

# **Mid Peninsula School District**

Audited Financial Statements and  
Additional Supplemental Information

For the Year Ended

June 30, 2023

**Mid Peninsula School District**  
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To the Board of Education  
Mid Peninsula School District  
Rock, Michigan

## INDEPENDENT AUDITOR'S REPORT

### OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mid Peninsula School District, Rock, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise of the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mid Peninsula School District, Rock, Michigan as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School's, 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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, 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 School'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 School'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**

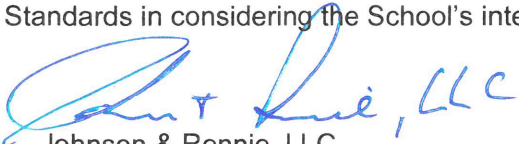
Accounting principles generally accepted in the United States of America require that the Management's discussion and analysis, the major fund budgetary comparison schedule and the pension and OPEB system schedules of funding progress and employer contributions be presented to supplement the basic financial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

#### **OTHER SUPPLEMENTARY INFORMATION**

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

#### **OTHER REPORTING REQUIRED BY GOVERNMENTAL AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report letter dated October 31, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 or on compliance and results of that testing and not to provide an opinion on the effectiveness of the School's internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.



Johnson & Rennie, LLC  
Menominee, Michigan  
October 31, 2023

**Mid Peninsula School District**  
Management's Discussion and Analysis  
Year Ended June 30, 2023

**Management's Discussion and Analysis**

This section of the Mid Peninsula School District's annual financial report presents our discussion and analysis of the School District's performance during the year ended June 30, 2023. It is to be read in conjunction with the School District's financial statements, which immediately follow this section.

Generally accepted accounting principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: District-wide Financial Statements and Fund Financial Statements. These statements are organized so the reader can understand the Mid Peninsula School District financially as a whole. The District-wide Financial Statements provide information about the activities of the whole School District presenting both an aggregate view of the School District's finances and a long-term view of those finances. The Fund Financial Statements provide the next level of detail. For governmental activities these statements tell how services were financed in the short-term as well as what remains for future spending. The fund Financial Statements look at the School District's operations in more detail than in the government-wide financial statements by providing information about the School District's most significant fund, the General Fund and Food Service Fund with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net position, presents financial information about Scholarships for which the School District acts solely as an agent.

**Financial Section**

Basic Financial Statements

- District-wide Financial Statements

Fund Financial Statements

- Balance Sheet – Governmental Funds
- Statement of Revenue, Expenditures
- Statement of Fiduciary Net Position
- Notes to Financial Statements

Required Supplemental Information

- Budgetary Comparison Schedule
- Schedule of Pension and OPEB Contributions
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Proportionate Share of the OPEB Liability

Other Supplemental Information

- General Fund Schedule of Revenue
- General Fund Schedule of Expenditures

**Mid Peninsula School District**  
Management's Discussion and Analysis (continued)  
Year Ended June 30, 2023

**The School District as a Whole**

The following summarized the net position at fiscal year ended June 30, 2023 and June 30, 2022.

	Governmental Activities	
	2022	2023
<b>Assets</b>		
Current assets	\$ 1,539,283	\$ 1,582,803
Capital assets	1,542,652	1,392,472
<b>Total Assets</b>	3,081,935	2,975,275
<b>Total Deferred Outflow of Resources</b>		
Deferred Outflow of Resources - Pensions	970,763	1,277,253
Deferred Outflow of Resources - OPEB	341,204	411,552
<b>Total Assets and Deferred Outflow of Resources</b>	4,393,902	4,664,080
<b>Total Assets and Deferred Outflow of Resources</b>		
<b>Liabilities</b>		
Current liabilities	788,645	940,465
Long-term liabilities	2,567,190	4,470,506
<b>Total Liabilities</b>	3,355,835	5,410,971
<b>Deferred Inflow of Resources</b>		
Unavailable Revenue	57,243	8,776
Pensions	1,062,349	525,802
OPEB	698,796	516,915
<b>Total Deferred Inflow of Resources</b>	1,818,388	1,051,493
<b>Total Liabilities and Inflow of Resources</b>	5,174,223	6,462,464
<b>Net Position</b>		
Net investment in capital assets	1,542,652	1,392,472
Restricted	-	-
Unrestricted (Deficit)	(2,322,973)	(3,190,856)
<b>Total Net Position (Deficit)</b>	\$ (780,321)	\$ (1,798,384)

The above analysis focuses on the net position. The School District's net position was a deficit of \$1,798,384 as of June 30, 2023. Capital assets, net of related debt, totaled \$1,392,472. This compares to the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. The School had no debt due on assets. The remaining \$3,190,856 deficit represents the accumulated results of all past year's operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

**Mid Peninsula School District**  
Management's Discussion and Analysis (continued)  
Year Ended June 30, 2023

The results of this years operations for Mid Peninsula School District as a whole are reported in the statement of activities which show the changes in net position for fiscal year 2023 and 2022.

	Government Activities	
	2022	2023
<b>Program Revenue</b>		
Charges for services	\$ 37,566	\$ 46,731
Operating grants and contributions	1,021,669	1,316,054
<b>Total Program Revenue</b>	1,059,235	1,362,785
<b>General Revenue</b>		
Property taxes levied for general operations and CFR	646,175	673,795
State foundation allowance and stabilization	991,609	1,070,895
Other school districts	-	-
Other	14,181	39,135
<b>Total General Revenue</b>	1,651,965	1,783,825
 <b>Total Revenue</b>	 2,711,200	 3,146,610
<b>Expenses</b>		
Instruction	1,208,687	2,173,346
Support services	806,798	1,339,567
Depreciation - unallocated	190,543	193,000
Interest on debt	-	-
Student activities	30,544	61,056
Athletics	74,986	139,665
Food services	232,861	258,039
<b>Total Expenses</b>	2,544,419	4,164,673
 <b>(Decrease) Increase in Net Position</b>	 \$ 166,781	 \$ (1,018,063)

As indicated above, net position decreased by \$1,018,063. This increase relates directly to the operations of the District during the year.

**Mid Peninsula School District**  
 Management's Discussion and Analysis (continued)  
 Year Ended June 30, 2023

**Sources of Revenues**

Local sources of revenues totaled \$835,029 and include revenues to the General Fund of \$752,638.

State sources of revenues total \$1,781,843 and include revenues to the General Fund of \$1,771,365 and School Lunch Fund of \$10,478. State sources of revenue make up 62% of General Fund Revenues. This ties the District directly to the States overall economy.

Federal sources of revenues total \$529,736 and include revenues to the General Fund of \$317,646 and School Lunch Fund of \$212,090.

**Expenses**

Government-wide expenses include instruction of \$2,173,346, Support Services of \$1,339,567. School Lunch Fund and Athletic Fund expenses are included in Support Services. Unallocated depreciation was \$193,000 for the year.

**Capital Assets and Debt Administration**

**Capital Assets**

At June 30, 2023 the District had \$5,451,132 invested in a broad range of capital assets, including land, building, furniture and equipment.

	2022	2023
<b>Assets</b>		
Land	\$ 2,000	\$ 2,000
Land improvements	856,076	856,076
Buildings and land improvements	3,977,117	3,977,117
Vehicles	247,825	257,985
Machinery and equipment	325,296	357,954
<b>Total Assets</b>	5,408,314	5,451,132
Less Accumulated Depreciation	(3,865,660)	(4,058,660)
<b>Net Total</b>	\$ 1,542,654	\$ 1,392,472

There were \$42,818 in capital assets that were purchased for the year. Depreciation expense for the year is \$193,000.

**Debt**

At the end of this year the District had no General Obligation Bonds outstanding.

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

The Board of Education and administration consider many factors when setting the School District's 2023 fiscal year budget. Two of the major factors affecting the budget are the student count and the State funding of unrestricted foundation allowance.

