance with the Uniform Guidance and reconciled to its accounting records.

View of Responsible Officials. Management concurs. Management will work on preparing the SEFA with the current working documents going forward and will do their best on having a cleaner SEFA going forward.

Responsible Official. Scott Leach, Superintendent

Estimated Completion Date. June 30, 2025

DUNDEE COMMUNITY SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-003 – Eligibility

Finding Type. Immaterial Noncompliance; Significant Deficiency in Internal Controls over Compliance

Federal program(s)

U.S. Department of Agriculture -

- Child Nutrition Cluster (ALN 10.553, 10.555, and 10.559); Passed through the Michigan Department of Education; All project numbers.

Criteria. Recipients of federal awards are responsible for compliance with various requirements in accordance with the Uniform Guidance and the award agreement. The Child Nutrition Cluster requires that students receiving free or reduced rate meals meet certain income guidelines, unless they are categorically eligible by being homeless, a migrant, or a runaway. Eligibility determinations should be supported by an application or other documentation.

Condition. In our sample of 40 applications from all students receiving free or reduced cost meals during the year, we noted one instance in which the point of sale (POS) system used by the District classified a student to be free; however, application reviewed by the District indicated ineligible to receive free and reduce meal. The student received free-price meals during the 2024 school year.

Cause. The District's internal controls did not identify the necessary elements to detect proper eligibility based on the application.

Effect. As a result of this condition, the District granted free lunch to a student that did not meet the eligibility requirements.

Questioned Costs. None.

Recommendation. The District should perform a review of the POS system to match with the application to ensure only eligible students are provided with free and reduced meals.

View of Responsible Officials. Management concurs with the finding. The District has already put in multiple checks and procedures for food service. The Point of Sale now has custom reports to help make sure students are in the Point-of-Sale system correctly. The eligibility listing will be verified multiple times throughout the year. The District has set up weekly meetings with the Food Service Director, Superintendent Administrative Assistant, and the Business Manager.

Responsible Official. Scott Leach, Superintendent, and Crystal Lee, Food Service Director

Estimated Completion Date. June 30, 2025



DUNDEE COMMUNITY SCHOOLS

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

Finding 2023-001: Material Audit Adjustments

The District had several adjustments provided in order to reach final year-end balances. The majority of the adjustments that were made to the trial balance were identified by the auditors, while a few were identified by the District. Audit adjustments included adjustments to federal and state revenues, transfers, accrued liabilities, and cash. This finding was resolved as there were no material audit adjustments noted in 2024.

Finding 2023-002: Timely Year-End Closing and Workpaper Reconciliation

The District was not ready for the audit during the scheduled timeframe for audit fieldwork. Year-end reconciliations and closing entries were not complete at the start of the audit and still not completed when the auditors were scheduled to work on the audit. Reconciliations and journal entries needed to adjust the District's general ledger to the appropriate balances were still being completed up until the time of issuance. Additionally, proper review and approval over reconciliations and journal entries was not being completed. This finding was partially resolved by the District related to proper review and approval of journal entries. The timely year end closing and workpaper reconciliation was repeated as finding 2024-001.

Finding 2023-003: Preparation of the Schedule of Expenditures of Federal Awards

Management required significant external assistance to complete the SEFA. These adjustments included adding and subtracting grants, correcting assistance listing numbers and program years, changing expenditure amounts to match the District's accounting records, adjusting the revenue recorded, and properly recording amounts received during the year. This finding was repeated as finding 2024-002.

■ ■ ■ ■ ■

This page intentionally left blank.