

MORLEY STANWOOD COMMUNITY SCHOOLS

ANNUAL FINANCIAL REPORT
(with required supplementary and additional information)

JUNE 30, 2023

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Morley Stanwood Community Schools
Morley, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the 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 Morley Stanwood Community Schools, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Morley Stanwood Community Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Morley Stanwood Community Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

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

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

- Exercise professional judgement 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 Morley Stanwood Community Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morley Stanwood Community Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-12 and 47-52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morley Stanwood Community Schools basic financial statements. The accompanying combining fund

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the bond schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2023, on our consideration of Morley Stanwood Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Morley Stanwood Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morley Stanwood Community Schools' internal control over financial reporting and compliance.

UHY LLP

Cadillac, Michigan
September 6, 2023

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

This section of Morley Stanwood Community Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

A. Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents the information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide statements distinguish functions of the District that are principally supported by state aid and property taxes (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, food service activities, school operated public library activities, community services, interest and other transactions.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

C. Summary of Net Position

The following schedule summarizes the net position at fiscal years ended June 30:

	<u>2023</u>	<u>2022</u>
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	\$ 14,016,265	\$ 13,569,589
Non Current Assets		
Capital Assets	33,850,970	30,841,623
Less Accumulated Depreciation/Amortization	<u>(14,449,152)</u>	<u>(14,162,530)</u>
Total Non Current Assets	<u>19,401,818</u>	<u>16,679,093</u>
Total Assets	33,418,083	30,248,682
Deferred Outflows of Resources	<u>9,554,647</u>	<u>5,011,147</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 42,972,730</u>	<u>\$ 35,259,829</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

	2023	2022
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities	\$ 3,420,357	\$ 2,839,124
Non Current Liabilities	36,512,625	27,556,586
Total Liabilities	39,932,982	30,395,710
Deferred Inflows of Resources	4,984,476	10,307,560
Net Position		
Net Investment in Capital Assets	12,567,289	12,109,559
Restricted for Specific Purposes	470,885	280,445
Unrestricted (Deficit)	(14,982,902)	(17,833,445)
Total Net Position (Deficit)	(1,944,728)	(5,443,441)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 42,972,730	\$ 35,259,829

D. Analysis of Financial Position

During the fiscal year ended June 30, 2023, the District's net position increased by \$3,498,713. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation/Amortization Expense

GASB 34 and GASB 87 require school districts to maintain a record of annual depreciation/amortization expense and the accumulation of depreciation/amortization expense over time. The net increase in accumulated depreciation/amortization expense is a reduction in net position.

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation/amortization expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2023, \$693,210 was recorded for depreciation/amortization expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2023, \$3,415,935 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, the current year's depreciation and current year disposal of capital assets is an increase to capital assets in the amount of \$2,722,725 for the fiscal year ended June 30, 2023.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

3. Pension Expense

GASB 68 and GASB 75 require the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liabilities increase or decrease in any given year. For the year ended June 30, 2023, the District reported an increase in net position related to GASB 68 and GASB 75.

E. Results of Operations

The following schedule summarizes the results of operations, on a district-wide basis, for the years ended June 30:

	<u>2023</u>	<u>2022</u>
General Revenues		
Property Taxes	\$ 3,067,185	\$ 2,971,582
Investment Earnings	267,967	13,612
State Sources	7,611,242	7,221,968
Other	36,626	71,604
Total General Revenues	<u>10,983,020</u>	<u>10,278,766</u>
Program Revenues		
Charges for Services	92,104	84,371
Operating Grants and Contributions	8,964,027	6,406,955
Capital Grants and Contributions	0	143,533
Total Program Revenues	<u>9,056,131</u>	<u>6,634,859</u>
Total Revenues	<u>20,039,151</u>	<u>16,913,625</u>
Expenses		
Instruction	9,076,236	7,233,240
Supporting Services	6,328,217	5,644,806
Community Services	105,403	93,362
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	3,834	99,703
Interest on Long-Term Debt	333,538	376,980
Unallocated Depreciation	693,210	644,827
Total Expenses	<u>16,540,438</u>	<u>14,092,918</u>
Changes in Net Position	<u>\$ 3,498,713</u>	<u>\$ 2,820,707</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

F. Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	2023	2022	Increase (Decrease)
Major Funds			
General Fund	\$ 5,515,775	\$ 3,729,729	\$ 1,786,046
Food Service Fund	389,762	469,885	(80,123)
2020 Debt Retirement Fund	508,948	332,336	176,612
2020 Capital Projects Fund	51,945	1,616,521	(1,564,576)
2022 Capital Projects Fund	3,521,846	5,049,831	(1,527,985)
Nonmajor Funds			
Public Library Fund	86,950	84,300	2,650
Student Activity Fund	151,565	152,829	(1,264)
2013 School Improvement Fund	0	0	0
2010 Energy Debt Fund	0	0	0
Capital Projects Fund	1,157,180	150,092	1,007,088
Total Governmental Funds	<u>\$ 11,383,971</u>	<u>\$ 11,585,523</u>	<u>\$ (201,552)</u>

In 2022-2023, the General Fund experienced an increase in fund balance of \$1,786,046. Federal and state revenues related to programs specifically designed to deal with the impact of the pandemic were the primary reason for the increase. While some of the revenue had restrictions on how it had to be spent, a significant portion of the revenues was allowed to be used to supplant expenditures previously paid by unrestricted revenues.

The Food Service Fund decreased its fund balance significantly as part of the District's spend down due to having too high of a fund balance. The District improved its facilities and food service equipment.

The 2020 Debt Retirement Fund increased its fund balance during the year. Property tax revenues outpaced the debt obligations, causing the increase.

The 2020 Capital Projects Fund is the fund the District uses to account for Series I of its 2020 bond issue. The District is in the process of spending down these funds on various capital projects, causing the decrease in fund balance.

The 2022 Capital Projects Fund is the fund the District uses to account for Series II of its 2020 bond issue. The District is in the process of spending down these funds on various capital projects, causing the decrease in fund balance.

The Public Library Fund increased its fund balance slightly during the year. For the first time in several years, revenues increased and outpaced expenditures, thus the increase in fund balance.

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FOR FISCAL YEAR ENDED JUNE 30, 2023

The Student Activity Fund decreased its fund balance slightly during the year as the expenditures related to student activities outpaced the revenues. The nature of these activities lend itself for expenditures and revenues to be similar each year, and that was the case in 2022-2023.

The 2013 School Improvement Debt Fund and the 2010 Energy Debt Fund have revenue or transfers that match the debt payments that the District is obligated to pay each year, therefore, typically there is no change in fund balance.

The Capital Projects Fund increased its fund balance by \$1,007,088 during the year as \$1,000,000 was transferred in from the General Fund.

G. Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies approximately 18 mills of property taxes for operations on real non-homestead properties and 6 mills of property taxes for operations on commercial non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2022-2023 fiscal year, the District levied \$2,092,280 in non-homestead property taxes.

The following table summarizes the general fund non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-Homestead Tax Levy
2022-2023	\$ 2,092,280
2021-2022	2,047,555
2020-2021	2,013,255
2019-2020	1,948,053
2018-2019	1,868,493

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's fall count and 10% of the prior year's spring count. For the 2022-2023 fiscal year, the District received \$9,150 per student FTE.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five fiscal years:

Fiscal Year	Blended Student FTE
2022-2023	1,060
2021-2022	1,079
2020-2021	1,161
2019-2020	1,181
2018-2019	1,166

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2023, federal, state, and other grants of this type were \$8,694,027.

H. General Fund Budgetary Highlights

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 its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30. For the 2022-2023 fiscal year, the District amended the general fund budget various times throughout the year. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations.

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>	\$ 17,551,809	\$ 18,298,557	\$ 18,234,874
<u>EXPENDITURES</u>			
Instruction	\$ 10,581,852	\$ 9,724,682	\$ 9,724,083
Supporting Services	5,498,342	5,448,022	5,415,627
Community Services	17,706	31,940	31,940
Debt Service	0	207,855	207,855
Total Expenditures	\$ 16,097,900	\$ 15,412,499	\$ 15,379,505

The revenue budget was amended once it became clear how much the District would receive in state and federal funding. The expenditures were amended because a lot of the expenditures are revenue driven and once the revenue picture became clearer, the District was able to allocate additional funds for expenditures it had not allocated for in its original budget. Expenditures were also reallocated between functions.

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FOR FISCAL YEAR ENDED JUNE 30, 2023

The variance between budgeted and actual revenues and expenditures was minimal.

I. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2023, the District has \$33,850,970 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation/amortization expense for the year amounted to \$693,210 bringing the accumulated depreciation/amortization to \$14,449,152 as of June 30, 2023. The District expended \$3,415,935 on capital items during the year, with the majority of that amount (\$3,028,485) coming from its bond proceeds for various building upgrades. Office furniture (\$328,266), a vehicle (\$35,000) and food service equipment (\$24,184) made up the rest of the capital items. The District is committed to spend approximately 4.63 million dollars related to its bond project in 2023-2024.

2. Long-Term Obligations

At June 30, 2023, the District had \$9,758,000 in general obligation bonds outstanding. This represents a decrease of \$600,000 from the amount outstanding at the close of the prior fiscal year. The District also reports a net pension liability of \$25,317,152 and a net other postemployment benefits liability of \$1,419,233. The District reports a liability for compensated absences of \$117,920 at June 30, 2023. More information regarding the long-term obligations of the District can be found in the footnotes to the report.

