

HASLETT PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required supplementary
and additional supplementary information)

YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS.....	11
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14-15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	16-17
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	18
Notes to Financial Statements.....	19-48
REQUIRED SUPPLEMENTARY INFORMATION	49
Budgetary Comparison Schedule - General Fund	50
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability.....	51
Schedule of the Reporting Unit's Pension Contributions	52
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability	53
Schedule of the Reporting Unit's OPEB Contributions	54
Notes to Required Supplementary Information.....	55
ADDITIONAL SUPPLEMENTARY INFORMATION	56
Non-Major Governmental Fund Types	
Combining Balance Sheet.....	57
Combining Statement of Revenues, Expenditures, And Changes In Fund Balances.....	58
Debt Service Funds	
Combining Balance Sheet.....	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	60

TABLE OF CONTENTS

Page

Long-Term Obligations	
Bonded Obligations.....	61-64
Nonbonded Obligations	65
School Loan Revolving Fund.....	66
Schedule of Expenditures of Federal Awards.....	67-59
Notes to Schedule of Expenditures of Federal Awards.....	70
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	71-72
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>UNIFORM GUIDANCE</i>	73-75
Schedule of Findings and Questioned Costs	76-77
Corrective Action Plan	78
Schedule of Prior Year Audit Findings	79



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Haslett Public Schools

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Haslett Public Schools, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 15 to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-based IT Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2023 on our consideration of Haslett Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Haslett Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Haslett Public Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

September 12, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Haslett Public Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

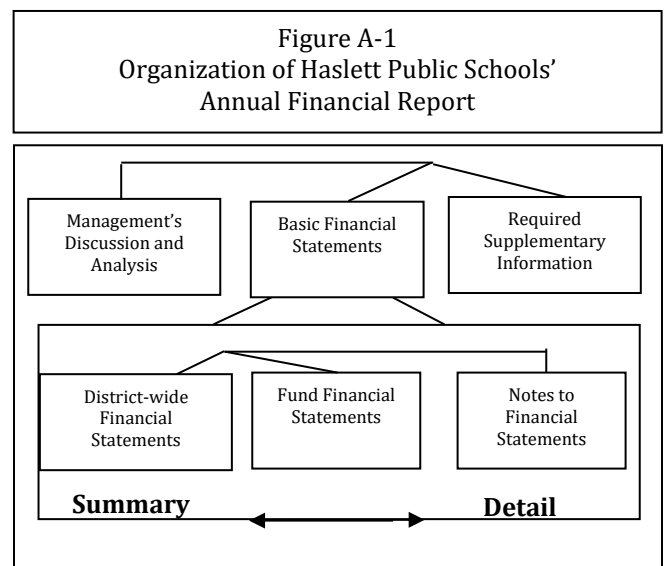
FINANCIAL HIGHLIGHTS

- Governmental funds revenues increased to \$48.2 million compared to \$44.8 million at June 30, 2022. Governmental fund expenditures were \$52.6 million compared to \$47.8 million at June 30, 2022.
- General Fund revenues were \$39.2 million, \$265,617 less than General Fund expenditures and other financing sources.
- State Aid Foundation Allowance increased by \$450 per pupil for fiscal year 2022-23.
- The District's fall student count decreased to 2,523 pupils, a decrease of 34 students over last year.
- The District participates in the School Loan Revolving Fund (SLRF) which allows districts to maintain a level debt millage throughout the life of a bond issue. This feature can, however, create a net deficit in the District-wide financial statements in the short term, with future debt millage restoring the net position of the District once the bonded debt is reduced. The District decreased its outstanding long-term debt \$2.7 million or 4.1%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Figure A-2 Major Features of District-wide and Fund Financial Statements		
Scope	District-wide Statements	Governmental Funds
	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances.
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT-WIDE STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District has one kind of fund:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position (Deficit) - The District's *combined* net deficit was lower on June 30, 2023, than the year before, decreasing to (\$40.671) million. The District's net deficit results from participating for many years in the School Loan Revolving Fund (SLRF) program as well as recording net unfunded pension liability and net unfunded other postemployment benefits liability. The SLRF program allows districts to levy the same debt service property tax millage rate over the life of a bond issue. During the early years of participation in the SLRF, the property tax levy is less than is required for debt service and districts in the program borrow from the SLRF to make up the difference. During the later years of participation, the property tax levy remains level and is greater than is required for debt service. Districts use the excess to pay back the SLRF. The District has been in the SLRF since 2006. It is important to note that the Board of Education has full authority to levy the necessary taxes to meet bond issue debt service requirements.

**Table A-3
Haslett Public Schools Net Position**

	2023	2022*
ASSETS		
Current assets	\$ 11,015,731	\$ 11,623,784
Capital assets, net of depreciation	73,704,102	74,550,528
TOTAL ASSETS	84,719,833	86,174,312
DEFERRED OUTFLOWS OF RESOURCES	24,480,538	12,338,204
LIABILITIES		
Noncurrent liabilities	62,732,608	65,443,951
Other liabilities	6,435,299	6,091,972
Net pension liability	63,525,896	40,213,635
Net other postemployment benefit liability	3,668,137	2,577,256
TOTAL LIABILITIES	136,361,940	114,326,814
DEFERRED INFLOWS OF RESOURCES	13,509,311	26,563,630
NET POSITION		
Net investment in capital assets	13,125,100	11,975,253
Restricted	2,232,860	1,837,243
Unrestricted	(56,028,840)	(56,190,424)
TOTAL NET POSITION	\$ (40,670,880)	\$ (42,377,928)
*The 2022 figures have not been updated for the adoption of GASB 96.		