**Mid Peninsula School District**  
Management's Discussion and Analysis (continued)  
Year Ended June 30, 2023

**Economic Factors and Next Year's Budget Rates (continued)**

The 2023 budget was adopted in June 2022, based on an estimate of students that will be enrolled in September 2022. As a result, District funding is heavily dependent on the state's ability to fund local school operations. Once the final student count and related pupil finding is validated, state law requires the District to amend the budget if actual District resources are not sufficient to fund original appropriations. Since the District's revenue is heavily dependent upon state funding, actual funding depends on the state's ability to collect revenues to fund its appropriations to school districts.

**Original vs. Revised Budgets**

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

As a matter of practice, the District amends its budget three times during the School year. The fiscal year 2022-2023, the budget was revised in December, April and June.

**General Fund Revenues**

Total Revenues - June revision	\$ 2,884,950
Total Revenues - original budget	<u>(2,104,710)</u>
Increase in Revenue Budget	<u>\$ 780,240</u>

**Revenue-Budget Vs. Actual**

The Districts actual fund revenue was \$43,301 less than the revised budget.

**General Fund Expenditures**

Total Expenditures - June revision	\$ 3,084,628
Total Expenditures - original budget	<u>(2,448,940)</u>
Increase in Expenditure Budget	<u>\$ 635,688</u>

**Expenditures-Budget Vs. Actual**

The District's actual general fund expenditures were \$195,453 less than the revised budget.

**Covid-19 Outbreak**

The Covid-19 outbreak in the State of Michigan has resulted in government and business disruption throughout the State of Michigan. While the disruption has been temporary, there is considerable uncertainty as to the effect of the disruption on businesses and government. School management is unable to determine the potential negative impact this may have on current and future finances of the Schools at this time.

**Property Taxes**

A significant portion of local revenue is provided from property taxes and CFR for the General Fund. Tax revenue totaled \$673,795. This amount is obtained through a voter approved 18-mill levy on the taxable value of non-homestead properties for the District's operations and voter approved 8.1 mill levy on the taxable value of all properties, homestead and non-homestead, for debt interest and principal payments.

**Mid Peninsula School District**  
Management's Discussion and Analysis (continued)  
Year Ended June 30, 2023

**Unrestricted State Aid Foundation Allowance**

The most significant portion of funding to the District is through the foundation allowance. The foundation allowance is funding from the state for each student set annually. The District's foundation allowance is \$8,700 per student for the 2022-2023 fiscal year. The number of students to be funded is calculated by student enrollment blended at 90% of current year September count and 10% of prior year February count. The overall funding is then reduced by the District's non-homestead tax levy based on 18 mills.

**Contacting the District's Financial Management**

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the School District's accountability for the money it received. If you have any questions about this report or need additional information, contact the Business Office at Mid Peninsula Area School, 5055 St. Nicholas 31<sup>st</sup> Road, Rock, MI 49880.

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## **Basic Financial Statements**

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**Mid Peninsula School District**  
Statement of Net Position  
June 30, 2023

	Governmental Activities
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and investments	\$ 921,508
Due from other Governmental units	661,295
Due from local sources	-
<b>Total Current Assets</b>	<b>1,582,803</b>
<b>Non-Current Assets</b>	
Capital assets	5,451,132
Less: accumulated depreciation	(4,058,660)
<b>Total Non-Current Assets</b>	<b>1,392,472</b>
<b>Total Deferred Outflow of Resources</b>	
Deferred Outflow of Resources - Pension	1,277,253
Deferred Outflow of Resources - OPEB	411,552
<b>Total Deferred Outflow of Resources</b>	<b>1,688,805</b>
<b>Total Assets and Deferred Outflow</b>	<b>4,664,080</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	89,201
Accrued salaries and benefits	101,264
Notes payable	750,000
<b>Total Current Liabilities</b>	<b>940,465</b>
<b>Non-Current Liabilities</b>	
Net pension liability	4,223,847
Net OPEB liability	239,230
Accrued compensated absences	7,429
<b>Total Non-Current Liabilities</b>	<b>4,470,506</b>
<b>Total Liabilities</b>	<b>5,410,971</b>
<b>Deferred Inflow of Resources</b>	
Unavailable Revenue	8,776
Pension	35,884
OPEB	516,915
State aid funding for pension	489,918
<b>Total Deferred Inflow of Resources</b>	<b>1,051,493</b>
<b>Net Position</b>	
Net investment in capital assets	1,392,472
Restricted for debt service	-
Unrestricted	(3,190,856)
<b>Total Net Position</b>	<b>\$ (1,798,384)</b>

**Mid Peninsula School District**  
**Statement Activities**  
June 30, 2023

		Program Revenue		Governmental Activities
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
<b>GOVERNMENTAL FUNCTIONS</b>				
Current:				
Instruction	\$ (2,173,346)	\$ -	\$ 1,018,116	\$ (1,155,230)
Supporting services	(1,339,567)	11,024	-	(1,328,543)
Food services	(258,039)	7,021	222,568	(28,450)
Athletics	(139,665)	28,686	-	(110,979)
Student activities	(61,056)	-	75,370	14,314
Interest on long-term debt	-	-	-	-
Depreciation (unallocated)	(193,000)	-	-	(193,000)
Total Governmental Functions	\$ (4,164,673)	\$ 46,731	\$ 1,316,054	(2,801,888)
 <b>GENERAL REVENUE</b>				
Property Taxes:				
General purposes				673,795
State aid not restricted for specific purpose				1,070,895
Interest and investment earnings				18,029
Other				21,106
Total General Revenue				1,783,825
<b>Change in Net Position</b>				(1,018,063)
<b>Net Position - Beginning of Year</b>				(780,321)
<b>Net Position - End of Year</b>				\$ (1,798,384)

**Mid Peninsula School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	Major		Non-Major	Total
	General	Food Service Fund	Activity Fund	
<b>Assets</b>				
Cash and investments	\$ 775,897	\$ 75,612	\$ 69,999	\$ 921,508
Accounts receivable				
Due from other Governmental units	626,000	24,595	-	650,595
Due from athletic fund	10,700	-	-	10,700
<b>Total Assets</b>	<b>\$ 1,412,597</b>	<b>\$ 100,207</b>	<b>\$ 69,999</b>	<b>\$ 1,582,803</b>
<b>Liabilities, Deferred Inflow of Resources and Fund Equity</b>				
<b>Liabilities</b>				
Accounts payable	\$ 85,259	\$ 3,942	\$ -	\$ 89,201
Accrued salaries and benefits	89,952	11,312	-	101,264
Notes payable	750,000	-	-	750,000
<b>Total Liabilities</b>	<b>925,211</b>	<b>15,254</b>	<b>-</b>	<b>940,465</b>
<b>Deferred Inflow of Resources</b>				
Unavailable Revenue				
Federal and State Grants	8,776	-	-	8,776
<b>Fund Balance</b>				
Restricted for food service	-	84,953	-	84,953
Restricted for athletics	231	-	-	231
Committed to activities	-	-	69,999	69,999
Committed to infrastructure	40,000	-	-	40,000
Committed to severance pay	7,429	-	-	7,429
Unassigned	430,950	-	-	430,950
<b>Total Fund Balance</b>	<b>478,610</b>	<b>84,953</b>	<b>69,999</b>	<b>633,562</b>
<b>Total Deferred Inflow of Resources and Fund Equity</b>	<b>\$ 1,412,597</b>	<b>\$ 100,207</b>	<b>\$ 69,999</b>	<b>\$ 1,582,803</b>

**Mid Peninsula School District**  
 Reconciliation of the Governmental Funds  
 Balance Sheet with the Statement of Net Position  
 June 30, 2023

**Total Governmental Fund Balance** \$ 633,562

*Amounts Reported for Governmental Activities in the Statement of Net Position Because:*

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

The Cost of Capital Assets are:	\$ 5,451,132	
Accumulated Depreciation is:	<u>(4,058,660)</u>	1,392,472

Net Pension Liability		(4,223,847)
Net OPEB Liability		(239,230)

Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds

Deferred Outflows of Resources Related to Pensions		1,277,253
Deferred Outflows of Resources Related to OPEB		411,552
Deferred Inflows of Resources Related to Pensions		(35,884)
Deferred Inflows of Resources Related to OPEB		(516,915)
Deferred inflows from state aide funding		(489,918)