J. Factors Bearing on the District's Future

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

- As student count is the driving force behind the District's revenue streams, the District continues to be concerned with declining enrollment as any loss in students will have a direct impact on the District's revenue.
- The District continues to monitor certain one-time funding sources, primarily Federal funding due to pandemic recovery efforts. As these funding sources go away, it is unlikely that the revenue received from these sources will be made up.
- The District has been affected by supply chain shortages for many supplies and products that are used in day-to-day activities. We are hopeful that in future years, the shortages will become less significant.
- The District has faced significant staffing challenges for almost all positions, including, but not limited to full-time teaching staff, substitute teacher staff, and other support staff.
- In August 2020, voters in the District approved a bond proposal. The bond proposal will provide district-wide improvements to address identified and ongoing facility needs based on detailed strategic planning, facility assessments, and community input. The bond proposal was developed to create safe and modern schools and address the aging facilities; the school buildings are between 25 and 60 years old. The District received its first

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FOR FISCAL YEAR ENDED JUNE 30, 2023

series of these bonds in 2020-2021 and began putting those dollars to work immediately. In 2021-2022, the District received its second series of bonds. The District still has approximately \$3.5 million left to be spent in 2023-2024 and beyond. When the majority of those funds have been spent, the District will issue the remaining amounts and appropriate those funds as well.

K. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Morley Stanwood Community Schools, 4700 Northland Drive, Morley, Michigan 49336.

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STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 7,297,527
Accounts Receivable	77,920
Due from Other Governments	2,472,148
Inventories	13,829
Restricted Investments	4,097,711
Prepaid Expense	57,130
Total Current Assets	<u>14,016,265</u>
<u>NON CURRENT ASSETS</u>	
Capital and Right to Use Assets (Net of Accumulated Depreciation/Amortization)	
Assets Being Depreciated/Amortized	<u>19,401,818</u>
TOTAL ASSETS	<u>33,418,083</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to Other Postemployment Benefits	1,885,604
Deferred Outflows of Resources Related to Pensions	<u>7,669,043</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>9,554,647</u>

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts and Retainage Payable	887,750
Accrued Interest Payable	38,063
Salaries and Fringes Payable	1,178,104
Unearned Revenue	566,440
Current Portion of Non Current Liabilities	750,000
Total Current Liabilities	<u>3,420,357</u>
<u>NON CURRENT LIABILITIES</u>	
Bonds Payable - Net	10,408,320
Compensated Absences	117,920
Net Other Postemployment Benefits Liability	1,419,233
Net Pension Liability	25,317,152
Less Current Portion of Non Current Liabilities	<u>(750,000)</u>
Total Non Current Liabilities	<u>36,512,625</u>
 TOTAL LIABILITIES	 <u>39,932,982</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources Related to Other Postemployment Benefits	2,971,777
Deferred Inflows of Resources Related to Pensions	<u>2,012,699</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>4,984,476</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	12,567,289
Restricted for Debt Service	470,885
Unrestricted (Deficit)	<u>(14,982,902)</u>
 TOTAL NET POSITION (Deficit)	 <u>\$ (1,944,728)</u>

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 9,076,236	\$ 0	\$ 4,754,223	\$ 0	\$ (4,322,013)
Supporting Services	6,328,217	92,104	4,061,752	0	(2,174,361)
Community Services	105,403	0	98,417	0	(6,986)
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	3,834	0	0	0	(3,834)
Interest on Long-Term Debt	333,538	0	49,635	0	(283,903)
Unallocated Depreciation	693,210	0	0	0	(693,210)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 16,540,438	\$ 92,104	\$ 8,964,027	\$ 0	(7,484,307)
<u>GENERAL REVENUES</u>					
Property Taxes - General Purposes					2,092,280
Property Taxes - Debt Service					974,905
Investment Earnings					267,967
State Sources					7,611,242
Other					36,626
Total General Revenues					10,983,020
Change in Net Position					3,498,713
<u>NET POSITION</u> - Beginning of Year (Deficit)					(5,443,441)
<u>NET POSITION</u> - End of Year (Deficit)					\$ (1,944,728)

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 CAPITAL PROJECTS FUND	2022 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>							
Cash	\$ 4,988,106	\$ 404,778	\$ 508,948	\$ 0	\$ 0	\$ 1,395,695	\$ 7,297,527
Accounts Receivable	77,920	0	0	0	0	0	77,920
Due from Other Funds	40,540	0	0	13,958	0	0	54,498
Due from Other Governments	2,387,653	84,495	0	0	0	0	2,472,148
Inventories	0	13,829	0	0	0	0	13,829
Restricted Investments	0	0	0	37,987	4,059,724	0	4,097,711
Prepaid Expenditures	16,590	40,540	0	0	0	0	57,130
TOTAL ASSETS	\$ 7,510,809	\$ 543,642	\$ 508,948	\$ 51,945	\$ 4,059,724	\$ 1,395,695	\$ 14,070,763
<u>LIABILITIES AND FUND BALANCES</u>							
<u>LIABILITIES</u>							
Accounts and Retainage Payable	\$ 342,997	\$ 20,833	\$ 0	\$ 0	\$ 523,920	\$ 0	\$ 887,750
Salaries and Fringes Payable	1,085,597	92,507	0	0	0	0	1,178,104
Due to Other Funds	0	40,540	0	0	13,958	0	54,498
Unearned Revenue	566,440	0	0	0	0	0	566,440
Total Liabilities	1,995,034	153,880	0	0	537,878	0	2,686,792
<u>FUND BALANCES</u>							
Nonspendable, Inventory	0	13,829	0	0	0	0	13,829
Nonspendable, Prepaid Expenditures	16,590	40,540	0	0	0	0	57,130
Restricted for Public Library	0	0	0	0	0	86,950	86,950
Restricted for Debt Service	0	0	508,948	0	0	0	508,948
Restricted for Food Service	0	335,393	0	0	0	0	335,393
Restricted for Capital Projects	0	0	0	51,945	3,521,846	0	3,573,791
Committed for Capital Projects	0	0	0	0	0	1,157,180	1,157,180
Assigned for Student Activities	0	0	0	0	0	151,565	151,565
Unassigned	5,499,185	0	0	0	0	0	5,499,185
Total Fund Balances	5,515,775	389,762	508,948	51,945	3,521,846	1,395,695	11,383,971
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,510,809	\$ 543,642	\$ 508,948	\$ 51,945	\$ 4,059,724	\$ 1,395,695	\$ 14,070,763

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total Governmental Fund Balances		\$ 11,383,971
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital/right to use assets is	\$ 33,850,970	
Accumulated depreciation/amortization is	<u>(14,449,152)</u>	19,401,818
Bond discounts (premiums) and deferred charges for bonds issued are expenditures at the modified accrual fund level, but are capitalized and written off over the life of the bonds payable at the district-wide full accrual level.		
Bond Discount (Premium)		(650,320)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(9,758,000)
Compensated Absences		(117,920)
Net Pension Liability		(25,317,152)
Net Other Postemployment Benefits Liability		(1,419,233)
Accrued interest is not included as a liability in government funds. It is recorded when paid.		(38,063)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Inflows of Resources Related to Pensions and Other Postemployment Benefits		(4,984,476)
Deferred Outflows of Resources Related to Pensions and Other Postemployment Benefits		<u>9,554,647</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (1,944,728)</u>

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 CAPITAL PROJECTS FUND	2022 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Local Sources	\$ 2,388,173	\$ 21,640	\$ 987,018	\$ 17,028	\$ 189,544	\$ 214,563	\$ 3,817,966
State Sources	10,826,294	107,262	49,635	0	0	5,045	10,988,236
Federal Sources	4,503,922	966,757	0	0	0	0	5,470,679
Other Transactions	516,485	0	0	0	0	0	516,485
Total Revenues	18,234,874	1,095,659	1,036,653	17,028	189,544	219,608	20,793,366
EXPENDITURES							
Instruction							
Basic Programs	7,528,277	0	0	0	0	0	7,528,277
Added Needs	2,195,806	0	0	0	0	0	2,195,806
Supporting Services							
Pupil	747,895	0	0	0	0	0	747,895
Instructional Staff	661,257	0	0	0	0	0	661,257
General Administration	480,434	0	0	0	0	0	480,434
School Administration	786,466	0	0	0	0	0	786,466
Business	217,121	0	0	0	0	0	217,121
Operation and Maintenance of Plant	1,333,782	0	0	0	0	0	1,333,782
Pupil Transportation Services	660,724	0	0	0	0	0	660,724
Support Services	527,948	1,135,782	0	0	0	137,671	1,801,401
Community Services							
Community Activities	31,940	0	0	0	0	0	31,940
School Operated Public Library	0	0	0	0	0	73,463	73,463
Payments to Other Governmental Agencies, Facilities Acquisition and Prior Period Adjustments							
Site Improvement Services	0	0	0	1,192,648	1,717,529	0	2,910,177
Building Improvement Services	0	0	0	388,956	0	0	388,956
Debt Service							
Principal	0	0	505,000	0	0	95,000	600,000
Interest and Other	0	0	355,041	0	0	14,323	369,364
Payment on Lease Obligations	207,855	0	0	0	0	0	207,855
Total Expenditures	15,379,505	1,135,782	860,041	1,581,604	1,717,529	320,457	20,994,918
Excess (Deficiency) of Revenues Over Expenditures	2,855,369	(40,123)	176,612	(1,564,576)	(1,527,985)	(100,849)	(201,552)
OTHER FINANCING SOURCES (USES)							
Transfers In	40,000	0	0	0	0	1,109,323	1,149,323
Transfers Out	(1,109,323)	(40,000)	0	0	0	0	(1,149,323)
Total Other Financing Sources (Uses)	(1,069,323)	(40,000)	0	0	0	1,109,323	0
Net Change in Fund Balance	1,786,046	(80,123)	176,612	(1,564,576)	(1,527,985)	1,008,474	(201,552)
FUND BALANCE - Beginning of Year	3,729,729	469,885	332,336	1,616,521	5,049,831	387,221	11,585,523
FUND BALANCE - End of Year	\$ 5,515,775	\$ 389,762	\$ 508,948	\$ 51,945	\$ 3,521,846	\$ 1,395,695	\$ 11,383,971

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances Total Governmental Funds \$ (201,552)

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities these costs are allocated over their estimated useful lives as depreciation/amortization.