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4
Changes in Haslett Public Schools Net Position

	2023	2022*
REVENUES		
Program revenues		
Charges for services	\$ 1,251,288	\$ 864,464
Operating grants and contributions	10,452,224	10,210,379
General revenues		
Property taxes	9,306,428	9,050,892
State aid - unrestricted	20,907,882	20,247,427
Other	4,124,157	4,132,326
TOTAL REVENUES	46,041,979	44,505,488
EXPENSES		
Instruction	19,425,418	15,778,401
Support services	15,282,264	13,331,648
Community services	820,001	795,101
Transfers and other transactions	769,707	635,600
Food services	1,031,833	1,071,938
Student/school activities	1,166,270	1,083,043
Interest on long-term debt	2,458,585	2,436,843
Unallocated depreciation	3,394,409	3,179,673
TOTAL EXPENSES	44,348,487	38,312,247
Change in net position	\$ 1,693,492	\$ 6,193,241
* The 2022 figured have not been updated for the adoption of GASB 96		

District Governmental Activities

The District seeks a balance between maximizing resources for the education of our students and maintaining the long-term financial health of the District. The governmental activities mirror that goal. Our support services seek to be efficient at providing the necessary safe, orderly, and positive learning environment so that more dollars are available for the direct instruction of students. Our before-and-after-care program, Kids Connection, and our school breakfast and lunch program seek to be self-supporting and cost effective.

- The state per pupil foundation allowance increased to \$9,150 per student.
- Food Service fund balance decreased \$49,617 on revenues of \$1,194,011.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$4.8 million. The General Fund's fund balance decreased \$265,617 to \$2.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time of budget adoption, such as the amount of state aid, the actual number of students and the cost of employee contracts, and must be estimated or projected. Over the course of the budget year, the District revises the annual operating budget several times. For fiscal year 2022 - 2023, these budget amendments included:

- Changes adopted in the third and fourth quarters of the fiscal year to account for final enrollment counts, changes in assumptions since the original budget was adopted.

The District's original budget called for a deficit of \$56,500 before transfers. Budget amendment approved in June of 2023 called for a budget deficit of \$846,543 before transfers as well. Actual revenues and transfers in were less than expenditures and transfers out by \$265,617 at year end. Actual budget variance at year-end June 30, 2023 was .66% of expenditures.

- Actual revenues were \$1,377,614 greater than budgeted. This variance was due primarily to normal anticipated budget variances.
- Actual expenditures were \$1,375,714 greater than budgeted. This variance was due primarily to normal anticipated budget variances.
- Actual other financing sources and uses were \$267,517 less than budgeted. This variance was due primarily to normal anticipated budget variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2023, the District had invested over \$121.7 million in a broad range of capital assets, including school buildings, athletic and support facilities, computer and transportation equipment. (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation/amortization expense for the year exceeded \$3.4 million.

Table A-5		
Haslett Public Schools Capital Assets		
	2023	2022*
Land	\$ 330,000	\$ 330,000
Buildings and additions	95,599,474	94,164,125
Right to use-subscription-based IT	295,015	-
Site improvements	8,872,184	8,787,194
Equipment and furniture	16,650,623	15,917,994
	121,747,296	119,199,313
Accumulated depreciation/amortization	48,043,194	44,648,785
Total	<u>\$ 73,704,102</u>	<u>\$ 74,550,528</u>
*The 2022 figures have not been updated for the adoption of GASB 96.		

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt

At year-end the District had \$62.7 million in general obligation bonds and other long-term debt outstanding - a net decrease of 4.1% from last year. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

Table A-6		
Haslett Public Schools Outstanding Long-term Debt		
<i>(in millions of dollars)</i>		
	2023	2022
General obligation debt and direct borrowings	\$ 61.7	\$ 64.5
Other	1.0	0.9
Total	<u>\$ 62.7</u>	<u>\$ 65.4</u>

The District continued to pay down its debt, retiring \$6.6 million of outstanding bonds and direct borrowings.

- The District borrowed \$3.2 million from the School Loan Revolving Fund during 2022-2023. This leaves an outstanding SLRF balance of approximately \$14.8 million at year-end.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- All employee contracts were settled as of June 30, 2023. Contract settlements were included in the budget adopted by the board in June 2023.
- The governor just recently signed the State budget for 2023-24. The District's 2023-24 budget was adopted using a \$458 per pupil foundation allowance increase and an increase of 30 in student enrollment projection. The Governor's budget included the \$458 per pupil increase the District budgeted for.
- Additional Special Education funding in the amount of about \$135,000 was also approved by the State of Michigan. The District will develop a plan for the use of those funds throughout 2023-24.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Haslett Public Schools, 5593 Franklin Street, Haslett, Michigan 48840.

BASIC FINANCIAL STATEMENTS

HASLETT PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,144,792
Investments	26,095
Receivables	
Accounts receivable	214,349
Intergovernmental	7,665,411
Inventories	60,377
Prepays	904,707
Capital assets, not being depreciated	330,000
Capital assets, net of accumulated depreciation/amortization	<u>73,374,102</u>
TOTAL ASSETS	<u>84,719,833</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of amortization	177,084
Related to pensions	19,227,533
Related to other postemployment benefits	<u>5,075,921</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>24,480,538</u>
LIABILITIES	
Accounts payable	199,052
Accrued salaries and related items	1,887,679
Accrued retirement	1,774,187
Accrued interest	357,080
Unearned revenue	117,301
Notes payable	2,100,000
Noncurrent liabilities	
Due within one year	2,809,096
Due in more than one year	59,923,512
Net pension liability	63,525,896
Net other postemployment benefits liability	<u>3,668,137</u>
TOTAL LIABILITIES	<u>136,361,940</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	1,029,492
Related to state aid funding for pension	4,707,710
Related to other postemployment benefits	<u>7,772,109</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>13,509,311</u>
NET POSITION	
Net investment in capital assets	13,125,100
Restricted for debt service	2,232,860
Unrestricted	<u>(56,028,840)</u>
TOTAL NET POSITION	<u><u>\$ (40,670,880)</u></u>

See notes to financial statements.