Increase in compensated absences are reported as expenditures when financial resources are used in Governmental Funds		<u>(7,429)</u>
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<b>Net Position of Governmental Activities</b>		<b><u><u>\$ (1,798,384)</u></u></b>
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**Mid Peninsula School District**  
Combining Statement of Revenue, Expenditures  
and Changes in Fund Balances Governmental Funds  
For the Year Ended  
June 30, 2023

	Major		Non-Major	Total
	General Fund	Food Service Funds	Activity Fund	
<b>REVENUES</b>				
Local sources	\$ 752,638	\$ 7,021	\$ 75,370	\$ 835,029
State sources	1,771,365	10,478	-	1,781,843
Federal sources	317,646	212,090	-	529,736
Other school districts	-	-	-	-
<b>Total Revenues</b>	<u>2,841,649</u>	<u>229,589</u>	<u>75,370</u>	<u>3,146,608</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,676,589	-	-	1,676,589
Supporting service	1,174,768	-	-	1,174,768
Food Services	-	258,039	-	258,039
Activities	-	-	61,056	61,056
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	37,818	5,000	-	42,818
<b>Total Expenditures</b>	<u>2,889,175</u>	<u>263,039</u>	<u>61,056</u>	<u>3,213,270</u>
<b>Excess of Revenues - Expenditures</b>	(47,526)	(33,450)	14,314	(66,662)
<b>OTHER FINANCE SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total Other Finances Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues and Other Resources Over (Under) Expenditures & Other Uses	(47,526)	(33,450)	14,314	(66,662)
Fund Balance July 1	<u>526,136</u>	<u>118,403</u>	<u>55,685</u>	<u>700,224</u>
Fund Balance June 30	<u>\$ 478,610</u>	<u>\$ 84,953</u>	<u>\$ 69,999</u>	<u>\$ 633,562</u>

**Mid Peninsula School District**  
 Reconciliation of the Statement of Revenue, Expenditures  
 and Change in Fund Balances  
 to the Statement of Activities  
 Year Ended June 30, 2023

**Net Changes in Fund Balances - Total Governmental Funds** \$ (66,662)

*Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:*

Governmental Funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	\$ (193,000)	
Capital Outlay	<u>42,818</u>	(150,182)

Long-term liabilities are not due and payable in the current period and are not reported in the funds

Loan Repayment - Bus		-
Bond Payable - Building and Site		-
Compensated Absences		(600)

In the statement of activities, operating expenses for pension related items are measured by amounts earned during the year while governmental funds report expenditures as amounts paid. This year the amount paid for pension related items was more than the amount earned. (980,310)

In the statement of activities, operating expenses for OPEB related items are measured by amounts earned during the year while governmental funds report expenditures as amounts paid. The amount paid for OPEB related items was less than the amount earned. 179,691

**Change in Net Position as Governmental Activities** \$ (1,018,063)

**Mid Peninsula School District**  
Statement of Fiduciary Net Position  
Year Ended June 30, 2023

	Private-Purpose Trust	Scholarships	Total
<b>ASSETS</b>			
Cash	\$ 296,746	\$ 32,950	\$ 329,696
<b>Total Assets</b>	<u>\$ 296,746</u>	<u>\$ 32,950</u>	<u>\$ 329,696</u>
<b>NET POSITION</b>			
Reserve for scholarships	\$ 296,746	\$ 32,950	\$ 329,696
<b>Total Liabilities and Net Position</b>	<u>\$ 296,746</u>	<u>\$ 32,950</u>	<u>\$ 329,696</u>

Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2023

	Private-Purpose Trust	Scholarships	Total
Investment income (loss)	\$ 13,479	\$ 3,800	\$ 17,279
Contributions	-	-	-
<b>Total Revenues</b>	<u>13,479</u>	<u>3,800</u>	<u>17,279</u>
<b>EXPENDITURES</b>			
Scholarships	(12,900)	(16,650)	(29,550)
<b>Total Expenditures</b>	<u>(12,900)</u>	<u>(16,650)</u>	<u>(29,550)</u>
Excess Revenue Over (Under) Expenditures	579	(12,850)	(12,271)
Net Position			
Beginning Balance July 1	296,167	45,800	341,967
Ending Balance June 30	<u>\$ 296,746</u>	<u>\$ 32,950</u>	<u>\$ 329,696</u>

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## **Notes to Financial Statements**

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**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Mid Peninsula School District have been prepared as prescribed by the Michigan Department of Education. These policies are in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

Reporting Entity

In conformity with generally accepted accounting principles, other autonomously operated governmental organizations are not considered to be part of the School District's entity financial reporting purposes nor is the School District a component unit of another entity. The criteria established for determining the various governmental organizations to be included in the School District's financial statements include oversight responsibility, scope of public service and special financing relationships. Based upon the application of these criteria the financial statements of the School District contain all the funds controlled by the District's Board of Education as no other entity meets the criteria to be considered a blended component unit or a discretely presented component unit of the District.

Basis of Presentation

District-Wide Financial Statements

The School District-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the activities of the School District except for the fiduciary activities. All of the School District's activities are considered to be governmental activities. Interfund activity including operating transfers between activities and amounts due to and from governmental activities has been eliminated in the School District-wide statements.

Fund-Based Financial Statements

Separate financial statements are provided on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Governmental as well as fiduciary funds are provided. The various fund types are grouped in the financial statements as major funds or non-major funds. The School District reports the following major governmental funds:

General Fund - is the general operating fund of the School District. The fund is used to account for all financial resources except those required to be accounted for in another fund.

Hot Lunch Fund – is used by the School District to account for Food Services.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation (continued)

*All other governmental funds are considered to be non-major. They include:*

Special Revenue Fund - is used by the School District to account for assets held by the School District in its capacity as a receiving and paying agent for activity groups.

Fiduciary Funds

Private-Purpose Trust Fund - is used to account for assets held by the School District in a trustee capacity as administrator of scholarship and other funds under direct control of the School District.

Agency Fund – is used for scholarship money held by the School District

Basis of Accounting

District-Wide Financial Statements

The District-wide financial statements report all financial and capital assets, short and long-term liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. All revenue is recorded when earned and expenses are recorded when a liability is incurred.

The statement of Activities reports net cost information based on the School District's functions. Direct expenses are listed by function with program revenues for each function offset against those expenses. Program revenues include charges for services that are fees and other charges to the users or recipients of the services the School District provides. Program revenues also include operating grants and contributions that are restricted for a particular purpose. Property taxes, nonrestricted state aid and other revenues that are not program revenues are reported as general revenues.

Fund-Based Financial Statements

The governmental funds are accounted for by using the modified accrual basis of accounting as required by the Michigan Department of Education. Under the modified accrual basis of accounting, revenue is recognized when the revenue is subject to accrual, eligibility requirements are met and the revenues are available to finance expenditures of the fiscal period. Revenue is considered available when the revenue has been collected in the current period or soon enough after the end of the period to use to pay current period liabilities.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE A**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**  
Basis of Accounting (continued)

Fund-Based Financial Statements (continued)

The School District considers revenues to be available if collected within 60 days of the end of the period. Expenditures are recorded when the related liability is incurred. Exceptions to this general rule include certain compensated absences and principal and interest on long-term debt, both of which are recognized when due. Property taxes are recognized in the fiscal year for which the taxes have been levied.

Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Current property taxes are collected for the School District by the Townships of Baldwin, Maple Ridge, Ewing and Turin. School taxes are levied on July 1.

Delinquent real property taxes of the School District are purchased annually by the Counties of Marquette and Delta.

State Foundation Revenue

The State of Michigan follows a foundation grant approach, which provides for a specific annual amount of revenue per student based on a state wide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information regarding average pupil membership supplied by the districts. The funds received in July and August of 2023 are state appropriations for the year ended June 30, 2023, and, as such, are recorded as accounts receivable.

State Categorical Revenue

The School District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue.

Federal Revenue

Expenditure-driven grants are recognized as revenue when revenue is available, the qualifying expenditures have been incurred and all other grant requirements have been met.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposit accounts at local financial institutions.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE A**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Investments

State statutes authorize the School District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank, savings and loan association or credit union which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The School District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks and mutual funds composed of investments outlined above.