Depreciation/Amortization Expense	(693,210)
Capital Outlay	3,415,935

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities over the life of the long-term bond issue.

Amortization of Bond Premium	26,686
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Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	54,178
Accrued Interest Payable - End of Year	(38,063)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the Statement of Activities (where it is a reduction of liabilities).	800,880
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Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	116,908
Compensated Absences - End of Year	(117,920)

Governmental funds report District pension and other postemployment benefit contributions as expenditures. However, in the Statement of Activities, the cost of pension and other postemployment benefits earned net of employee contributions is reported as an expense.

Change in Pension and Other Postemployment Benefits Related Items	889,086
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Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension benefit contributions subsequent to the measurement date.

Change in State Aid Funding for Pension Benefits	<u>(754,215)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,498,713</u>
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The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Morley Stanwood Community Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District ("the District") is located in Mecosta, Newaygo, and Montcalm Counties with its administrative offices located in Morley, Michigan. The District operates under an elected 7-member board of education and provides services to its approximately 1,000 students in elementary, middle school, high school, special education, guidance, health, transportation, food service and community services. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

The *Food Service Fund* accounts for the resources that are restricted for the operation of the District's food service that is provides to its students.

The *2020 Debt Retirement Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2020 Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

The *2022 Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

Other non-major funds:

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

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

The *Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

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

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

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

The District's approved budgets were adopted at the function level for the General and Special Revenue Funds. These are the legal enacted levels under the State Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations).

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

- a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.
- b) A public hearing is conducted during June to obtain taxpayer comments.
- c) Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

- d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
- e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- g) Budgeted amounts are as originally adopted in June 2022, or as amended by the School Board of Education throughout the year.

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

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration and the rate of return is fixed, and the District intends to hold the investment until maturity.

State statutes authorize the 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 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; 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 matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, banker's acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Investments in the U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest may be purchased in any dollar amount or up to 100 percent of the available reserves.

All investments must mature or be redeemable within two years of the date of purchase. The District's deposits and investments are held separately by several of the District's funds.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

3. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

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

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

4. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at acquisition value at the date of the donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Additions	50 years
Machinery and Equipment	5-15 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

5. Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District recognizes unearned revenue related to grants received but unspent due to restrictions on how they can be spent.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an deferred 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. The separate financial statement element, *deferred inflows of resources*, represents an

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has various deferred outflows and deferred inflows of resources related to the pension and other post-employment benefit plans its employees participate in. More detail of these deferred outflows and deferred inflows of resources can be found in footnotes 2 – J and 2 – K of this report.

7. *Net Position Flow Assumption*

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

8. *Fund Balance Flow Assumption*

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

9. *Fund Balance Policies*

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

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

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

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10. Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefits liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Use of Estimates

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

12. Long-Term Obligations

In the government-wide financial statements, long-term other obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related obligation.

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

13. Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited by applicable spending requirements, and they are maintained in separate bank accounts.

14. Leases

Lessee: The District is a lessee for a noncancelable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

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

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

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

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

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2023, the foundation allowance was based on pupil membership counts taken in October 2022 and February 2022. For fiscal year ended June 30, 2023, the per pupil foundation allowance was \$9,150 for Morley Stanwood Community Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2022 to August 2023. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

2. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or

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segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The various counties in which the District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

For the year ended June 30, 2023, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-Homestead Real	17.9910
General Fund - Commercial PPT	5.9910
Debt Service Fund - Homestead and Non-Homestead	3.0000

4. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay and vacation time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2023, the District had deposits and investments subject to the following risks:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, the District's bank balance was \$7,314,287 and \$6,809,922 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books consisted of deposits of \$7,297,377 and petty cash of \$150.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

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Investment Type	Fair Value	Weighted Average Maturity (Years)
Government Bonds	\$ 1,475,810	0.1179
Michigan CLASS Investment Pool	2,621,901	0.0027
	\$ 4,097,711	
Portfolio Weighted Average Maturity		0.0442
1 Day Maturity Equals 0.0027, One Year Equals 1.000		

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Standard & Poor's Rating
Government Bonds	\$ 1,475,810	AA
Michigan CLASS Investment Pool	2,621,901	AAAm
	\$ 4,097,711	

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Fair Market Value Disclosure - The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

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Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices from similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available.

	Level 1	Level 2	Level 3	Balance at 6/30/2023
Investments by Fair Value Level				
Government Bonds	\$ 0	\$ 1,475,810	\$ 0	\$ 1,475,810
Investments at Net Assets Value (NAV)				
Primary Government				
MI Class Investment Pool				2,621,901
Total Investments				<u>\$ 4,097,711</u>

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

The cash and investments referred to above have been reported in either the cash or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarized the categorization of these amounts as of June 30, 2023:

	Primary Government
Cash	\$ 7,297,527
Restricted Investments	4,097,711
	<u>\$ 11,395,238</u>

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor are as follows:

	General	Food Service	Total
Receivables			
Accounts	\$ 77,920	\$ 0	\$ 77,920
Due from Other Governments	2,387,653	84,495	2,472,148
Total Receivables	<u>\$ 2,465,573</u>	<u>\$ 84,495</u>	<u>\$ 2,550,068</u>

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

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

C. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2023, were as follows:

	General		Total	
	Fund	Food Service Fund	Governmental	
			Funds	
Salaries	\$ 769,264	\$ 20,397	\$	789,661
Employee Benefits	316,333	72,110		388,443
Total Accrued Liabilities	\$ 1,085,597	\$ 92,507	\$	1,178,104

D. Capital and Right to Use Assets

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

	Balance			Balance	
	July 1, 2022	Additions	Deletions	June 30, 2023	
Capital assets being depreciated/amortized					
Buildings and Additions	\$ 24,886,732	\$ 3,028,485	\$ 0	\$ 27,915,217	
Machinery and Equipment	5,436,619	352,450	0	5,789,069	
Right to Use - Leased Equipment	406,588	0	406,588	0	
Transportation Equipment	111,684	35,000	0	146,684	
Subtotal	30,841,623	3,415,935	406,588	33,850,970	
Less accumulated depreciation/amortization for:					
Buildings and Additions	9,019,777	340,623	0	9,360,400	
Machinery and Equipment	4,903,217	133,974	0	5,037,191	
Right to Use - Leased Equipment	203,294	203,294	406,588	0	
Transportation Equipment	36,242	15,319	0	51,561	
Accumulated depreciation/amortization	14,162,530	693,210	406,588	14,449,152	
Net Capital assets being depreciated/amortized	\$ 16,679,093	\$ 2,722,725	\$ 0	\$ 19,401,818	

Depreciation/amortization for the fiscal year ended June 30, 2023, amounted to \$693,210. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

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E. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of the long-term obligation transactions for the District for the year ended June 30, 2023:

	COMPENSATED ABSENCES	NET PENSION LIABILITY	NET OPEB LIABILITY	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	GENERAL OBLIGATION BONDS	TOTAL
Balance, July 1, 2022	\$ 116,908	\$ 15,983,827	\$ 1,020,845	\$ 200,880	\$ 10,358,000	\$ 27,680,460
Additions	1,012	11,624,525	908,797	0	0	12,534,334
Deletions	0	(2,291,200)	(510,409)	(200,880)	(600,000)	(3,602,489)
Balance, June 30, 2023	117,920	25,317,152	1,419,233	0	9,758,000	36,612,305
Less current portion	Unknown	Unknown	Unknown	0	(750,000)	(750,000)
Total due after one year	\$ 117,920	\$ 25,317,152	\$ 1,419,233	\$ 0	\$ 9,008,000	\$ 35,862,305

The District's debt obligations at June 30, 2023, are comprised of the following issues:

General Obligation Bonds

2010 Series B Energy bond due in annual installments \$15,000 through May 2025, with interest at 4.25% to 4.30%.	\$ 30,000
2010 Energy bond due in annual installments of \$70,000 to \$75,000 through May 2025, with interest at 4.55% to 4.60%.	145,000
2013 School Improvement bond due in annual installments of \$10,000 to \$13,000 through May 2028, with interest at 2.80% to 3.25%.	58,000
2020 School Building and Site bond, Series I due in annual installments of \$145,000 to \$290,000 through May 2047, with interest at 2.00% to 5.00%.	4,670,000
2022 School Building and Site bond, Series I due in annual installments of \$100,000 to \$450,000 through May 2048, with interest at 3.00% to 5.00%.	4,855,000
<u>Net Pension Liability, Net OPEB Liability, & Compensated Absences</u>	
Net Pension Liability	25,317,152
Net OPEB Liability	1,419,233
Compensated Absences	117,920
	<u>\$ 36,612,305</u>

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The annual requirements to amortize all long-term obligations outstanding as of June 30, 2023, including interest payments of \$4,095,931 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS		TOTAL
	PRINCIPAL	INTEREST	
2024	\$ 750,000	\$ 346,670	\$ 1,096,670
2025	491,000	309,820	800,820
2026	357,000	285,904	642,904
2027	302,000	268,294	570,294
2028	313,000	253,416	566,416
2029-2033	1,635,000	1,046,420	2,681,420
2034-2038	1,785,000	792,564	2,577,564
2039-2043	1,960,000	555,400	2,515,400
2044-2048	2,165,000	237,443	2,402,443
	<u>\$ 9,758,000</u>	<u>\$ 4,095,931</u>	13,853,931
Net Pension Liability			25,317,152
Net OPEB Liability			1,419,233
Compensated Absences			117,920
			<u>\$ 40,708,236</u>

Interest expense for the year ended June 30, 2023 was approximately \$358,000.