**HASLETT PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 19,425,418	\$ -	\$ 8,601,090	\$ (10,824,328)
Support services	15,282,264	146,561	452,689	(14,683,014)
Community services	820,001	618,235	-	(201,766)
Outgoing transfers and other transactions	769,707	-	-	(769,707)
Food services	1,031,833	486,492	707,519	162,178
Student/school activities	1,166,270	-	690,926	(475,344)
Interest on long-term debt	2,458,585	-	-	(2,458,585)
Unallocated depreciation/amortization	3,394,409	-	-	(3,394,409)
Total governmental activities	<u>\$ 44,348,487</u>	<u>\$ 1,251,288</u>	<u>\$ 10,452,224</u>	<u>(32,644,975)</u>
General revenues				
Property taxes, levied for general purposes				2,224,520
Property taxes, levied for debt service				5,730,801
Property taxes, levied for sinking fund				1,351,107
Investment earnings				6,972
State sources - unrestricted				20,907,882
Intermediate sources				3,913,929
Other				<u>203,256</u>
Total general revenues				<u>34,338,467</u>
CHANGE IN NET POSITION				1,693,492
NET POSITION, beginning of year, as restated				<u>(42,364,372)</u>
NET POSITION, end of year				<u>\$ (40,670,880)</u>

See notes to financial statements.

**HASLETT PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	2018 Bond Capital Projects Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Fund
ASSETS					
Cash and cash equivalents	\$ 397,313	\$ 5,109	\$ 940,198	\$ 802,172	\$ 2,144,792
Investments	1,553	-	3,640	20,902	26,095
Receivables					
Accounts receivable	147,685	-	-	66,664	214,349
Intergovernmental	7,660,635	-	-	4,776	7,665,411
Due from other funds	-	-	-	2,028,171	2,028,171
Inventories	47,305	-	-	13,072	60,377
Prepays	904,707	-	-	-	904,707
TOTAL ASSETS	\$ 9,159,198	\$ 5,109	\$ 943,838	\$ 2,935,757	\$ 13,043,902
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Payables					
Accounts payable	\$ 183,626	\$ -	\$ 13,330	\$ 2,096	\$ 199,052
Due to other funds	415,921	5,109	1,560,348	46,793	2,028,171
Accrued salaries and related items	1,887,303	-	-	376	1,887,679
Accrued retirement	1,772,507	-	-	1,680	1,774,187
Accrued interest	40,536	-	-	-	40,536
Unearned revenue	74,728	-	-	42,573	117,301
Notes payable	2,100,000	-	-	-	2,100,000
TOTAL LIABILITIES	6,474,621	5,109	1,573,678	93,518	8,146,926
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	100,000	-	-	-	100,000
FUND BALANCES					
Nonspendable					
Inventories	47,305	-	-	13,072	60,377
Prepays	904,707	-	-	-	904,707

See notes to financial statements.

	General Fund	2018 Bond Capital Projects Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Fund
FUND BALANCES					
Restricted for					
Debt service	\$ -	\$ -	\$ -	\$ 2,549,404	\$ 2,549,404
Food service	-	-	-	134,804	134,804
Committed for student/school activities	-	-	-	144,959	144,959
Unassigned - Capital projects	-	-	(629,840)	-	(629,840)
Unassigned - General fund	<u>1,632,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,632,565</u>
TOTAL FUND BALANCES	<u>2,584,577</u>	<u>-</u>	<u>(629,840)</u>	<u>2,842,239</u>	<u>4,796,976</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 9,159,198</u>	<u>\$ 5,109</u>	<u>\$ 943,838</u>	<u>\$ 2,935,757</u>	<u>\$ 13,043,902</u>
Total governmental fund balances					\$ 4,796,976
Amounts reported for governmental activities in the statement of net position are different because:					
Deferred outflows of resources - deferred charge on refunding, net of amortization					177,084
Deferred outflows of resources - related to pensions					19,227,533
Deferred outflows of resources - related to other postemployment benefits					5,075,921
Deferred inflows of resources - related to pensions					(1,029,492)
Deferred inflows of resources - related to other postemployment benefits					(7,772,109)
Deferred inflows of resources - related to state pension funding					(4,707,710)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:					
The cost of the capital assets is				\$ 121,747,296	
Accumulated depreciation/amortization is				<u>(48,043,194)</u>	
					73,704,102
Because the focus of governmental funds is on short term-financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by unavailable revenues in the government funds, and thus are not included in fund balance:					
Unavailable revenue expected to be collected after September 1					100,000
Long-term liabilities are not due and payable in the current period and are not reported in the funds:					
General obligation bonds and notes from direct borrowing and direct placements					(61,712,508)
Compensated absences and severance benefits					(1,020,100)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid					(316,544)
Net pension liability					(63,525,896)
Net other postemployment benefits liability					<u>(3,668,137)</u>
Net position of governmental activities					<u>\$ (40,670,880)</u>

See notes to financial statements.

HASLETT PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	2018 Bond Capital Projects Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	\$ 2,224,520	\$ -	\$ 1,351,107	\$ 5,730,801	\$ 9,306,428
Tuition	575,652	-	-	-	575,652
Investment earnings	217	457	1,120	5,178	6,972
Food sales, athletics, and community service	146,561	-	-	486,492	633,053
Student/school activities income	-	-	-	690,926	690,926
Other	245,839	-	-	-	245,839
Total local sources	3,192,789	457	1,352,227	6,913,397	11,458,870
State sources	29,640,795	-	3,630	109,163	29,753,588
Federal sources	2,451,444	-	-	613,755	3,065,199
Incoming transfers and other	3,913,929	-	-	-	3,913,929
TOTAL REVENUES	39,198,957	457	1,355,857	7,636,315	48,191,586
EXPENDITURES					
Current					
Instruction	21,298,020	-	-	-	21,298,020
Supporting services	16,994,470	-	-	-	16,994,470
Food service activities	-	-	-	1,121,871	1,121,871
Student/school activities	-	-	-	1,166,270	1,166,270
Community service activities	880,028	-	-	-	880,028
Outgoing transfers and other transactions	769,707	-	-	-	769,707

See notes to financial statements.