Short-Term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund-based financial statements.

Restricted Assets

Restricted assets consist of cash and cash equivalents of the Debt Service Funds required to be set aside for future bond principal and interest payments.

Inventories and Prepaid Items

Inventories are stated at cost and consist principally of supplies, heating fuel and bus fuel. Inventories 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.

Capital Assets and Depreciation

Capital assets include land and improvements, buildings, furniture and fixtures, equipment, school buses and vehicles are reported in the School District-Wide financial statements. Capital assets are defined by the School District as assets with an acquisition cost of more than \$1,000 with an estimated useful life in excess of one year. Assets meeting these criteria are recorded at historical cost or estimated historical costs if the amount is not known. Any donated capital assets are recorded at estimated fair market value at the date of donation. The costs of capital assets are charged to expense using an annual allocation of depreciation expense. Taking the depreciable cost of an asset and dividing that cost by its estimated useful life calculates the annual expense. The expense is recorded on the District-Wide Statement of Activities and included as a direct expense of an identifiable function. Depreciation expense (unallocated) is the amount of depreciation expense that cannot be charged to any particular function.

The capital assets are depreciated using the straight-line method with a half month depreciation taken for assets purchased during the year over the following useful lives (land excluded as not depreciable):

Land improvements	20 years
Building and additions	50 years
Furniture, fixtures and other equipment	10 years
School buses and vehicles	5 - 15 years

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated Absences

The liability for accumulated vacation and sick pay amounts is recorded in the District-Wide statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheet 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 position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contributions revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related Investments are reported at fair value.

Unemployment Insurance

The School District reimburses the Michigan Employment Security Commission for the actual amount disbursed on behalf of the School District.

Long-Term Obligations

The School District reports long-term debt and other long-term obligations in the District-Wide statement of net position. Amounts are recorded at face value along with any accrued interest to June 30, 2023.

Investment in Capital Assets

This is a portion of the net position of the School District that consists of capital assets, net of accumulated depreciation and reduced by long-term liabilities for notes, bonds and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Net position is restricted when there are constraints placed on their use by external parties or by statute.

Unrestricted Net Position

Net position not meeting either criteria above or considered unrestricted.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund Balance

In the fund-based financial statements the restricted fund balances represent the amount set aside for constraints placed on them by external creditors or laws of other Governments. The committed fund balances represent the internal reservations by the School District's Board.

The non-spendable balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of the audit report.

**NOTE B      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

The School District follows these procedures in establishing the budgetary data reflected in the financial statements for the General and Special Revenue Funds. The School District is not legally required to adopt budgets for the Debt Service Funds.

1. Prior to July 1, the School District Superintendent submits to the Board of Education, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted at a regular meeting by Board of Education approval.
4. Any revisions to the budgeted amounts must be approved by the Board of Education.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. These budgets lapse at the end of each year.
6. Budgeted amounts presented in the financial statements are as originally adopted or as amended by the Board of Education prior to June 30, 2023.

Public Act 621 of 1978 Disclosures

Public Act 621 of 1978 requires local units of government (including School Districts) to prepare and to monitor their fiscal year budgets in accordance therewith. The Act provides that a school district must amend its budget if it becomes apparent that the School Districts actual revenues will deviate from those budgeted or if the School District's expenditures will exceed the amount appropriated. During the year ended June 30, 2023, the School District monitored and amended its budget and was in substantial compliance with the Act.

**Mid Peninsula School District**

Notes to Financial Statements

June 30, 2023

**NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

Public Act 275 of 1980 Disclosure

There were no deficits in any of the School District's fund-based financial statements as of June 30, 2023.

**NOTE C DEPOSITS AND INVESTMENTS**

The carrying amount of various deposits presented on the statement of net position as "Deposits and Investments" were made in financial institutions whose deposits are covered by federal depository insurance or in a municipal investment fund. All deposits were made in accordance with State of Michigan statutes and under authorization of the Board of Education.

At June 30, 2023, cash and investments on deposit at the bank total is as follows:

<u>Investments</u>	
Financial Institutions	\$ 641,574
Municipal Fund	409,614
Foundations - Agency Funds	290,574
	<u>\$ 1,341,762</u>

The amount covered by depository insurance of \$256,334 exceeded insurance limits. The School District places its deposits and investments with, what it believes to be, high quality financial institutions. An amount of \$409,614 was deposited in some uninsured municipal funds. The municipal investment funds are not subject to credit risk categorization. The School District places its deposits and investments in some uninsured funds, they are, in the opinion of the School District, subject to minimal risk.

The School District investments at June 30, 2023 consisted of US Treasury Bonds. This investment amounted to \$378 in the Private-Purpose Trust Fund.

Transactions for governmental fund-types are recorded separately; however, the School District uses a common bank account to deposit and disburse cash of the General Fund and Special Revenue Funds.

The School Board has adopted a formal investment policy.

The following disclosures are made to the School Board's deposits and investments:

**Custodial Credit Risk**

*Custodial Credit Risk – Deposits.* For a deposit, custodial credit risk is a risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The School Board maintains its deposit accounts at several financial institutions. The balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of the \$250,000 per interest bearing account and \$250,000 per non-interest bearing account.

As of January 1, 2013, the insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000.

**Mid Peninsula School District**

Notes to Financial Statements

June 30, 2023

institution within the State in which the public unit is located are added together and insured up to \$250,000.

**NOTE C**

**DEPOSITS AND INVESTMENTS (continued)**

**Custodial Credit Risk**

Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000.

For the purpose of these rules, the term 'time and savings' deposits includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Management acknowledges the possibility of risk in this arrangement. However, the size and longevity of the depository institution minimizes such risk.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The School Board held no securities or deposits at financial institutions classified as investments under the Governmental Accounting Standard Board Statement No. 40 as of June 30, 2023.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by state statutes and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rated as of Year End</u>	<u>Not Rated</u>
Money Market Funds	\$ 403,508	Not Available	\$ -	\$ 403,508
	<u>\$ 403,508</u>		<u>\$ -</u>	<u>\$ 403,508</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the School Board manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE C DEPOSITS AND INVESTMENTS (continued)**  
**Interest Rate Risk**

Information about the sensitivity of the fair values of the School Board's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the School Board's investments by maturity:

Type	Total	Months				
		< 12	13-24	25-36	37-48	49 +
Money Market	\$ 403,508	\$ 403,508	\$ -	\$ -	\$ -	\$ -
Total	\$ 403,508	\$ 403,508	\$ -	\$ -	\$ -	\$ -

**Interest Rate Risk**

Certain investments are highly sensitive to interest rate fluctuations, to a greater degree than already indicated in the information provided above. The School Board held no such investments as of June 30, 2023.

**NOTE D CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance 6/30/22	Additions	Disposals and Adjustments	Balance 6/30/23
<b>Assets not being Depr:</b>				
Land	\$ 2,000	\$ -	\$ -	2,000
<b>Capital Assets being Depr:</b>				
Bldg & bldg improvement	3,977,117	-	-	3,977,117
Land improvement	856,076	-	-	856,076
Vehicles	247,825	10,160	-	257,985
Equipment	325,296	32,658	-	357,954
Total	5,408,314	42,818	-	5,451,132
<b>Accumulated Depreciation:</b>				
Bldg & bldg improvement	2,704,813	112,727	-	2,817,540
Land improvement	782,531	37,866	-	820,397
Vehicles	180,390	19,015	-	199,405
Equipment	197,926	23,392	-	221,318
Total	3,865,660	193,000	-	4,058,660
<b>Net Capital Assets</b>	<b>\$ 1,542,654</b>	<b>\$ (150,182)</b>	<b>\$ -</b>	<b>\$ 1,392,472</b>

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE E LONG-TERM DEBT**

Changes in Long-Term Debt are summarized as follows:

	Balance 6/30/22	Additions	Deductions	Balance 6/30/23
Notes payable for:				
School bldg & site bonds	\$ -	\$ -	\$ -	\$ -
Compensated absences	6,829	600	-	7,429
Note payable	-	-	-	-
School bond loan fund	-	-	-	-
	<u>\$ 6,829</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 7,429</u>

Compensated Absences

Compensated absences consist of amounts due Employees' for unused accumulated sick pay upon termination of their employment. There was one eligible employee at June 30, 2023.