The annual requirements to amortize the compensated absences, the net pension liability and the net OPEB liability are uncertain because it is unknown when the repayments will be made. These liabilities will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

F. Interfund Receivables, Payables, and Transfers

Individual fund interfund receivable and payable balances at June 30, 2023, were:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	\$ 40,540
2020 Capital Projects Fund	2022 Capital Projects Fund	13,958
		<u>\$ 54,498</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Any interfund balances are expected to be repaid within one year.

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Individual fund transfers at June 30, 2023, were:

Fund Transferred To	Fund Transferred From	Amount
General Fund	Food Service Fund	\$ 40,000
Capital Projects Fund	General Fund	1,000,000
2013 School Improvement Debt Fund	General Fund	12,025
2010 Energy Bond Debt Retirement Fund	General Fund	97,298
		\$ 1,149,323

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

G. Short-Term Obligations

In August 2021, the District issued a State Aid Anticipation Note in the amount of \$1,200,000. The Note carried an interest rate of 0.39% and matured on July 20, 2022. The District pledged its future State Aid revenue for payment of this liability at maturity. The notes were secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the state may impose a penalty interest rate and at the state’s discretion, accelerate the repayment terms. The required payments, including interest, were in an irrevocable set-aside account with a local bank. Interest expense for the year was \$347.

The following is a summary of the short-term obligations transaction for the District for the year ended June 30, 2023:

Balance - July 1, 2022	\$	243,179
New Debt Issued		0
Debt Retired and Paid		(243,179)
Balance - June 30, 2023	\$	0

H. GASB Statement No. 96 – Subscription-based Information Technology Arrangements

It has been determined that the District has subscription-based information technology arrangements as defined by GASB Statement No. 96. However, the total of these subscription-based information technology arrangements has been determined they are not significant enough to warrant disclosure.

I. Defined Benefit Plan and Postemployment Benefits

Plan Description – The Michigan Public School Employees’ Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board’s authority to promulgate or amend

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the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www://michigan.gov/orsschools.

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

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

Benefits Provided- Overall

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

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

Benefits Provided – Pension

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

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

Pension Reform 2010

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

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Pension Reform 2012

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

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

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

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

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

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

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

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

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

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

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

Pension Reform of 2017

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

Benefits Provided – Other postemployment benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

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Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the plan year ending September 30, 2022, were determined as of the September 30, 2019 actuarial valuations. For the pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019, are amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

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

	<u>Pension</u>	<u>Other Postemployment Benefit</u>
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$3,083,000. Of the total pension contributions, approximately \$3,037,400 was contributed to fund the Defined Benefit Plan and approximately \$45,600 was contributed to fund the Defined Contribution Fund.

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The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately \$519,800. Of the total OPEB contributions, approximately \$483,700 was contributed to fund the Defined Benefit Plan and approximately \$36,100 was contributed to fund the Defined Contribution Fund.

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

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

Pension Liabilities

At June 30, 2023, the District reported a liability of \$25,317,152 for its proportionate share of the 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 date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the District's proportion was 0.06731724% and 0.06751235%.

MPSERS (Plan) Non-University Employers Net Pension Liability

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total Pension Liability	\$ 95,876,795,620	\$ 86,392,473,395
Fiduciary Net Position	(58,268,076,344)	(62,717,060,920)
Net Pension Liability	<u>\$ 37,608,719,276</u>	<u>\$ 23,675,412,475</u>
Fiduciary Net Position as a Percentage of		
Total Pension Liability	60.77%	72.60%
Net Pension Liability as a percentage of		
Covered Payroll	386.25%	261.68%

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

For the year ended June 30, 2023, the District recognized total pension expense of \$3,118,082. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 253,260	\$ 56,606
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	1,797,914
Changes of assumptions	4,350,394	0
Net difference between projected and actual earnings on pension plan investments	59,369	0
Changes in proportion and differences between District contributions and proportionate share of contributions	125,319	158,179
District contributions subsequent to the measurement date	2,880,701	0
Total	\$ 7,669,043	\$ 2,012,699

\$2,880,701 reported as deferred outflows of resources and \$1,797,914 reported as deferred inflows or resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2023	\$ 1,359,044
2024	967,593
2025	802,880
2026	1,444,040
	\$ 4,573,557

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

OPEB Liabilities

At June 30, 2023, the District reported a liability of \$1,419,233 for its proportionate share of the 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 date of September 30, 2021 and rolled-forward using generally

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accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the District's proportion was 0.06700619% and 0.06688022%.

MPSERS (Plan) Non-University Employers Net OPEB Liability

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total OPEB Liability	\$ 12,522,713,324	\$ 12,046,393,511
Fiduciary Net Position	(10,404,650,683)	(10,520,015,621)
Net OPEB Liability	<u>\$ 2,118,062,641</u>	<u>\$ 1,526,377,890</u>
Fiduciary Net Position as a percentage of Total OPEB Liability	83.09%	87.33%
District OPEB Liability as a percentage of Covered Payroll	21.75%	16.87%

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

For the year ended June 30, 2023, the District recognized total OPEB benefit of \$548,616.

At June 30, 2023, the 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 expected and actual experience	\$ 0	\$ 2,779,734
Changes of assumptions	1,265,008	103,004
Net difference between projected and actual earnings on OPEB plan investments	110,924	0
Changes in proportion and differences between District contributions and proportionate share of contributions	87,300	89,039
District contributions subsequent to the measurement date	422,372	0
Total	<u>\$ 1,885,604</u>	<u>\$ 2,971,777</u>

\$422,372 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

<u>Year Ended September 30,</u>	<u>Amount</u>
2023	\$ (526,849)
2024	(465,741)
2025	(430,569)
2026	(54,479)
2027	(30,618)
Thereafter	(289)
	\$ (1,508,545)

L. Actuarial Assumptions

Investment rate of return for Pension – 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, and Pension Plus groups.

Investment rate of return for OPEB – 6.00% a year, compounded annually net of investment and administrative expenses.

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

Inflation – 3.0%

Mortality assumptions –

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience study – The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. 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 determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan) and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce

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the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.75% for year one graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

Opt Out Assumption – 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage – 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree’s death.

Coverage Election at Retirement – 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity Pools	25.00%	5.10%
Private Equity Pools	16.00%	8.70%
International Equity Pools	15.00%	6.70%
Fixed Income Pools	13.00%	-0.20%
Real Estate & Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short-Term Investment Pools	2.00%	-0.50%
	<u>100%</u>	

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

Rate of return

For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Pension Discount Rate

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

OPEB Discount Rate

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

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

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

Pension				
1% Decrease		Pension Discount Rate		1% Increase
\$	33,409,235	\$	25,317,152	\$ 18,648,911

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

The following presents the District's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the 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 than the current rate:

OPEB				
1% Decrease		OPEB Discount Rate		1% Increase
\$	2,380,627	\$	1,419,233	\$ 609,620

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate as well as what the District's proportionate share of the net other

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postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

OPEB				
Current Healthcare Cost				
1% Decrease	Trend Rates		1% Increase	
\$	594,307	\$	1,419,233	\$ 2,345,229

M. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan’s fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

N. Payables to the Pension and OPEB Plan

As of June 30, 2023, the District is current on all required pension and OPEB plan payments. As of June 30, 2023, the District reported payables in the amount of \$542,347 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

O. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers’ compensation) as well as medical benefits provided to employees.

The District participates in a distinct pool of schools within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health, accident insurance and workers’ disability compensation. The pool is considered a public entity risk pool. The school pays annual premiums to each pool for the respective insurance coverage. In the event a pool’s total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool’s policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

P. Single Audit Report

The District is required to have an audit performed in accordance with the guidelines of the Single Audit Act of 1984, as amended. This audit has been performed and the reports based thereon have been issued under separate cover.

Q. Commitments & Contingencies

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

As of June 30, 2023, the District has committed to spending \$4,632,884 for various construction projects.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 3 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

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

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REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

	<u>GENERAL FUND</u>			<u>FOOD SERVICE FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>						
Local Sources	\$ 2,272,016	\$ 2,425,976	\$ 2,388,173	\$ 21,060	\$ 20,070	\$ 21,640
State Sources	10,027,754	10,855,550	10,826,294	51,000	49,094	107,262
Federal Sources	4,862,039	4,500,546	4,503,922	795,030	953,486	966,757
Other Transactions	390,000	516,485	516,485	0	0	0
Total Revenues	17,551,809	18,298,557	18,234,874	867,090	1,022,650	1,095,659
<u>EXPENDITURES</u>						
Instruction						
Basic Programs	7,374,201	7,528,872	7,528,277	0	0	0
Added Needs	3,207,651	2,195,810	2,195,806	0	0	0
Supporting Services						
Pupil	790,711	748,089	747,895	0	0	0
Instructional Staff	674,708	663,618	661,257	0	0	0
General Administration	544,970	482,201	480,434	0	0	0
School Administration	832,227	791,981	786,466	0	0	0
Business	220,483	219,765	217,121	0	0	0
Operation and Maintenance of Plant	1,050,367	1,333,782	1,333,782	0	0	0
Pupil Transportation Services	862,347	661,353	660,724	0	0	0
Support Services	522,529	547,233	527,948	919,658	1,220,850	1,135,782
Community Services						
Community Activities	17,706	31,940	31,940	0	0	0
Debt Service	0	207,855	207,855	0	0	0
Total Expenditures	16,097,900	15,412,499	15,379,505	919,658	1,220,850	1,135,782
Excess (Deficiency) of Revenues Over Expenditures	1,453,909	2,886,058	2,855,369	(52,568)	(198,200)	(40,123)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In (Out)	(110,800)	(1,084,322)	(1,069,323)	(40,000)	(40,000)	(40,000)
Net Change in Fund Balance	1,343,109	1,801,736	1,786,046	(92,568)	(238,200)	(80,123)
<u>FUND BALANCE - Beginning of Year</u>	<u>3,494,740</u>	<u>3,729,729</u>	<u>3,729,729</u>	<u>367,341</u>	<u>469,885</u>	<u>469,885</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 4,837,849</u>	<u>\$ 5,531,465</u>	<u>\$ 5,515,775</u>	<u>\$ 274,773</u>	<u>\$ 231,685</u>	<u>\$ 389,762</u>