	General Fund	2018 Bond Capital Projects Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)					
Capital outlay	\$ -	\$ 457	\$ 1,630,817	\$ 18,131	\$ 1,649,405
Debt service					
Principal repayment	101,375	-	-	6,510,000	6,611,375
Interest	-	-	-	2,077,559	2,077,559
Other	-	-	-	140	140
TOTAL EXPENDITURES	<u>40,043,600</u>	<u>457</u>	<u>1,630,817</u>	<u>10,893,971</u>	<u>52,568,845</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(844,643)</u>	<u>-</u>	<u>(274,960)</u>	<u>(3,257,656)</u>	<u>(4,377,259)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from school loan revolving fund	-	-	-	3,202,222	3,202,222
Proceeds from issuance of debt	475,400	-	-	-	475,400
Transfers in	103,626	-	-	-	103,626
Transfers out	-	-	-	(103,626)	(103,626)
TOTAL OTHER FINANCING SOURCES (USES)	<u>579,026</u>	<u>-</u>	<u>-</u>	<u>3,098,596</u>	<u>3,677,622</u>
NET CHANGE IN FUND BALANCES	(265,617)	-	(274,960)	(159,060)	(699,637)
FUND BALANCES					
Beginning of year, as restated	<u>2,850,194</u>	<u>-</u>	<u>(354,880)</u>	<u>3,001,299</u>	<u>5,496,613</u>
End of year	<u>\$ 2,584,577</u>	<u>\$ -</u>	<u>\$ (629,840)</u>	<u>\$ 2,842,239</u>	<u>\$ 4,796,976</u>

See notes to financial statements.

HASLETT PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances Total Governmental Funds \$ (699,637)

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

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Depreciation/amortization expense	(3,394,409)
Capital outlay	2,252,968

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 the year	346,260
Accrued interest payable, end of the year	(316,544)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

Proceeds from school loan revolving fund	(3,202,222)
Payments on debt	6,611,375
Proceeds from issuance of debt	(475,400)
Amortization of deferred charge on refunding	(58,168)
Amortization of bond premium	267,638
Long-term interest on school loan revolving fund (accrued)	(410,742)

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Unavailable revenue, beginning of the year	(100,000)
Unavailable revenue, end of the year	100,000

Compensated absences and severance benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued compensated absences and severance benefits, beginning of the year	940,794
Accrued compensated absences and severance benefits, end of the year	(1,020,100)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Pension related items	299,604
Other postemployment benefit items	2,701,682

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:

State aid funding for pension	(2,149,607)
-------------------------------	-------------

Change in Net Position of Governmental Activities	<u><u>\$ 1,693,492</u></u>
--	-----------------------------------

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

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

Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *2018 Capital Projects Fund* accounts for the receipt of bond proceeds and the acquisition of fixed assets or construction of major capital projects. The fund includes capital projects activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation(continued)

Fund Financial Statements (continued)

The following is a summary of the revenue and other financing sources and expenditures for the 2018 capital projects bond activity since inception through June 30, 2023.

	<u>2018 Bond</u>
Revenues and other financing sources	<u>\$ 1,421,048</u>
Expenditures	<u>\$ 34,233,314</u>

The above revenue and other financing sources does not include net bond proceeds of \$32,812,266.

The *Capital Projects Sinking Fund* accounts for the receipt of sinking fund millage proceeds and the acquisition of fixed assets or construction of capital projects. The District has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95 relating to sinking funds.

Other Non-Major Funds

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

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

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

Measurement Focus and Basis of Accounting

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

Budgetary Information

Budgetary Basis of Accounting

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

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

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2023. The District does not consider these amendments to be significant.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

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

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

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

Inventories and Prepaid Items

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

Buildings and additions	20 - 50 years
Site improvements	10 - 20 years
Right to use – subscription-based IT	2 - 7 years
Technology	5 - 10 years
Furniture and fixtures	5 - 20 years
Machinery and equipment	5 - 20 years
Transportation equipment	8 years

Defined Benefit Plans

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and Other Postemployment Benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 four items that qualifies for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

In the computation of invested in capital assets, net of related debt, school loan revolving fund principal proceeds of \$14,000,629 are considered capital-related debt. Accrued interest on the school loan revolving fund of \$751,372 is not considered capital related debt.

In addition, during the year ended June 30, 2020 the District issued bonded debt in the amount of \$6,835,000 used to make principal and interest payments related to the School Loan Revolving fund and the School Bond Loan Fund. Three percent of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt not considered capital related debt at June 30, 2023 is \$205,050.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Subscription Based IT Arrangements (SBITA)

Subscriber: The District is a subscriber for a noncancelable subscription of an IT arrangement. The District recognizes an intangible right-to-use SBITA asset in the government-wide financial statements.

The SBITA asset is amortized on a straight-line basis over its useful life.

SBITA assets are reported with other capital assets.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

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

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	8.3300
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	1.9600

Compensated Absences and Severance Benefits

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

Long-Term Obligations

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations (continued)

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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, \$2,431,657 of the District's bank balance of \$2,681,657 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$2,144,792.