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN**

**PLAN DESCRIPTION**

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

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

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits for are determined by final average compensation, years of service and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**

**Benefits Provided**

rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**Contributions**

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

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

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

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

Required contributions to the pension plan from Mid Peninsula School District were \$382,258 for the year ended September 30, 2022.

**PENSION, LIABILITIES, PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2023, Mid Peninsula School District reported a liability of \$4,223,847 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. Mid Peninsula School District's proportion of the net pension liability was determined by dividing each employers statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, Mid Peninsula School District proportion was .0001123103 percent, which was an increase of .0001013921 percent from its proportion measured as of September 30, 2021.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**

For the year ended June 30, 2023, Mid Peninsula School District's recognized pension expense of \$623,926. At June 30, 2023, Mid Peninsula School District's 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
Differences between actual and expected experience	\$ 42,253	\$ 9,444
Changes of assumptions	725,808	-
Net difference between projected and actual earnings on pension plan investments	9,905	-
Changes in proportion and differences between Mid Peninsula Public Schools contributions and proportionate share of contributions	499,287	26,440
Mid Peninsula Public Schools contributions subsequent to the measurement date	489,918	-
	\$ 1,767,171	\$ 35,884

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

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

Plan Year Ended Plan Year	Amount
2023	\$ 393,558
2024	\$ 331,929
2025	\$ 245,062
2026	\$ 270,820

**Actuarial Assumptions**

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

Additional information as of the latest actual valuation as follows:

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**  
**Summary of Actuarial Assumptions**

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

**Notes:**

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all Employees' in years: 4.3922 for non-university employers.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**

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

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

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

\* Long-term rate of return does not include 2.2% inflation

**Rate of Return**

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

**Discount Rate**

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus Plan, 6.0% for the Pension Plus 2 Plan, hybrid plans provided through non-university employers only) This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus Plan, 6.0% for the Pension Plus 2 Plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**

**Sensitivity of Mid Peninsula School District Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents Mid Peninsula School District proportionate share of the net pension liability, calculated using a discount rate of 6.00% (6.00% for the Pension Plus Plan, 6.0% for the Pension Plus 2 Plan), as well as what Mid Peninsula School District 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:

<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
<b><u>5.00%</u></b>	<b><u>6.00%</u></b>	<b><u>7.00%</u></b>
\$5,573,908	\$4,223,847	\$3,111,335

*\*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 Plans. University employers provide only the Basic and MIP Plans.*

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR. Available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

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

At June 30, 2023, the District reported no payable amount of contributions to the pension plan required for the year ended June 30, 2023.

**NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN**

**Plan Description**

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

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

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

**Benefits Provided**

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

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

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

**Contributions**

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

**Contributions (continued)**

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

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

**OPEB Contribution Rates**

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.00%	8.09%
Personal Healthcare Fund	0.00%	7.23%

Required contributions to the OPEB plan from Mid Peninsula School District were \$81,069 for the year ended September 30, 2022.

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

At June 30, 2023, Mid Peninsula School District reported a liability of \$239,230 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. Mid Peninsula School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, Mid Peninsula School District's proportion was .0001129475 percent which was an increase of .0001092062 percent from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, Mid Peninsula School District recognized OPEB expense of \$92,320. At June 30, 2023, Mid Peninsula School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	\$ 468,560
Changes of assumptions	213,233	17,363
Net difference between projected and actual earnings on pension plan investments	18,698	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	156,935	30,992
Employer contributions subsequent to the measurement date	22,686	-
	<u>\$ 411,552</u>	<u>\$ 516,915</u>

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (to Be Recognized in Future OPEB Expenses)

Plan Year	Amount
2023	\$ (70,737)
2024	\$ (37,102)
2025	\$ (40,606)
2026	\$ 18,107
2027	\$ 1,529
Thereafter	\$ 760

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120
	Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality:	<p>Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.</p> <p>Active Members: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled by 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.</p>

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

Other 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 one or more dependents.

*Notes:*

- *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all Employees' in years: [6.2250 for non-university employers].*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).*

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

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

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

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

**Rate of Return**

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

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

**Discount Rate**

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

**Sensitivity of Mid Peninsula School District's proportionate share of the net OPEB liability to changes in the discount rate**

The following presents Mid Peninsula School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what Mid Peninsula School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1-percentage-point higher:

<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
<u>5.00%</u>	<u>6.00%</u>	<u>7.00%</u>
\$401,285	\$239,230	\$102,759

**Sensitivity of Mid Peninsula School District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate**

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

<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
\$100,178	\$239,230	\$395,318

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERSCAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

Mid Peninsula School District reported no payables to the defined benefit OPEB plan as of June 30, 2023.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE H DEFERRED OUTFLOW (INFLOW) OF RESOURCES**

The School District's deferred outflow of resources at June 30, 2023, consisted of:

	Governmental Funds	District-wide Funds
Pension	\$ -	\$ 1,277,253
OPEB	-	411,552
	\$ -	\$ 1,688,805

The School District's deferred inflow of resources at June 30, 2023, consisted of:

	Governmental Funds	District-wide Funds
At Risk	\$ 8,776	\$ 8,776
Pension	-	35,884
State aide funding for pensions	-	489,918
OPEB	-	516,915
	\$ 8,776	\$ 1,051,493

**NOTE I INTERFUND RECEIVABLES AND PAYABLES - FUND BASED FINANCIAL STATEMENTS**

There were no Interfund receivables and payables during the year ending June 30, 2023.

**NOTE J INTERFUND TRANSFERS - FUND BASED FINANCIAL STATEMENTS**

There were no Interfund transfers during the year ending June 30, 2023.

**NOTE K RISK MANAGEMENT**

The School District is exposed to various risks of losses to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to Employees'; and natural disasters. The School District has obtained coverage from commercial insurance companies. The School District has comprehensive general liability coverage of \$25,000 per occurrence and a \$1,000,000 aggregate limit with no deductible amount.

All risk management activities are accounted for in the General Fund and Special Revenue Funds of the School District. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create but for which none have been reported are considered.

Management estimates that the amount or potential claims against the School District as of June 30, 2023 will not materially affect the financial condition of the School District. Therefore, the financial statements contain no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE L FUND BALANCES**

Portions of the fund balances have been classified to include the District's current plans for accumulating funds for use in subsequent periods as follows:

<u>Non-Spendable</u>		
Inventory	\$	-
Prepays		-
		-
 <u>Restricted</u>		
Hot lunch	\$	84,953
Athletics		231
		85,184
		85,184
 <u>Committed</u>		
General	\$	47,429
Activity		69,999
		117,428
		117,428

**NOTE M UNEMPLOYMENT COMPENSATION**

Since January 1, 1978, the School District has been a reimbursing employer in accordance with Section 13:(1) of the Michigan Employment Security Act. A reimbursing employer is one who pays to the Michigan Employment Security Commission an amount equal to the full amount of regular benefits, extended benefits and training benefits paid by the Commission that are attributable to service in the Federal Government.

**NOTE N SHORT-TERM STATE AID ANTICIPATION NOTE PAYABLE**

A \$750,000 State Aid Anticipation Note payable to BayBank, Gladstone Michigan, is payable at the rate of 4.99% and is due June 21, 2024. The detail is as follows:

	<u>Interest</u>	<u>Proceeds</u>	<u>Amount Due</u>
State Aide Note	4.99%	\$ 750,000	\$ 750,000
	 <u>Balance</u>		 <u>Balance</u>
	7/1/2022	<u>Additional</u>	<u>Disposal</u>
	\$ 670,000	\$ 750,000	\$ 670,000
			<u>6/30/2023</u>
			\$ 750,000

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2023

**NOTE O CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2023, the School implemented the following new pronouncement: Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases* and Statement No. 96 *Subscription-Based Information Technology Arrangements*.

GASB Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In May 2020, the GASB issued Statement No. 96, *Subscription-based information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the School's financial statements after the adoption of GASB Statement 87 and 96.