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)		0.06732%	0.06751%	0.06788%	0.06660%	0.06631%	0.06670%	0.66193%	0.06585%	0.06426%
District's proportionate share of net pension liability	\$	25,317,152	\$ 15,983,827	\$ 23,316,491	\$ 22,055,876	\$ 19,934,136	\$ 17,284,969	\$ 16,514,525	\$ 16,083,819	\$ 14,153,363
District's covered payroll		6,476,921	6,002,833	6,020,362	5,836,227	5,614,114	5,589,654	5,576,641	5,474,204	5,453,008
District's proportionate share of net pension liability as a percentage of its covered payroll		390.88%	266.27%	387.29%	377.91%	355.07%	309.23%	296.14%	293.81%	259.55%
Plan fiduciary net position as a percentage of total pension liability		60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions		\$ 3,037,330	\$ 2,244,828	\$ 1,925,442	\$ 1,774,093	\$ 1,721,487	\$ 1,688,984	\$ 1,599,065	\$ 1,540,005	\$ 1,147,420
Contributions in relation to statutorily required contributions *		3,037,330	2,244,828	1,925,442	1,774,093	1,721,487	1,688,984	1,599,065	1,540,005	1,147,420
Contribution deficiency (excess)		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll		\$ 6,606,805	\$ 6,147,491	\$ 5,956,554	\$ 6,038,000	\$ 5,778,458	\$ 5,532,841	\$ 5,781,596	\$ 5,548,095	\$ 5,467,359
Contributions as a percentage of covered payroll		45.97%	36.52%	32.32%	29.38%	29.79%	30.53%	27.66%	27.76%	20.99%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

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MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)					0.06701%	0.06688%	0.06814%	0.06688%	0.06602%	0.06666%
District's proportionate share of net OPEB liability					\$ 1,419,233	\$ 1,020,845	\$ 3,650,519	\$ 4,800,596	\$ 5,247,778	\$ 5,903,056
District's covered payroll					6,476,921	6,002,833	6,020,362	5,836,227	5,614,114	5,589,654
District's proportionate share of net OPEB liability as a percentage of its covered payroll					21.91%	17.01%	60.64%	82.26%	93.47%	105.61%
Plan fiduciary net position as a percentage of total OPEB liability					83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions					\$ 483,655	\$ 476,077	\$ 433,243	\$ 425,932	\$ 441,772	\$ 404,398
Contributions in relation to statutorily required contributions *					483,655	476,077	433,243	425,932	441,772	404,398
Contribution deficiency (excess)					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll					\$ 6,606,805	\$ 6,147,491	\$ 5,956,554	\$ 6,038,000	\$ 5,778,458	\$ 5,532,841
Contributions as a percentage of covered payroll					7.32%	7.74%	7.27%	7.05%	7.65%	7.31%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2023

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ending September 30, 2022, were:

Discount rate decreased to 6.00% from 6.95%.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2023

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT RETIREMENT FUNDS</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash	\$ 238,515	\$ 0	\$ 1,157,180	\$ 1,395,695
<hr/>				
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0	\$ 0
<hr/>				
<u>FUND BALANCE</u>				
Restricted for Public Library	86,950	0	0	86,950
Committed for Capital Projects	0	0	1,157,180	1,157,180
Assigned for Student Activities	151,565	0	0	151,565
<hr/>				
Total Fund Balances	238,515	0	1,157,180	1,395,695
<hr/>				
TOTAL LIABILITIES AND FUND BALANCES	\$ 238,515	\$ 0	\$ 1,157,180	\$ 1,395,695
<hr/>				

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT FUNDS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 207,475	\$ 0	\$ 7,088	\$ 214,563
State Sources	5,045	0	0	5,045
Total Revenues	212,520	0	7,088	219,608
<u>EXPENDITURES</u>				
Support Services				
Student Activities	137,671	0	0	137,671
Community Services				
School Operated Public Library	73,463	0	0	73,463
Debt Service				
Principal	0	95,000	0	95,000
Interest and Other	0	14,323	0	14,323
Total Expenditures	211,134	109,323	0	320,457
Excess (Deficiency) of Revenues Over Expenditures	1,386	(109,323)	7,088	(100,849)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	0	109,323	1,000,000	1,109,323
Net Change in Fund Balance	1,386	0	1,007,088	1,008,474
<u>FUND BALANCE</u> - Beginning of Year	237,129	0	150,092	387,221
<u>FUND BALANCE</u> - End of Year	\$ 238,515	\$ 0	\$ 1,157,180	\$ 1,395,695

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 4,988,106	\$ 3,340,577
Accounts Receivable	77,920	64,535
Due from Other Funds	40,540	21,000
Due from Other Governments	2,387,653	1,998,895
Prepaid Expenditures	16,590	16,590
	<hr/>	<hr/>
TOTAL ASSETS	\$ 7,510,809	\$ 5,441,597
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 397,997	\$ 310,806
Salaries and Fringes Payable	1,030,597	983,251
Due to Other Funds	0	50,784
State Aid Note Payable	0	243,179
Unearned Revenue	566,440	123,848
	<hr/>	<hr/>
Total Liabilities	1,995,034	1,711,868
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Nonspendable, Prepaid Expenditures	16,590	16,590
Unassigned	5,499,185	3,713,139
	<hr/>	<hr/>
Total Fund Balance	5,515,775	3,729,729
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,510,809	\$ 5,441,597
	<hr/> <hr/>	<hr/> <hr/>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>		
Local Sources	\$ 2,388,173	\$ 2,315,157
State Sources	10,826,294	9,834,101
Federal Sources	4,503,922	2,321,860
Other Transactions	516,485	408,142
	<hr/>	<hr/>
Total Revenues	18,234,874	14,879,260
 <u>EXPENDITURES</u>		
Instruction		
Basic Programs		
Elementary	3,215,790	2,869,289
Middle/Junior High	1,538,230	1,458,309
High School	2,774,257	1,813,115
Added Needs		
Special Education	1,636,080	1,554,284
Compensatory Education	559,726	612,951
Supporting Services		
Pupil		
Truancy/Absenteeism Services	3,538	3,615
Guidance Services	141,130	136,820
Health Services	0	20,071
Social Work Services	539,268	534,480
Other Pupil Services	63,959	54,535
Instructional Staff		
Improvement of Instruction	565,008	345,487
Educational Media Services	40,958	37,659
Supervision and Direction of Instructional Staff	47,445	44,085
Academic Student Assessment	7,846	7,971
General Administration		
Board of Education	56,479	66,255
Executive Administration	359,870	333,311
Grant Writer	64,085	59,452
School Administration		
Office of the Principal	786,466	906,181
Business		
Fiscal Services	193,039	177,785
Other Business Services	24,082	39,131

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
Operation and Maintenance of Plant		
Operating Building Services	1,333,782	1,350,243
Pupil Transportation Services	660,724	598,498
Support Services		
Staff Personnel Services	19,174	7,631
Support Services Technology	223,551	264,076
Athletic Activities	285,223	282,990
Community Services		
Community Activities	31,940	17,897
Debt Service		
Payments on Lease Obligations	207,855	207,855
	<hr/>	<hr/>
Total Expenditures	15,379,505	13,803,976
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	2,855,369	1,075,284
	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In (Out)		
Food Service Fund	40,000	21,000
2013 School Improvement Debt Retirement Fund	(12,025)	(12,275)
2010 Energy Bond Debt Retirement Fund	(97,298)	(95,813)
Capital Projects Fund	(1,000,000)	0
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(1,069,323)	(87,088)
	<hr/>	<hr/>
Net Change in Fund Balance	1,786,046	988,196
<u>FUND BALANCE</u> - Beginning of Year	3,729,729	2,741,533
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 5,515,775	\$ 3,729,729
	<hr/> <hr/>	<hr/> <hr/>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF REVENUES