Custodial Credit Risk - Investments

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

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

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (years)</u>
Michigan Class - pooled short term investments	<u>\$ 26,095</u>	0.1215
Portfolio weighted average maturity		<u>0.1215</u>

One day maturity equals 0.0027, one year equals 1.00.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
Michigan Class - pooled short term investments	<u>\$ 26,095</u>	AAAm	Standard & Poor's

Foreign Currency Risk

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

Fair Value Measurement

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

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

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

Investments in Entities that Calculate Net Asset Value Per Share

The District holds shares in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value Per Share (continued)

The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At year ended June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency if Eligible</u>	<u>Redemption Notice Period</u>
Michigan Class - pooled short term investments	\$ 26,095	\$ -	No restrictions	None

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

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

	<u>Primary Government</u>
Cash and cash equivalents	\$ 2,144,792
Investments	<u>26,095</u>
	<u>\$ 2,170,887</u>

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS

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

	As restated Balance July 1, 2022	Additions	Deletions/ Reclassification	Balance June 30, 2023
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 330,000	\$ -	\$ -	\$ 330,000
Capital assets, being depreciated/amortized				
Buildings and additions	94,164,125	1,435,349	-	95,599,474
Site improvements	8,787,194	84,990	-	8,872,184
Right to use - subscription-based IT	295,015	-	-	295,015
Technology	3,716,569	84,326	-	3,800,895
Furniture and fixtures	8,576,298	-	-	8,576,298
Machinery and equipment	1,539,191	83,597	-	1,622,788
Transportation equipment	2,085,936	564,706	-	2,650,642
Total capital assets, being depreciated/amortized	119,164,328	2,252,968	-	121,417,296
Accumulated depreciation/amortization				
Buildings and improvements	34,329,231	2,057,513	-	36,386,744
Site improvements	923,902	443,917	-	1,367,819
Right to use - subscription-based IT	-	61,064	-	61,064
Technology	2,891,908	279,532	-	3,171,440
Furniture and fixtures	3,830,652	338,520	-	4,169,172
Machinery and equipment	1,193,456	54,713	-	1,248,169
Transportation equipment	1,479,636	159,150	-	1,638,786
Total accumulated depreciation/amortization	44,648,785	3,394,409	-	48,043,194
Net capital assets being depreciated/amortized	74,515,543	(1,141,441)	-	73,374,102
Net governmental capital assets	\$ 74,845,543	\$ (1,141,441)	\$ -	\$ 73,704,102

Depreciation/amortization for the fiscal year ended June 30, 2023 amounted to \$3,394,409. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2023 consist of the following:

State aid - Michigan Department of Education	\$ 5,368,431
Federal	2,162,378
Intermediate school district and other	134,602
	<u>\$ 7,665,411</u>

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs. No allowance for doubtful accounts is considered necessary.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

The District issued state aid anticipation notes payable in the amounts of \$3,000,000 and \$1,500,000 with an interest rates of 1.97% and 1.99%, respectively, and maturity dates through August 21, 2023. Proceeds of the notes were used to fund school operations. The notes are 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 first note requires payments to an irrevocable set-aside account for principal and accrued interest at June 30, 2023. At year end, the balance of these payments in the amount of \$2,400,000 is considered defeased debt and is not included in the year-end balance. Activity for the year ended June 30, 2023 is as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
\$ 2,100,000	\$ 4,500,000	\$ 4,500,000	\$ 2,100,000

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2023.

	Compensated Absences and Severance Benefits	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements		
			School Loan Revolving Fund	Bus Loan	Total
Balance July 1, 2022	\$ 940,794	\$ 53,364,120	\$ 11,139,037	\$ -	\$ 65,443,951
Additions	79,306	-	3,612,964	475,400	4,167,670
Deletions	-	(6,777,638)	-	(101,375)	(6,879,013)
Balance June 30, 2023	1,020,100	46,586,482	14,752,001	374,025	62,732,608
Due within one year	(81,608)	(2,635,000)	-	(92,488)	(2,809,096)
Due in more than one year	\$ 938,492	\$ 43,951,482	\$ 14,752,001	\$ 281,537	\$ 59,923,512

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2023 is comprised of the following issues:

General Obligation Bonds:

2016 Series A refunding term bonds due in annual installments of \$1,705,000 to \$1,825,000 through May 2027 with interest of 4.0%.	\$ 7,130,000
2018 General obligation bonds due in annual installments of \$490,000 to \$1,515,000 through May 2048 with interest from 4.0% to 5.0%.	27,970,000
2019 Series A Refunding term bonds due in annual installments of \$410,000 to \$440,000 through May 2026 with interest at 3.0%.	1,275,000
2019 Series B Refunding term bonds due in annual installments of \$1,640,000 to \$1,760,000 through May 2031 with interest from 2.649% to 2.849%.	6,835,000
Plus premium on bond issuances	<u>3,376,482</u>
Total general obligation bonds	<u>46,586,482</u>

Notes from Direct Borrowings and Direct Placements:

Note payable due in annual installments of \$101,375, including interest at 6.62% through July 2026. Note is collateralized by related fixed assets.	374,025
Borrowings from the State of Michigan under the School Loan Revolving Fund, including interest at 4.11% at June 30, 2023.	<u>14,752,001</u>
Total notes from direct borrowings and direct placements	<u>15,126,026</u>
Total general obligation bonds and notes from direct borrowings and direct placements	61,712,508
Obligation under contract for compensated absences	420,044
Obligation under contract for severance benefits	<u>600,056</u>
Total general long-term obligations	<u><u>\$ 62,732,608</u></u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$374,025 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2023, \$12,240,000 of bonds outstanding are considered defeased.