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## **Required Supplemental Information**

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**Mid Peninsula School District**  
Required Supplemental Information  
Budgetary Comparison Schedule – General Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Budget		
<b>REVENUE</b>				
Local sources	\$ 1,930,821	\$ 720,495	\$ 752,638	\$ 32,143
State sources	-	1,800,784	1,771,365	(29,419)
Federal sources	173,889	363,671	317,646	(46,025)
<b>Total Revenue</b>	<u>2,104,710</u>	<u>2,884,950</u>	<u>2,841,649</u>	<u>(43,301)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,387,545	1,823,253	1,676,589	146,664
Supporting service	1,061,395	1,223,560	1,174,768	48,792
Debt retirement	-	-	-	-
Capital outlay	-	37,815	37,818	(3)
<b>Total Expenditures</b>	<u>2,448,940</u>	<u>3,084,628</u>	<u>2,889,175</u>	<u>195,453</u>
<b>Excess of Revenues- (Expenditures)</b>	<u>(344,230)</u>	<u>(199,678)</u>	<u>(47,526)</u>	<u>152,152</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Resources Over (Under) Expenditures & Other Uses	(344,230)	(199,678)	(47,526)	152,152
Fund Balance Beginning of Year	<u>526,136</u>	<u>526,136</u>	<u>526,136</u>	
Fund Balance End of Year	<u>\$ 181,906</u>	<u>\$ 326,458</u>	<u>\$ 478,610</u>	

**Mid Peninsula School District**  
 Required Supplemental Information  
 Budgetary Comparison Schedule – Food Service Fund  
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Budget		
<b>REVENUE</b>				
Local sources	\$ 8,165	\$ 8,165	\$ 7,021	\$ (1,144)
State sources	5,300	19,300	10,478	(8,822)
Federal sources	154,700	204,700	212,090	7,390
<b>Total Revenue</b>	<u>168,165</u>	<u>232,165</u>	<u>229,589</u>	<u>(2,576)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Supporting service	199,850	295,050	258,039	37,011
Debt retirement	-	-	-	-
Capital outlay	2,000	5,500	5,000	500
<b>Total Expenditures</b>	<u>201,850</u>	<u>300,550</u>	<u>263,039</u>	<u>37,511</u>
<b>Excess of Revenues- (Expenditures)</b>	<u>(33,685)</u>	<u>(68,385)</u>	<u>(33,450)</u>	<u>34,935</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Resources Over (Under) Expenditures & Other Uses	(33,685)	(68,385)	(33,450)	34,935
Fund Balance Beginning of Year	<u>118,403</u>	<u>118,403</u>	<u>118,403</u>	
Fund Balance End of Year	<u>\$ 84,718</u>	<u>\$ 50,018</u>	<u>\$ 84,953</u>	

**Mid Peninsula School District**  
Schedule of Mid Peninsula School District Pension Contributions  
Michigan Public School Employees' Retirement Plan  
Last 10 Reporting Fiscal Years *(Amounts determined as of 6/30 of each year)*

	2018	2017	2016	2015
Statutory required contributions	\$ 114,522	\$ 149,237	\$ 216,039	\$ 185,797
Contributions in relation to statutory required contributions	<u>114,522</u>	<u>149,237</u>	<u>216,039</u>	<u>185,797</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	<u>\$ 639,758</u>	<u>\$ 873,022</u>	<u>\$ 911,621</u>	<u>\$ 921,940</u>
Contributions as a percentage of covered employee payroll	17.90%	17.09%	23.70%	20.15%

	2023	2022	2021	2020	2019
Statutory required contributions	\$ 291,957	\$ 241,956	\$ 230,602	\$ 181,649	\$ 142,551
Contributions in relation to statutory required contributions	<u>291,957</u>	<u>241,956</u>	<u>230,602</u>	<u>181,649</u>	<u>142,551</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	<u>\$ 1,295,261</u>	<u>\$ 1,038,483</u>	<u>\$ 947,849</u>	<u>\$ 802,019</u>	<u>\$ 760,139</u>
Contributions as a percentage of covered employee payroll	22.54%	23.30%	24.33%	22.65%	18.75%

**Note Disclosures:**

Changes of benefit terms: There were no changes of benefit terms in the FY 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2022.

**Mid Peninsula School District**  
Schedule of Mid Peninsula School District Proportionate Share of the Net Pension Liability  
Michigan Public School Employees' Retirement Plan  
Last 10 Reporting Fiscal Years *(Amounts determined as of 9/30 of each year)*

	2018	2017	2016	2015	2014
Proportion of net pension liability %	.00889%	.01051%	.01116%	.01120%	.01041%
Proportionate share of net pension liability	\$ 2,671,821	\$ 2,723,274	\$ 2,783,760	\$ 2,735,304	\$ 2,293,712
Covered employee payroll	\$ 648,777	\$ 850,478	\$ 932,114	\$ 911,621	\$ 921,490
Proportionate share of net pension liability as a percentage of its covered employee payroll %	411.82%	320.21%	295.65%	360.05%	248.91%
Plan fiduciary net position as a percentage of total pension liability	62.36%	64.21%	63.27%	63.17%	66.20%
	2023	2022	2021	2020	2019
Proportion of net pension liability %		0.11231%	0.10139%	0.09005%	.08314%
Proportionate share of net pension liability		\$ 4,423,847	\$ 2,400,500	\$ 3,093,360	\$ 2,753,470
Covered employee payroll		\$ 1,125,001	\$ 1,005,742	\$ 820,936	\$ 758,460
Proportionate share of net pension liability as a percentage of its covered employee payroll %		393.23%	238.68%	376.81%	363.03%
Plan fiduciary net position as a percentage of total pension liability		60.77%	72.60%	59.72%	60.31%

**Note Disclosures:**

Changes in benefit terms: There were no changes of benefit terms in FY 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2022.

**Mid Peninsula School Districts**  
Schedule of Mid Peninsula School District's OPEB Contributions  
Michigan Public School Employees' Retirement Plan  
Last 10 Reporting Fiscal Years *(Amounts determined as of 6/30 of each year)*

	2022	2021	2020	2019	2018
Statutory required OPEB contributions	\$ 18,857	\$ 18,886	\$ 15,989	\$ 11,675	\$ 9,180
OPEB contributions in relation to statutory required contributions *	18,857	18,886	15,989	11,675	9,180
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll (OPEB)	<u>\$ 1,038,488</u>	<u>\$ 947,849</u>	<u>\$ 802,109</u>	<u>\$ 760,139</u>	<u>\$ 693,578</u>
OPEB contributions as a percentage of covered payroll	1.82%	1.99%	1.99%	1.54%	1.32%

	2027	2026	2025	2024	2023
Statutory required OPEB contributions					\$ 22,686
OPEB contributions in relation to statutory required contributions *					22,686
Contribution deficiency (excess)					<u>\$ -</u>
School's covered payroll (OPEB)					<u>\$ 1,295,261</u>
OPEB contributions as a percentage of covered payroll					1.75%

**Note Disclosures:**

Changes of benefit terms: There were no changes of benefit terms in FY 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2022.

**Mid Peninsula School Districts**  
Schedule of Mid Peninsula School District's Proportionate Share of OPEB Liability  
Michigan Public School Employees' Retirement Plan  
Last 10 Reporting Fiscal Years *(Amounts determined as of 9/30 of each year)*

	2021	2020	2019	2018	2017
Proportion of net OPEB liability %	0.10926%	0.09182%	0.08627%	.00763%	.01050%
Proportionate share of net OPEB liability	\$ 166,690	\$ 491,934	\$ 619,211	\$ 607,036	\$ 929,966
Covered employee payroll (OPEB) *	\$ 1,005,742	\$ 820,936	\$ 758,460	\$ 648,777	\$ 850,748
Proportionate share of net OPEB liability as a percentage of its covered employee payroll %	16.57%	59.92%	81.64%	93.57%	109.31%
Plan fiduciary net position as a percentage of total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

	2026	2025	2024	2023	2022
Proportion of net OPEB liability %					0.11295%
Proportionate share of net OPEB liability					\$ 239,230
Covered employee payroll (OPEB) *					\$ 1,125,001
Proportionate share of net OPEB liability as a percentage of its covered employee payroll %					21.26%
Plan fiduciary net position as a percentage of total OPEB liability					83.09%

**Note Disclosures:**

Changes of benefit terms: There were no changes of benefit terms in FY 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2022.