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>LOCAL SOURCES</u>		
Property Tax Levy	\$ 2,092,225	\$ 2,047,550
Other Taxes	55	5
Earnings on Investments	39,092	1,855
Other Local Revenues		
Athletics	56,609	54,569
Medicaid Fees	68,257	54,268
Transportation Reimbursements	25,193	25,181
Miscellaneous	106,742	131,729
Total Local Sources	<u>2,388,173</u>	<u>2,315,157</u>
<u>STATE SOURCES</u>		
Grants-In-Aid		
Received through the State		
State School Aid	<u>10,826,294</u>	<u>9,834,101</u>
<u>FEDERAL SOURCES</u>		
Grant-In-Aid Restricted		
Received through the State		
Title I	506,679	468,788
Title II Part A Teacher Training	102,598	71,223
Title V	56,043	0
Title IV	34,464	31,959
ESSER II	92,616	1,655,825
ESSER III	3,692,716	47,943
GEER	0	32,650
P-EBT Administration	3,135	3,063
Received through the County		
Schools and Roads	3,959	3,854
Received through Intermediate School District		
Title I	6,054	0
Medicaid Outreach	5,658	6,555
Total Federal Sources	<u>4,503,922</u>	<u>2,321,860</u>
<u>OTHER TRANSACTIONS</u>		
Transfers from Other Governmental Units	<u>516,485</u>	<u>408,142</u>
Total Revenues	<u>18,234,874</u>	<u>14,879,260</u>
<u>OTHER FINANCING SOURCES</u>		
Transfers In	<u>40,000</u>	<u>21,000</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 18,274,874</u>	<u>\$ 14,900,260</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

<u>INSTRUCTION</u>	<u>2023</u>	<u>2022</u>
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries	\$ 1,511,929	\$ 1,457,628
Employee Benefits	1,294,628	1,162,554
Purchased Services	136,218	86,571
Supplies and Materials	272,941	111,159
Dues, Fees and Miscellaneous	74	51,377
Total Elementary	<u>3,215,790</u>	<u>2,869,289</u>
<u>Middle School/Junior High</u>		
Salaries	706,997	820,656
Employee Benefits	620,596	536,083
Purchased Services	66,547	46,730
Supplies and Materials	112,001	54,735
Capital Outlay	32,004	0
Dues, Fees and Miscellaneous	85	105
Total Middle School/Junior High	<u>1,538,230</u>	<u>1,458,309</u>
<u>High School</u>		
Salaries	995,479	897,135
Employee Benefits	1,392,582	723,776
Purchased Services	107,723	127,086
Supplies and Materials	270,353	60,788
Capital Outlay	6,296	0
Dues, Fees and Miscellaneous	1,824	4,330
Total High School	<u>2,774,257</u>	<u>1,813,115</u>
<u>Added Needs</u>		
<u>Special Education</u>		
Salaries	891,153	780,726
Employee Benefits	737,460	755,932
Purchased Services	4,484	4,096
Supplies and Materials	1,360	13,530
Dues, Fees and Miscellaneous	1,623	0
Total Special Education	<u>1,636,080</u>	<u>1,554,284</u>
<u>Compensatory Education</u>		
Salaries	285,976	276,201
Employee Benefits	257,387	256,351
Purchased Services	3,235	1,890
Supplies and Materials	13,128	78,509
Total Compensatory Education	<u>559,726</u>	<u>612,951</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>SUPPORTING SERVICES</u>		
<u>Pupil Services</u>		
<u>Truancy/Absenteeism Services</u>		
Dues, Fees, and Miscellaneous	3,538	3,615
<u>Guidance Services</u>		
Salaries of Counselors	84,220	81,710
Employee Benefits	41,910	40,110
Purchased Services	15,000	15,000
Total Guidance Services	<u>141,130</u>	<u>136,820</u>
<u>Health Services</u>		
Salaries	0	15,037
Employee Benefits	0	5,034
Total Health Services	<u>0</u>	<u>20,071</u>
<u>Social Work Services</u>		
Salaries	296,668	293,417
Employee Benefits	213,127	221,618
Purchased Services	0	10,000
Supplies and Materials	29,473	9,445
Total Social Work Services	<u>539,268</u>	<u>534,480</u>
<u>Other Pupil Services</u>		
Salaries	45,970	36,198
Employee Benefits	17,989	18,337
Total Other Pupil Services	<u>63,959</u>	<u>54,535</u>
<u>Instructional Staff</u>		
<u>Improvement of Instruction</u>		
Salaries	280,181	167,539
Employee Benefits	200,595	112,390
Purchased Services	81,706	63,866
Supplies and Materials	1,076	1,352
Dues, Fees and Miscellaneous	1,450	340
Total Improvement of Instruction	<u>565,008</u>	<u>345,487</u>
<u>Educational Media Services</u>		
Salaries	22,055	20,570
Employee Benefits	18,903	17,089
Total Educational Media Services	<u>40,958</u>	<u>37,659</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>Supervision and Direction of Instructional Staff</u>		
Salaries	43,637	34,333
Employee Benefits	3,808	9,752
Total Supervision and Direction of Instructional Staff	<u>47,445</u>	<u>44,085</u>
<u>Academic Student Assessment</u>		
Purchased Services	<u>7,846</u>	<u>7,971</u>
<u>General Administrative Services</u>		
<u>Board of Education</u>		
Salaries	2,220	3,089
Employee Benefits	192	41
Purchased Services	49,860	48,616
Dues, Fees and Miscellaneous	4,207	14,509
Total Board of Education	<u>56,479</u>	<u>66,255</u>
<u>Executive Administration</u>		
Salaries	160,750	172,329
Employee Benefits	151,631	129,361
Purchased Services	23,291	12,196
Supplies and Materials	2,416	1,007
Dues, Fees and Miscellaneous	21,782	18,418
Total Executive Administration	<u>359,870</u>	<u>333,311</u>
<u>Grant Writer</u>		
Salaries	36,090	33,683
Employee Benefits	27,836	25,706
Purchased Services	0	16
Supplies and Materials	108	47
Dues, Fees and Miscellaneous	51	0
Total Grant Writer	<u>64,085</u>	<u>59,452</u>
<u>School Administrative Services</u>		
<u>Office of the Principal</u>		
Salaries	430,209	482,323
Employee Benefits	350,293	418,891
Purchased Services	3,229	1,663
Materials and Supplies	2,156	2,249
Dues, Fees, and Miscellaneous	579	1,055
Total Office of the Principal	<u>786,466</u>	<u>906,181</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>Business Services</u>		
<u>Fiscal Services</u>		
Salaries	94,658	92,199
Employee Benefits	88,185	81,560
Purchased Services	1,775	1,169
Supplies and Materials	8,017	2,494
Dues, Fees, and Miscellaneous	404	363
Total Fiscal Services	<u>193,039</u>	<u>177,785</u>
<u>Other Business Services</u>		
Purchased Services	23,200	13,922
Dues, Fees, and Miscellaneous	882	25,209
Total Other Business	<u>24,082</u>	<u>39,131</u>
<u>Operation and Maintenance of Plant</u>		
<u>Operating Building Services</u>		
Salaries of Custodians	10,419	9,104
Employee Benefits	5,742	5,140
Purchased Services	931,255	818,405
Materials and Supplies	382,796	319,489
Capital Outlay	1,582	196,961
Dues, Fees and Miscellaneous	1,988	1,144
Total Operating Building Services	<u>1,333,782</u>	<u>1,350,243</u>
<u>Pupil Transportation Services</u>		
Salaries	304,942	286,795
Employee Benefits	190,805	180,542
Purchased Services	17,751	18,162
Supplies and Materials	104,296	106,002
Capital Outlay	35,000	96
Dues, Fees and Miscellaneous	7,930	6,901
Total Pupil Transportation Services	<u>660,724</u>	<u>598,498</u>
<u>Support Services</u>		
<u>Staff Personnel Services</u>		
Purchased Services	19,174	7,631
<u>Support Services - Technology</u>		
Salaries	81,812	65,525
Employee Benefits	66,029	57,106
Purchased Services	56,415	71,885
Supplies and Materials	16,347	42,802
Capital Outlay	0	22,623
Dues, Fees and Miscellaneous	2,948	4,135
Total Support Services - Technology	<u>223,551</u>	<u>264,076</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>Athletic Activities</u>		
Salaries	132,020	124,476
Employee Benefits	56,824	76,606
Purchased Services	54,601	34,806
Supplies and Materials	33,491	17,724
Capital Outlay	0	22,351
Dues, Fees and Miscellaneous	8,287	7,027
Total Athletic Activities	<u>285,223</u>	<u>282,990</u>
 <u>COMMUNITY SERVICES</u>		
<u>Community Activities</u>		
Salaries	8,325	6,169
Employee Benefits	2,991	2,153
Supplies and Materials	20,624	9,575
Total Community Activities	<u>31,940</u>	<u>17,897</u>
 <u>Debt Service</u>		
Payments on Lease Obligations	<u>207,855</u>	<u>207,855</u>
 Total Expenditures	<u>15,379,505</u>	<u>13,803,976</u>
 <u>OTHER FINANCING USES</u>		
<u>Transfers Out</u>		
2013 School Improvement Debt Retirement Fund	12,025	12,275
2010 Energy Bond Debt Retirement Fund	97,298	95,813
Capital Projects Fund	1,000,000	0
Total Transfers Out	<u>1,109,323</u>	<u>108,088</u>
 Total Other Financing Uses	<u>1,109,323</u>	<u>108,088</u>
 TOTAL EXPENDITURES AND OTHER USES	<u>\$ 16,488,828</u>	<u>\$ 13,912,064</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 404,778	\$ 461,530
Due from Other Governments	84,495	8,654
Inventory	13,829	9,775
Prepaid Expenditures	40,540	40,000
	<hr/>	<hr/>
TOTAL ASSETS	\$ 543,642	\$ 519,959
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 20,833	\$ 12,116
Salaries and Fringes Payable	92,507	16,958
Due to Other Funds	40,540	21,000
	<hr/>	<hr/>
Total Liabilities	153,880	50,074
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Nonspendable, Inventory	13,829	9,775
Nonspendable, Prepaid Expenditures	40,540	40,000
Restricted for Food Service	335,393	420,110
	<hr/>	<hr/>
Total Fund Balance	389,762	469,885
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 543,642	\$ 519,959
	<hr/> <hr/>	<hr/> <hr/>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 815	\$ 483
Children's Lunches	10,117	3,302
Adult Lunches	5,346	7,008
Snack Bar	317	459
Miscellaneous	5,045	0
Total Local Sources	<u>21,640</u>	<u>11,252</u>
State Sources		
State Aid - Regular	16,897	40,796
State Aid - 147C	90,365	25,000
Total State Sources	<u>107,262</u>	<u>65,796</u>
Federal Sources		
Federal Aid - Regular	895,596	883,369
Federal Aid - U.S.D.A. Commodities	71,161	49,106
Total Federal Sources	<u>966,757</u>	<u>932,475</u>
Total Revenues	<u>1,095,659</u>	<u>1,009,523</u>
<u>EXPENDITURES</u>		
Salaries	182,652	144,732
Employee Benefits	209,183	114,454
Purchased Services	183,945	201,780
Supplies and Materials	471,397	355,413
Capital Outlay	85,637	0
Other Expenditures	2,968	6,073
Total Expenditures	<u>1,135,782</u>	<u>822,452</u>
Excess (Deficiency) of Revenues Over Expenditures	(40,123)	187,071
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers Out	(40,000)	(21,000)
Net Change in Fund Balance	(80,123)	166,071
<u>FUND BALANCE</u> - Beginning of Year	<u>469,885</u>	<u>303,814</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 389,762</u>	<u>\$ 469,885</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 DEBT RETIREMENT FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2023	2022
<u>ASSETS</u>		
Cash	\$ 508,948	\$ 281,552
Due from Other Funds	0	50,784
Total Assets	\$ 508,948	\$ 332,336
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
	\$ 0	\$ 0
 <u>FUND BALANCE</u>		
Restricted for Debt Service	508,948	332,336
TOTAL LIABILITIES AND FUND BALANCE	\$ 508,948	\$ 332,336