Borrowing from the State of Michigan - The school loan revolving fund payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30, 2023 was 4.11%. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 8.33 mills. The school district is required to levy 8.33 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. The District currently levies 8.33 debt mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the following amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

The annual requirements to amortize long-term obligations outstanding as of June 30, 2023, including interest of \$24,117,468 are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated absences and severance benefits	Total
	Principal	Interest	Principal	Interest		
2024	\$ 2,635,000	\$ 1,899,264	\$ 92,488	\$ 8,887	\$ -	\$ 4,635,639
2025	2,700,000	1,798,264	90,226	11,149	-	4,599,639
2026	2,745,000	1,694,514	93,799	7,576	-	4,540,889
2027	2,330,000	1,583,714	97,512	3,863	-	4,015,089
2028	2,450,000	1,485,414	-	-	-	3,935,414
2029 - 2033	9,760,000	6,145,201	-	-	-	15,905,201
2034 - 2038	5,795,000	4,596,250	-	-	-	10,391,250
2039 - 2043	7,235,000	2,997,250	-	-	-	10,232,250
2044 - 2048	7,560,000	1,134,750	-	-	-	8,694,750
Total	43,210,000	23,334,621	374,025	31,475	-	66,950,121
School loan revolving fund	-	-	14,000,629	751,372	-	14,752,001
Issuance premium	3,376,482	-	-	-	-	3,376,482
Compensated absences	-	-	-	-	420,044	420,044
Severance benefits	-	-	-	-	600,056	600,056
	<u>\$ 46,586,482</u>	<u>\$ 23,334,621</u>	<u>\$ 14,374,654</u>	<u>\$ 782,847</u>	<u>\$ 1,020,100</u>	<u>\$ 86,098,704</u>

Interest expense for all funds for the year ended June 30, 2023 was approximately \$2,077,000.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - INTER-FUND RECEIVABLES AND PAYABLES

Inter-fund payable and receivable balances at June 30, 2023 are as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Nonmajor governmental funds	<u>\$ 2,028,171</u>	General fund	\$ 415,921
		Sinking fund	1,560,348
		Nonmajor governmental funds	<u>51,902</u>
			<u>\$ 2,028,171</u>

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

NOTE 8 - PENSION AND OTHER 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 the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/ors schools.

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

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

Benefits Provided - Overall

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

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

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

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

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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 transient 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.

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.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2022 were determined as of the September 30, 2018 actuarial valuations. 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:

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

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$8,131,000. Of the total pension contributions approximately \$7,962,000 was contributed to fund the Defined Benefit Plan and approximately \$169,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately \$1,564,000. Of the total OPEB contributions approximately \$1,442,000 was contributed to fund the Defined Benefit Plan and approximately \$122,000 was contributed to fund the Defined Contribution Plan.

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

The net pension liability was measured as of September 30, 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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total pension liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan fiduciary net position	\$ 58,268,076,344	\$ 62,717,060,920
Net pension liability	\$ 37,608,719,276	\$ 23,675,412,475
Proportionate share	0.16891%	0.16985%
Net pension liability for the District	\$ 63,525,896	\$ 40,213,635

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

For the year ended June 30, 2023, the District recognized pension expense of \$7,662,010.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 10,916,025	\$ -
Net difference between projected and actual earnings on pension plan investments	148,968	-
Differences between expected and actual experience	635,481	142,037
Changes in proportion and difference between employer contributions and proportionate share of contributions	35,287	887,455
Reporting Unit's contributions subsequent to the measurement date	<u>7,491,772</u>	<u>-</u>
	<u>\$ 19,227,533</u>	<u>\$ 1,029,492</u>

\$7,491,772, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 3,019,546
2024	2,148,654
2025	1,925,913
2026	3,612,156

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

OPEB Liabilities

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 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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total Other Postemployment Benefit liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan fiduciary net position	\$ 10,404,650,683	\$ 10,520,015,621
Net Other Postemployment Benefit Liability	\$ 2,118,062,641	\$ 1,526,377,890
Proportionate share	0.17318%	0.16885%
Net Other Postemployment Benefit liability for the District	\$ 3,668,137	\$ 2,577,256

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

For the year ended June 30, 2023, the District recognized an OPEB benefit of \$1,259,915.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 3,269,528	\$ 266,224
Net difference between projected and actual earnings on OPEB plan investments	286,694	-
Differences between expected and actual experience	-	7,184,475
Changes in proportion and difference between employer contributions and proportionate share of contributions	270,401	321,410
Reporting Unit's contributions subsequent to the measurement date	<u>1,249,298</u>	<u>-</u>
	<u><u>\$ 5,075,921</u></u>	<u><u>\$ 7,772,109</u></u>

\$1,249,298 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2023	\$ (1,388,139)
2024	(1,261,141)
2025	(1,148,062)
2026	(114,331)
2027	(41,838)
2028	8,025

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions:

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and 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.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
International Equity	15.0%	6.7%
Private Equity Pools	16.0%	8.7%
Real Estate and Infrastructure Pools	10.0%	5.3%
Fixed Income Pools	13.0%	(0.2%)
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	(0.5%)
	100.00%	

* 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.

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.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 83,830,582	\$ 63,525,896	\$ 46,793,919

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit'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:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 6,152,947	\$ 3,668,137	\$ 1,575,619

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other 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:

	Other Postemployment Benefits		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting unit's proportionate share of the net other postemployment benefits liability	\$ 1,536,040	\$ 3,668,137	\$ 6,061,457

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation and property and casualty. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the 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 pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other needs including health insurance.

NOTE 10 - TRANSFERS

The food service fund transferred \$103,626 to the general fund for indirect cost reimbursement.

NOTE 11 - SUBSEQUENT EVENTS

The District has approved borrowing of \$4,750,000 for fiscal year 2024 to replace the notes payable as described in Note 5.

NOTE 12 - CONTINGENT LIABILITIES

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement 77 *Tax Abatements*.

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are as follows:

<u>Municipality</u>	<u>Taxes Abated</u>
East Lansing	\$ 249
Meridian Township	34,471
	<u>\$ 34,720</u>

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

There are no abatements made by the District.