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## **Other Supplemental Information**

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**Mid Peninsula School District**  
 Budgetary Schedule of Revenue  
 General Fund  
 For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
Local Sources			
Property tax levy		\$ 673,795	
Athletics		28,686	
Interest income		18,029	
Daycare		9,224	
GRSP tuition		1,800	
Miscellaneous income		21,104	
<b>Total Local Sources</b>	<u>720,495</u>	<u>752,638</u>	<u>32,143</u>
State Sources			
State Aid - Foundation Grant		1,070,895	
Other State Aid			
Rate stabilization MPSERS		378,755	
Special education		17,724	
Benchmark assessment		1,713	
GSRP		119,685	
School Safety		48,263	
At Risk grant		134,330	
<b>Total State Sources</b>	<u>1,800,784</u>	<u>1,771,365</u>	<u>(29,419)</u>
Federal Sources			
ESSR III		135,436	
98c Learning loss		9,803	
Special education teacher tuition reimbursement		4,200	
SRSA		18,835	
Title I		23,577	
Title II Part A		7,262	
Title IV, Part A		10,974	
Childcare relief		106,931	
Miscellaneous		628	
<b>Total Federal Sources</b>	<u>363,671</u>	<u>317,646</u>	<u>(46,025)</u>
<b>TOTAL REVENUE</b>	<u><u>\$ 2,884,950</u></u>	<u><u>\$ 2,841,649</u></u>	<u><u>\$ (43,301)</u></u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures  
 General Fund  
 For the Year Ended June 30, 2023

<b>INSTRUCTION BASIC</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Elementary</b>			
Salaries			
Teacher		\$ 194,534	
Aides		345	
Teacher substitute		7,987	
Retirement		313,933	
FICA		15,061	
Insurance		41,877	
Other Pro contracts		300	
Workshop and conferences		129	
Robotics		1,652	
Equipment repair		3,671	
Workers comp		894	
Miscellaneous expense		1,529	
Postage		700	
Supplies and materials		4,861	
<b>Total Elementary</b>	<u>623,828</u>	<u>587,473</u>	<u>36,355</u>
 <b>ESSER III</b>			
Salaries			
Teacher		55,950	
Aides		14,850	
Retirement		18,292	
Social Security		7,384	
Insurance		28,149	
<b>Total ESSER III</b>	<u>124,625</u>	<u>124,625</u>	<u>-</u>
 <b>Early Literacy Add'l Instruction Time</b>			
Salaries			
Teacher		1,912	
Retirement		748	
FICA		208	
<b>Total Early Literacy Add'l Instrction Time</b>	<u>2,868</u>	<u>2,868</u>	<u>-</u>
 <b>98c Learning Loss</b>			
Salaries			
Teacher		6,970	
Retirement		1,940	
Insurance		360	
FICA		533	
<b>Total 98c Learning Loss</b>	<u>9,803</u>	<u>9,803</u>	<u>-</u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2023

<b>INSTRUCTION BASIC (CONTINUED)</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>High School</b>			
Salaries			
Teacher		281,065	
Teacher substitute		8,567	
Webmaster		3,500	
Noon hour duty		1,905	
Insurance		60,882	
Retirement		82,377	
FICA		21,011	
Workers comp		3,294	
Other professional contracts		9,862	
Supplies and materials		6,429	
Equipment and furniture		1,184	
Tuition dual enrollment		25,955	
Equipment repair		3,379	
Postage		700	
Payment to other public Schools		2,802	
Robotics		29,718	
Miscellaneous expense		3,069	
<b>Total High School</b>	<u>598,685</u>	<u>545,699</u>	<u>52,986</u>
<b>Early Literacy Add'l Instruction Time</b>			
Salaries			
Wage		930	
Retirement		33	
FICA		9	
<b>Total Special Education</b>	<u>972</u>	<u>972</u>	<u>-</u>
<b>Preschool</b>			
Salaries			
Teacher		63,470	
Retirement		17,385	
Milage		578	
FICA		4,762	
<b>Total Preschool</b>	<u>123,211</u>	<u>86,195</u>	<u>37,016</u>
<b>Child Care Relief</b>			
Salaries			
Teacher		4,000	
Retirement		366	
Misc CCR		7,396	
Supplies		200	
FICA		304	
<b>Total Child Care Relief</b>	<u>12,265</u>	<u>12,266</u>	<u>(1)</u>
<b>Total Instruction Basic</b>	<u><b>1,496,257</b></u>	<u><b>1,369,901</b></u>	<u><b>126,353</b></u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2023

<b>INSTRUCTION ADDED NEEDS</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Special Education</b>			
Salaries			
Teacher		45,645	
Retirement		13,566	
FICA		3,143	
Insurance		18,344	
Miscellaneous		496	
Supplies		112	
Other professional contracts		29,734	
<b>Total Special Education</b>	<u>112,930</u>	<u>111,040</u>	<u>1,890</u>
 <b>At Risk</b>			
Salaries			
Teacher		45,721	
Teacher aide		20,382	
MT SS behavior consultant		11,925	
Retirement		21,296	
Health and accident insurance		12,430	
FICA		5,646	
Other contract services		15,570	
Miscellaneous		1,360	
<b>Total at Risk</b>	<u>143,106</u>	<u>134,330</u>	<u>8,776</u>
 <b>Title I Part A 2022-2023</b>			
Salaries			
Teacher		14,280	
Retirement		4,163	
FICA		1,037	
Contracted services		188	
Health and accident insurance		3,909	
<b>Total Title I Part A</b>	<u>27,889</u>	<u>23,577</u>	<u>4,312</u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2023

<b>INSTRUCTION ADDED NEEDS (CONTINUED)</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Title IV Part A</b>			
Salaries			
Aides		8,064	
Retirement		2,293	
FICA		617	
<b>Total Title IV Part A</b>	<u>11,391</u>	<u>10,974</u>	<u>417</u>
<b>Title II Part A</b>			
Salaries			
Teacher		5,400	
Retirement		1,254	
FICA		608	
<b>Total Title II Part A</b>	<u>7,337</u>	<u>7,262</u>	<u>75</u>
<b>Small Rural Schools</b>			
Miscellaneous		18,835	
<b>Total Small Rural Schools</b>	<u>18,835</u>	<u>18,835</u>	<u>-</u>
<b>Health Services</b>			
Miscellaneous supplies & services		670	
<b>Total Health Services</b>	<u>5,508</u>	<u>670</u>	<u>4,838</u>
<b>Total Instruction Added Needs</b>	<u>326,996</u>	<u>306,688</u>	<u>20,308</u>
<b>TOTAL BASIC AND ADDED NEEDS</b>	<u><u>\$ 1,823,253</u></u>	<u><u>\$ 1,676,589</u></u>	<u><u>\$ 146,664</u></u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2023