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>		
Local Sources		
Property Tax Levy	\$ 974,905	\$ 924,027
Earnings on Investments	12,113	370
State Sources		
Personal Property Reimbursement	49,635	50,784
Total Revenues	1,036,653	975,181
<u>EXPENDITURES</u>		
Principal Payments	505,000	750,000
Interest Payments	353,761	196,156
Miscellaneous	1,280	1,000
Total Expenditures	860,041	947,156
Excess (Deficiency) of Revenues Over Expenditures	176,612	28,025
<u>FUND BALANCE</u> - Beginning of Year	332,336	304,311
<u>FUND BALANCE</u> - End of Year	\$ 508,948	\$ 332,336

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Restricted Investments	\$ 37,987	\$ 1,867,858
Due from Other Funds	13,958	13,958
	<hr/>	
Total Assets	\$ 51,945	\$ 1,881,816
	<hr/> <hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts and Retainage Payable	\$ 0	\$ 265,295
	<hr/>	
<u>FUND BALANCE</u>		
Restricted for Capital Projects	51,945	1,616,521
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 51,945	\$ 1,881,816
	<hr/> <hr/>	

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments	\$ 17,028	\$ 8,271
<u>EXPENDITURES</u>		
Facilities Acquisition, Construction and Improvements		
Site Improvements Services	1,192,648	3,856,792
Building Improvements Services	388,956	162,920
Total Expenditures	<u>1,581,604</u>	<u>4,019,712</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,564,576)	(4,011,441)
<u>FUND BALANCE - Beginning of Year</u>	<u>1,616,521</u>	<u>5,627,962</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 51,945</u>	<u>\$ 1,616,521</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2022 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments	\$ 189,544	\$ 0
<u>EXPENDITURES</u>		
Facilities Acquisition, Construction and Improvements		
Site Improvements Services	1,717,529	88,259
Other Expenditures		
Bond Issuance Costs	0	157,860
Total Expenditures	<u>1,717,529</u>	<u>246,119</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,527,985)</u>	<u>(246,119)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Face Value of Debt Issued	0	5,040,000
Premium on Debt Issued	0	255,950
Total Other Financing Sources (Uses)	<u>0</u>	<u>5,295,950</u>
Net Change in Fund Balance	(1,527,985)	5,049,831
<u>FUND BALANCE - Beginning of Year</u>	<u>5,049,831</u>	<u>0</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 3,521,846</u>	<u>\$ 5,049,831</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022

	PUBLIC LIBRARY	STUDENT ACTIVITY	TOTALS	
			2023	2022
<u>ASSETS</u>				
Cash	\$ 86,950	\$ 151,565	\$ 238,515	\$ 237,129
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
	\$ 0	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>				
Restricted for:				
Public Library	86,950	0	86,950	84,300
Assigned for Student Activities	0	151,565	151,565	152,829
Total Fund Balance	86,950	151,565	238,515	237,129
TOTAL LIABILITIES AND FUND BALANCE	\$ 86,950	\$ 151,565	\$ 238,515	\$ 237,129

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022

	PUBLIC LIBRARY	STUDENT ACTIVITY	TOTALS	
			2023	2022
<u>REVENUES</u>				
Local Sources	\$ 71,068	\$ 136,407	\$ 207,475	\$ 197,029
State Sources	5,045	0	5,045	5,051
Total Revenues	76,113	136,407	212,520	202,080
<u>EXPENDITURES</u>				
Salaries	40,994	0	40,994	42,603
Employee Benefits	16,711	0	16,711	17,502
Purchased Services	12,736	0	12,736	11,103
Other Expenditures	3,022	137,671	140,693	120,788
Total Expenditures	73,463	137,671	211,134	191,996
Excess (Deficiency) of Revenues Over Expenditures	2,650	(1,264)	1,386	10,084
<u>FUND BALANCE</u> - Beginning of Year	84,300	152,829	237,129	227,045
<u>FUND BALANCE</u> - End of Year	\$ 86,950	\$ 151,565	\$ 238,515	\$ 237,129

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

PUBLIC LIBRARY FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 86,950	\$ 84,300
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted for Public Library	<u>86,950</u>	<u>84,300</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 86,950</u>	<u>\$ 84,300</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

PUBLIC LIBRARY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 2,287	\$ 2,542
Penal Fines	38,847	34,484
Township Aid	13,470	11,587
Miscellaneous	16,464	14,705
Total Local Sources	<u>71,068</u>	<u>63,318</u>
 State Sources		
State Aid	<u>5,045</u>	<u>5,051</u>
 Total Revenues	<u>76,113</u>	<u>68,369</u>
 <u>EXPENDITURES</u>		
Salaries	40,994	42,603
Employee Benefits	16,711	17,502
Purchased Services	12,736	11,103
Other Expenditures	<u>3,022</u>	<u>4,257</u>
 Total Expenditures	<u>73,463</u>	<u>75,465</u>
 Excess (Deficiency) of Revenues Over Expenditures	2,650	(7,096)
 <u>FUND BALANCE</u> - Beginning of Year	<u>84,300</u>	<u>91,396</u>
 <u>FUND BALANCE</u> - End of Year	<u>\$ 86,950</u>	<u>\$ 84,300</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STUDENT ACTIVITY FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 151,565	\$ 152,829
	<u>151,565</u>	<u>152,829</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Assigned for Student Activities	151,565	152,829
	<u>151,565</u>	<u>152,829</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 151,565	\$ 152,829
	<u>151,565</u>	<u>152,829</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STUDENT ACTIVITY FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>		
Local Sources		
Miscellaneous	\$ 136,407	\$ 133,711
<u>EXPENDITURES</u>		
Other Expenditures	<u>137,671</u>	<u>116,531</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,264)	17,180
<u>FUND BALANCE - Beginning of Year</u>	<u>152,829</u>	<u>135,649</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 151,565</u>	<u>\$ 152,829</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2023

	2013 SCHOOL IMPROVEMENT DEBT	2010 ENERGY DEBT	TOTALS
<u>ASSETS</u>	\$ 0	\$ 0	\$ 0
<hr/>			
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>	0	0	0
<hr/>			
TOTAL LIABILITIES AND FUND BALANCE	\$ 0	\$ 0	\$ 0
<hr/>			

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR DEBT RETIREMENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2023

	2013 SCHOOL IMPROVEMENT DEBT	2010 ENERGY DEBT	TOTALS
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Principal Payments	10,000	85,000	95,000
Interest Payments	2,025	11,698	13,723
Miscellaneous	0	600	600
Total Expenditures	12,025	97,298	109,323
Excess (Deficiency) of Revenues Over Expenditures	(12,025)	(97,298)	(109,323)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	12,025	97,298	109,323
Net Change in Fund Balance	0	0	0
<u>FUND BALANCE - Beginning of Year</u>	0	0	0
<u>FUND BALANCE - End of Year</u>	\$ 0	\$ 0	\$ 0

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2013 SCHOOL IMPROVEMENT DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

JUNE 30,

	2023	2022
<u>REVENUES</u>	\$ 0	\$ 0
<u>EXPENDITURES</u>		
Principal Payments	10,000	10,000
Interest Payments	2,025	2,275
Total Expenditures	12,025	12,275
Excess (Deficiency) of Revenues Over Expenditures	(12,025)	(12,275)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
General Fund	12,025	12,275
Net Change in Fund Balance	0	0
<u>FUND BALANCE</u> - Beginning of Year	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2010 ENERGY BOND DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>EXPENDITURES</u>		
Principal Payments	85,000	80,000
Interest Payments	11,698	15,213
Miscellaneous	600	600
Total Expenditures	<u>97,298</u>	<u>95,813</u>
Excess (Deficiency) of Revenues Over Expenditures	(97,298)	(95,813)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
General Fund	<u>97,298</u>	<u>95,813</u>
Net Change in Fund Balance	0	0
<u>FUND BALANCE - Beginning of Year</u>	<u>0</u>	<u>0</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 0</u>	<u>\$ 0</u>