NOTE 14 - 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.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the District implemented the following new pronouncement:

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

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

The restatement of the beginning of the year had the following impact on net position. The change for prepaid expenses under the purchased method is as follows:

	<u>Net Position</u> <u>Governmental</u> <u>Activities</u>
Net position as of July 1, 2022, as previously restated	\$ (42,377,928)
Adoption of GASB Statement 96	<u>13,556</u>
Net position as of July 1, 2022, as restated	<u><u>\$ (42,364,372)</u></u>

The following restatement of beginning fund balance was made during the period, which was the result of the change in accounting principle. These adjustments were reported as changes to the beginning fund balances. The change for prepaid expenses under the consumption method is as follows:

	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Fund balances as of July 1, 2022, as previously restated	\$ 5,778,072
Adoption of GASB Statement 96	<u>(281,459)</u>
Fund balances as of July 1, 2022, as restated	<u><u>\$ 5,496,613</u></u>

The change for capital assets and prepaid assets is as follows:

	<u>Capital Asset</u>	<u>Prepaid Assets</u>
Balance as of July 1, 2022, as previously stated	\$ 74,550,528	\$ 1,023,833
Adoption of GASB 96	<u>295,015</u>	<u>(281,459)</u>
Balance as of July 1, 2022, as restated	<u><u>\$ 74,845,543</u></u>	<u><u>\$ 742,374</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**HASLETT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 3,315,934	\$ 3,277,449	\$ 3,192,789	\$ (84,660)
State sources	26,327,205	29,150,764	29,640,795	490,031
Federal sources	1,661,820	1,508,616	2,451,444	942,828
Incoming transfers and other	3,739,528	3,884,514	3,913,929	29,415
TOTAL REVENUES	35,044,487	37,821,343	39,198,957	1,377,614
EXPENDITURES				
Current				
Instruction				
Basic programs	15,486,971	16,387,195	18,143,111	(1,755,916)
Added needs	2,721,410	3,536,458	3,153,866	382,592
Total instruction	18,208,381	19,923,653	21,298,020	(1,374,367)
Supporting services				
Pupil	3,828,110	4,002,455	4,395,270	(392,815)
Instructional staff	2,285,767	2,767,617	2,494,303	273,314
General administration	585,614	622,518	654,794	(32,276)
School administration	2,164,883	2,358,157	2,365,424	(7,267)
Business	987,950	979,172	652,449	326,723
Operation/maintenance	3,526,918	3,610,964	3,792,448	(181,484)
Pupil transportation	1,030,560	1,583,801	1,512,563	71,238
Technology	586,805	627,680	530,224	97,456
Athletics	507,884	522,560	596,995	(74,435)
Total supporting services	15,504,491	17,074,924	16,994,470	80,454
Community services	865,101	915,342	880,028	35,314
Debt service	-	-	101,375	(101,375)
Outgoing transfers and other transactions	523,014	753,967	769,707	(15,740)
TOTAL EXPENDITURES	35,100,987	38,667,886	40,043,600	(1,375,714)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(56,500)	(846,543)	(844,643)	1,900
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	6,500	6,500	-	(6,500)
Proceeds from issuance of debt	-	506,875	475,400	(31,475)
Proceeds from issuance of SBITA's	-	283,168	-	(283,168)
Transfers in	50,000	50,000	103,626	53,626
TOTAL OTHER FINANCING SOURCES (USES)	56,500	846,543	579,026	(267,517)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(265,617)	\$ (265,617)
FUND BALANCE				
Beginning of year, as restated			2,850,194	
End of year			<u>\$ 2,584,577</u>	

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's share of net pension liability (%)	0.16891%	0.16985%	0.17243%	0.17299%	0.17173%	0.17044%	0.16677%	0.15816%	0.16521%
Reporting Unit's proportionate share of net pension liability	\$ 63,525,896	\$ 40,213,635	\$ 59,232,790	\$ 57,289,455	\$ 51,624,931	\$ 44,168,506	\$ 41,608,821	\$ 38,631,814	\$ 36,390,268
Reporting Unit's covered-employee payroll	\$ 16,634,875	\$ 15,113,690	\$ 15,190,807	\$ 15,171,024	\$ 14,711,231	\$ 14,281,802	\$ 14,393,378	\$ 13,186,624	\$ 14,050,440
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	381.88%	266.07%	389.93%	377.62%	350.92%	309.26%	289.08%	292.96%	259.00%
Plan fiduciary net position as a percentage of total pension liability (Non-university employees)	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 7,961,614	\$ 5,646,890	\$ 5,139,899	\$ 4,679,556	\$ 4,501,893	\$ 4,678,182	\$ 3,952,989	\$ 3,598,623	\$ 3,056,322
Contributions in relation to statutorily required contributions	<u>7,961,614</u>	<u>5,646,890</u>	<u>5,139,899</u>	<u>4,679,556</u>	<u>4,501,893</u>	<u>4,678,182</u>	<u>3,952,989</u>	<u>3,598,623</u>	<u>3,056,322</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 17,060,292	\$ 16,049,657	\$ 15,331,705	\$ 15,257,629	\$ 15,057,215	\$ 14,614,496	\$ 14,239,757	\$ 13,780,051	\$ 13,719,256
Contributions as a percentage of covered-employee payroll	46.67%	35.18%	33.52%	30.67%	29.90%	32.01%	27.76%	26.11%	22.28%

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

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

	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (%)	0.17318%	0.16885%	0.17247%	0.17369%	0.17289%	0.17051%
Reporting Unit's proportionate share of net other postemployment benefits liability	\$ 3,668,137	\$ 2,577,256	\$ 9,239,629	\$ 12,467,193	\$ 13,743,291	\$ 15,099,689
Reporting Unit's covered-employee payroll	\$ 16,634,875	\$ 15,113,690	\$ 15,190,807	\$ 15,171,024	\$ 14,711,231	\$ 14,281,802
Reporting Unit's proportionate share of net other post employment benefits liability as a percentage of its covered-employee payroll	22.05%	17.05%	60.82%	82.18%	93.42%	105.73%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employees)	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 1,441,767	\$ 1,373,855	\$ 1,347,783	\$ 1,308,513	\$ 1,237,014	\$ 1,199,053
Contributions in relation to statutorily required contributions	<u>1,441,767</u>	<u>1,373,855</u>	<u>1,347,783</u>	<u>1,308,513</u>	<u>1,237,014</u>	<u>1,199,053</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 17,060,292	\$ 16,049,657	\$ 15,331,705	\$ 15,257,629	\$ 15,057,215	\$ 14,614,496
Contributions as a percentage of covered-employee payroll	8.45%	8.56%	8.79%	8.58%	8.22%	8.20%

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

**HASLETT PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

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

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate decreased to 6.00% from 6.95%.