<b>SUPPORTING SERVICES ADMINISTRATION</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Board of Education</b>			
Board member compensation			
Legal expense		\$ 1,388	
Audit costs		4,527	
Other professional contracts		5,600	
Advertising		3,524	
Miscellaneous		6,691	
Dues and fees		588	
<b>Total Board of Education</b>		<u>1,191</u>	
	<u>23,510</u>	<u>23,509</u>	<u>1</u>
<b>Executive Administration</b>			
Salaries			
Superintendent		77,784	
Secretarial		25,145	
Insurance		11,560	
Retirement		29,057	
FICA		7,449	
Local travel		2,358	
Postage		1,381	
Office supplies		235	
Replace equipment		66	
Dues and fees		1,195	
Miscellaneous expense		6,231	
<b>Total Executive Administration</b>		<u>162,461</u>	
	<u>162,470</u>	<u>162,461</u>	<u>9</u>
<b>Principal</b>			
Salaries			
Principal		28,152	
Secretarial		25,145	
Other temporary salaries		4,205	
Insurance		8,494	
Retirement		16,320	
FICA		4,065	
Miscellaneous expense		1,469	
Other professional contracts		1,150	
Travel		1,700	
<b>Total Principal</b>		<u>90,700</u>	
	<u>90,730</u>	<u>90,700</u>	<u>30</u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Fiscal Services</b>			
Salaries			
Business manager		60,005	
Business manager - GSRP		6,888	
Milage		-	
Insurance		17,218	
Retirement		16,757	
Retirement - GSRP		1,785	
FICA		4,066	
FICA - GSRP		527	
Childcare Relief - Purchased services		8,269	
<b>Total Fiscal Services</b>	<u>115,517</u>	<u>115,515</u>	<u>2</u>
<b>Operations Building Services</b>			
Salaries			
Custodial		47,138	
Other temporary salaries		16,767	
Retirement		17,804	
FICA		4,810	
Other professional contracts		17,330	
Insurance		8,138	
Telephone		3,335	
Waste disposal		4,381	
Repair/Maintenance		7,392	
Property/liability insurance		21,254	
Woodchips and fuel		18,135	
Electricity		21,051	
Local Travel		1,220	
School safety grant - other professional contracts		54,867	
GSRP - Insurance		4,000	
GSRP - utilities and maintenance		4,555	
Childcare Relief - utilities and maintenance		6,622	
Childcare Relief - other professional contracts		4,424	
Childcare Relief - miscellaneous expense CCR		2,508	
ESSER III - miscellaneous supplies and materials		626	
Miscellaneous expenses		2,437	
Miscellaneous supplies		14,879	
<b>Total Operations Building Services</b>	<u>310,370</u>	<u>283,673</u>	<u>26,697</u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2023

<b>Pupil Transportation</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Salaries			
Bus Driver		67,645	
Other Temp		426	
Extra Trip		2,625	
Supervision and direction		8,690	
Mechanic		4,500	
GSRP - Driver		4,980	
Other professional contracts		24,096	
Insurance		23,259	
Reimbursement for Physical		258	
Retirement		15,242	
FICA		8,371	
Workmans Compensation		-	
Workshop, Conferences and travel		196	
Trans Radio		4,201	
Fleet Insurance		5,292	
Vehicle/Bus Repair and Parts		68,527	
Fleet Fuel/Oil/Grease		55,143	
Miscellaneous supplies and materials		1,591	
ESSER III - dues and fees		25	
GSRP - Retirement		3,094	
GSRP - Transportaion		3,625	
GSRP - Fleet Fuel		3,655	
GSRP- FICA		381	
<b>Total Pupil Transportation</b>	<u>308,805</u>	<u>305,822</u>	<u>2,983</u>
 <b>Custody and Care of Children</b>			
Salaries			
Daycare		232	
Retirement		70	
FICA		1,059	
Child Care Relief			
Daycare		38,376	
Retirement		9,395	
FICA		1,892	
Miscellaneous expense CCR		6,389	
Equipment and furniture		1,815	
<b>Total Other Business Services</b>	<u>74,475</u>	<u>59,228</u>	<u>15,247</u>
 <b>Other Business Services</b>			
Interest expenses notes		15,008	
Miscellaneous expense		25	
<b>Total Other Business Services</b>	<u>15,033</u>	<u>15,033</u>	<u>-</u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Athletics</b>			
Salaries			
Coaching wages		56,503	
Other temporary salaries		5,679	
Bus Driver		2,958	
Retirement		18,357	
FICA		4,804	
Other professional contracts		12,898	
Local travel		4,089	
Supplies and materials		1,580	
Dues and fees		2,107	
Miscellaneous		9,852	
<b>Total Athletics</b>	<u>122,650</u>	<u>118,827</u>	<u>3,823</u>
<b>Total Supporting Services</b>	<u>1,223,560</u>	<u>1,174,768</u>	<u>48,784</u>
<b>Capital Outlay</b>			
Equipment/Furniture		6,820	
From Ath Fund		20,838	
Buses - ESSER III Fund		10,160	
<b>Total Capital Outlay</b>	<u>37,815</u>	<u>37,818</u>	<u>(3)</u>
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<u><u>\$ 3,084,628</u></u>	<u><u>\$ 2,889,175</u></u>	<u><u>\$ 195,453</u></u>

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JOHNSON & RENNIE, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

Rodney R. Johnson, CPA  
Joel T. Rennie, CPA  
Carl R. Sorensen, CPA

Members  
American Institute of CPA's  
Michigan Association of CPA's  
Wisconsin Institute of CPA's

**Independent Auditor's Report on Compliance and Internal Control Based on an  
Audit of the General Purpose Financial Statements Performed in Accordance with  
Government Auditing Standards**

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 Governmental activities, each major fund and the aggregate remaining fund information of Mid Peninsula School District as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise Mid Peninsula School District basic financial statements and have issued our report thereon dated October 31, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Responses as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Compliance and other Matters

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

School's Response to Findings

Mid Peninsula School District response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Mid Peninsula School District response and, accordingly, we express no opinion on it.

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 School District internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Board of Education, management and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Johnson and Rennie, LLC  
Menominee, Michigan  
October 31, 2023

**Mid Peninsula School District**  
Schedule of Findings and Responses  
For the Year Ended June 30, 2023

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**#2023-001 - Ability to Prepare Financial Statements and Related Note Disclosures**

*Criteria:* Local units of Government are required to possess the ability to prepare its financial statements and related disclosures in accordance with generally accepted accounting principles.

*Condition:* Like other local units of Government of similar size, limited financial summaries and abbreviated financial statements are made available for the Members of the Board. The School District relies on its auditor to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Members of the Board review and accept the financial statements on behalf of the School District.

*Cause:* The School District does not have staff familiar enough with accounting standards to be able to draft the School District's financial statements and related footnotes.

*Effect:* We consider this condition to be a significant deficiency with nominal effect as the School District's Management possesses the skill and knowledge to prepare and monitor the annual budget and does understand all of the information included in the annual financial statements.

*Recommendation:* The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions.

*Response:* The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

**#2023-002 – Segregation of Duties**

*Criteria:* Local units of Government including School Districts, are required to have a segregation of duties among its accounting department staff in accordance with sound accounting principles.

*Condition:* As in prior years it was noted that the School District has a lack of segregation of duties. One person handles almost all phases of the accounting and reporting of the School District's finances due to the small number of staff.

*Cause:* It has been determined not to be cost effective to hire more staff to help eliminate this lack of segregation.

*Effect:* The effect of this is minimal as the lack of segregation was mitigated by the Superintendent's supervision and the active oversight of the Board.

*Recommendation:* Although the size of the School District makes complete segregation of duties impossible, we again recommend that the accounting functions be reviewed by management on a regular basis and that the duties be periodically rotated between the staff.

*Managements Response:* The School District is in the process of cross training accounting staff and duties will be rotated in the absence of accounting personnel. Management will continue to closely monitor the accounting functions.

**Mid Peninsula School District**  
Schedule of Prior Findings and Responses  
For the Year Ended June 30, 2023

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**#2022-001 - Ability to Prepare Financial Statements and Related Note Disclosures**

*Criteria:* Local units of Government are required to possess the ability to prepare its financial statements and related disclosures in accordance with generally accepted accounting principles.

*Condition:* Like other local units of Government of similar size, limited financial summaries and abbreviated financial statements are made available for the Members of the Board. The School District relies on its auditor to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Members of the Board review and accept the financial statements on behalf of the School District.

*Cause:* The School District does not have staff familiar enough with accounting standards to be able to draft the School District's financial statements and related footnotes.

*Effect:* We consider this condition to be a significant deficiency with nominal effect as the School District's Management possesses the skill and knowledge to prepare and monitor the annual budget and does understand all of the information included in the annual financial statements.

*Recommendation:* The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions.

*Response:* The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

**#2022-002 – Segregation of Duties**

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*Recommendation:* Although the size of the School District makes complete segregation of duties impossible, we again recommend that the accounting functions be reviewed by management on a regular basis and that the duties be periodically rotated between the staff.

*Managements Response:* The School District is in the process of cross training accounting staff and duties will be rotated in the absence of accounting personnel. Management will continue to closely monitor the accounting functions.