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 1,157,180	\$ 150,092
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Committed for Capital Projects	1,157,180	150,092
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,157,180	\$ 150,092

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
<u>REVENUES</u>		
Local Sources		
Earnings on Investments	\$ 7,088	\$ 91
<u>EXPENDITURES</u>	0	0
Excess (Deficiency) of Revenues Over Expenditures	7,088	91
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
General Fund	1,000,000	0
Net Change in Fund Balance	1,007,088	91
<u>FUND BALANCE - Beginning of Year</u>	150,092	150,001
<u>FUND BALANCE - End of Year</u>	\$ 1,157,180	\$ 150,092

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

<u>TITLE OF ISSUE</u>	2010 Energy Conservation Bonds		
<u>PURPOSE</u>	Energy conservation improvements.		
<u>DATE OF ISSUE</u>	May 12, 2010		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	860,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	645,000	
Redeemed During Current Year		70,000	715,000
<u>BALANCE OUTSTANDING - June 30, 2023</u>		\$	145,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2023		\$ 3,317	\$ 3,317	
May 1, 2024	4.550%	73,317	3,317	\$ 70,000
November 1, 2024		1,725	1,725	
May 1, 2025	4.600%	76,725	1,725	75,000
		\$ 155,084	\$ 10,084	\$ 145,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

<u>TITLE OF ISSUE</u>	2010 Energy Conservation Bonds - Series B		
<u>PURPOSE</u>	Energy conservation improvements.		
<u>DATE OF ISSUE</u>	October 1, 2010		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	165,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	120,000	
Redeemed During Current Year		15,000	135,000
			135,000
<u>BALANCE OUTSTANDING - June 30, 2023</u>		\$	<u>30,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2023		\$ 641	\$ 641	
May 1, 2024	4.250%	15,641	641	\$ 15,000
November 1, 2024		323	323	
May 1, 2025	4.300%	15,323	323	15,000
		\$ 31,928	\$ 1,928	\$ 30,000
		\$ 31,928	\$ 1,928	\$ 30,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

<u>TITLE OF ISSUE</u>	2013 School Improvement Bonds		
<u>PURPOSE</u>	Remodeling school buildings with carpet installation.		
<u>DATE OF ISSUE</u>	July 10, 2013		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	139,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	71,000	
Redeemed During Current Year		10,000	81,000
			81,000
<u>BALANCE OUTSTANDING - June 30, 2023</u>		\$	58,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2023		\$ 880	\$ 880	
May 1, 2024	2.80%	10,880	880	\$ 10,000
November 1, 2024		740	740	
May 1, 2025	2.90%	11,740	740	11,000
November 1, 2025		580	580	
May 1, 2026	3.00%	12,580	580	12,000
November 1, 2026		400	400	
May 1, 2027	3.15%	12,400	400	12,000
November 1, 2027		211	211	
May 1, 2028	3.25%	13,211	211	13,000
		\$ 63,622	\$ 5,622	\$ 58,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

<u>TITLE OF ISSUE</u>	2020 School Building and Site Bonds, Series I		
<u>PURPOSE</u>	Erecting additions to, remodeling, including security improvements to, furnishing and refurnishing and equipping and reequipping school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and developing and improving playgrounds, athletic fields and facilities, driveways, parking areas and sites and to pay costs of issuance for the bonds.		
<u>DATE OF ISSUE</u>	November 16, 2020		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	6,425,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	1,435,000	
Redeemed During Current Year		320,000	1,755,000
<u>BALANCE OUTSTANDING - June 30, 2023</u>		\$	<u>4,670,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2023		\$ 71,328	\$ 71,328	
May 1, 2024	5.00%	351,328	71,328	\$ 280,000
November 1, 2024		64,328	64,328	
May 1, 2025	5.00%	354,328	64,328	290,000
November 1, 2025		57,078	57,078	
May 1, 2026	5.00%	302,078	57,078	245,000
November 1, 2026		50,953	50,953	
May 1, 2027	5.00%	195,953	50,953	145,000
November 1, 2027		47,328	47,328	
May 1, 2028	5.00%	202,328	47,328	155,000
November 1, 2028		43,453	43,453	
May 1, 2029	5.00%	203,453	43,453	160,000
November 1, 2029		39,453	39,453	
May 1, 2030	5.00%	209,453	39,453	170,000
November 1, 2030		35,203	35,203	

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2031	2.00%	215,203	35,203	180,000
November 1, 2031		33,403	33,403	
May 1, 2032	2.00%	213,403	33,403	180,000
November 1, 2032		31,603	31,603	
May 1, 2033	2.00%	216,603	31,603	185,000
November 1, 2033		29,753	29,753	
May 1, 2034	2.00%	219,753	29,753	190,000
November 1, 2034		27,853	27,853	
May 1, 2035	2.00%	222,853	27,853	195,000
November 1, 2035		25,903	25,903	
May 1, 2036	2.00%	225,903	25,903	200,000
November 1, 2036		23,903	23,903	
May 1, 2037	2.00%	223,903	23,903	200,000
November 1, 2037		21,903	21,903	
May 1, 2038	2.00%	226,903	21,903	205,000
November 1, 2038		19,853	19,853	
May 1, 2039	2.125%	229,853	19,853	210,000
November 1, 2039		17,622	17,622	
May 1, 2040	2.125%	232,622	17,622	215,000
November 1, 2040		15,338	15,338	
May 1, 2041	2.375%	230,337	15,337	215,000
November 1, 2041		12,784	12,784	
May 1, 2042	2.375%	192,784	12,784	180,000
November 1, 2042		10,647	10,647	
May 1, 2043	2.375%	190,647	10,647	180,000
November 1, 2043		8,509	8,509	
May 1, 2044	2.375%	193,509	8,509	185,000
November 1, 2044		6,313	6,313	
May 1, 2045	2.50%	191,312	6,312	185,000
November 1, 2045		4,000	4,000	
May 1, 2046	2.50%	164,000	4,000	160,000
November 1, 2046		2,000	2,000	
May 1, 2047	2.50%	162,000	2,000	160,000
		<u>\$ 6,071,020</u>	<u>\$ 1,401,020</u>	<u>\$ 4,670,000</u>

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

<u>TITLE OF ISSUE</u>	2022 School Building and Site Bonds, Series II		
<u>PURPOSE</u>	Erecting additions to, remodeling, including security improvements to, furnishing and refurnishing and equipping and reequipping school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and developing and improving playgrounds, athletic fields and facilities, driveways, parking areas and sites and to pay costs of issuance for the bonds.		
<u>DATE OF ISSUE</u>	May 16, 2022		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	5,040,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year		\$	0
Redeemed During Current Year		185,000	185,000
		<hr/>	<hr/>
<u>BALANCE OUTSTANDING - June 30, 2023</u>		\$	<u>4,855,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2023		\$ 97,169	\$ 97,169	
May 1, 2024	5.000%	472,169	97,169	\$ 375,000
November 1, 2024		87,794	87,794	
May 1, 2025	5.000%	187,794	87,794	100,000
November 1, 2025		85,294	85,294	
May 1, 2026	5.000%	185,294	85,294	100,000
November 1, 2026		82,794	82,794	
May 1, 2027	5.000%	227,794	82,794	145,000
November 1, 2027		79,169	79,169	
May 1, 2028	5.000%	224,169	79,169	145,000
November 1, 2028		75,544	75,544	
May 1, 2029	5.000%	225,544	75,544	150,000
November 1, 2029		71,794	71,794	
May 1, 2030	5.000%	221,794	71,794	150,000
November 1, 2030		68,044	68,044	

MORLEY STANWOOD COMMUNITY SCHOOLS

MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2031	5.000%	218,044	68,044	150,000
November 1, 2031		64,294	64,294	
May 1, 2032	5.000%	219,294	64,294	155,000
November 1, 2032		60,419	60,419	
May 1, 2033	3.000%	215,419	60,419	155,000
November 1, 2033		58,094	58,094	
May 1, 2034	3.000%	213,094	58,094	155,000
November 1, 2034		55,769	55,769	
May 1, 2035	3.000%	210,769	55,769	155,000
November 1, 2035		53,444	53,444	
May 1, 2036	3.000%	208,444	53,444	155,000
November 1, 2036		51,119	51,119	
May 1, 2037	3.000%	216,119	51,119	165,000
November 1, 2037		48,541	48,541	
May 1, 2038	3.125%	213,541	48,541	165,000
November 1, 2038		45,963	45,963	
May 1, 2039	3.125%	215,962	45,962	170,000
November 1, 2039		43,200	43,200	
May 1, 2040	3.250%	208,200	43,200	165,000
November 1, 2040		40,519	40,519	
May 1, 2041	3.250%	215,519	40,519	175,000
November 1, 2041		37,675	37,675	
May 1, 2042	3.250%	257,675	37,675	220,000
November 1, 2042		34,100	34,100	
May 1, 2043	4.000%	264,100	34,100	230,000
November 1, 2043		29,500	29,500	
May 1, 2044	4.000%	264,500	29,500	235,000
November 1, 2044		24,800	24,800	
May 1, 2045	4.000%	264,800	24,800	240,000
November 1, 2045		20,000	20,000	
May 1, 2046	4.000%	290,000	20,000	270,000
November 1, 2046		14,600	14,600	
May 1, 2047	4.000%	294,600	14,600	280,000
November 1, 2047		9,000	9,000	
May 1, 2048	4.000%	459,000	9,000	450,000
		<u>\$ 7,532,277</u>	<u>\$ 2,677,277</u>	<u>\$ 4,855,000</u>