ADDITIONAL SUPPLEMENTARY INFORMATION

**HASLETT PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2023**

	Special Revenue			Total Nonmajor Funds
	Food Service	Student/ School Activities	Debt Service	
ASSETS				
Cash and cash equivalents	\$ 1,210	\$ -	\$ 800,962	\$ 802,172
Investments	-	-	20,902	20,902
Accounts receivable	66,664	-	-	66,664
Intergovernmental receivable	4,776	-	-	4,776
Due from other funds	107,728	146,110	1,774,333	2,028,171
Inventories	13,072	-	-	13,072
TOTAL ASSETS	\$ 193,450	\$ 146,110	\$ 2,596,197	\$ 2,935,757
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 945	\$ 1,151	\$ -	\$ 2,096
Accrued salaries and related items	376	-	-	376
Accrued retirement	1,680	-	-	1,680
Due to other funds	-	-	46,793	46,793
Unearned revenue	42,573	-	-	42,573
TOTAL LIABILITIES	45,574	1,151	46,793	93,518
FUND BALANCES				
Nonspendable				
Inventories	13,072	-	-	13,072
Restricted for				
Debt service	-	-	2,549,404	2,549,404
Food service	134,804	-	-	134,804
Committed	-	144,959	-	144,959
TOTAL FUND BALANCES	147,876	144,959	2,549,404	2,842,239
TOTAL LIABILITIES AND FUND BALANCES	\$ 193,450	\$ 146,110	\$ 2,596,197	\$ 2,935,757

HASLETT PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2023

	Special Revenue			Total
	Food Service	Student/ School Activities	Debt Service	Nonmajor Funds
REVENUES				
Local sources				
Property taxes	\$ -	\$ -	\$ 5,730,801	\$ 5,730,801
Investment earnings	-	-	5,178	5,178
Student/School activities income	-	690,926	-	690,926
Food sales	486,492	-	-	486,492
Total local sources	486,492	690,926	5,735,979	6,913,397
State sources	93,764	-	15,399	109,163
Federal sources	613,755	-	-	613,755
TOTAL REVENUES	1,194,011	690,926	5,751,378	7,636,315
EXPENDITURES				
Current				
Food service activities	1,121,871	-	-	1,121,871
Student/School activities expense	-	1,166,270	-	1,166,270
Capital outlay	18,131	-	-	18,131
Debt service				
Principal repayment	-	-	6,510,000	6,510,000
Interest expense	-	-	2,077,559	2,077,559
Other expense	-	-	140	140
TOTAL EXPENDITURES	1,140,002	1,166,270	8,587,699	10,893,971
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	54,009	(475,344)	(2,836,321)	(3,257,656)
OTHER FINANCING SOURCES (USES)				
Proceeds from school loan revolving fund	-	-	3,202,222	3,202,222
Transfers out	(103,626)	-	-	(103,626)
TOTAL OTHER FINANCING SOURCES (USES)	(103,626)	-	3,202,222	3,098,596
NET CHANGE IN FUND BALANCES	(49,617)	(475,344)	365,901	(159,060)
FUND BALANCES				
Beginning of year	197,493	620,303	2,183,503	3,001,299
End of year	\$ 147,876	\$ 144,959	\$ 2,549,404	\$ 2,842,239

**HASLETT PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2023**

	2012 Refunding	2015 Refunding	2016A Refunding	2016B Refunding	2018 Debt	2019A Refunding	2019B Refunding	Total Nonmajor
ASSETS								
Cash and cash equivalents	\$ 441,575	\$ 142,954	\$ 75,721	\$ 67,788	\$ 3,409	\$ 46,659	\$ 22,856	\$ 800,962
Investments	-	-	-	-	-	20,902	-	20,902
Due from other funds	163,472	972,911	-	497,854	-	140,096	-	1,774,333
TOTAL ASSETS	\$ 605,047	\$ 1,115,865	\$ 75,721	\$ 565,642	\$ 3,409	\$ 207,657	\$ 22,856	\$ 2,596,197
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ 17,128	\$ -	\$ 6,209	\$ -	\$ 23,456	\$ 46,793
FUND BALANCES								
Restricted for debt service	605,047	1,115,865	58,593	565,642	(2,800)	207,657	(600)	2,549,404
TOTAL LIABILITIES AND FUND BALANCES	\$ 605,047	\$ 1,115,865	\$ 75,721	\$ 565,642	\$ 3,409	\$ 207,657	\$ 22,856	\$ 2,596,197

**HASLETT PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2023**

	2012 Refunding	2015 Refunding	2016A Refunding	2016B Refunding	2018 Debt retirement	2019A Refunding	2019B Refunding	Total Nonmajor
REVENUES								
Local sources								
Property taxes	\$ 1,376,484	\$ -	\$ 344,116	\$ 2,750,699	\$ 688,274	\$ 412,929	\$ 158,299	\$ 5,730,801
Interest	232	1,478	152	1,553	451	1,194	118	5,178
Total local sources	1,376,716	1,478	344,268	2,752,252	688,725	414,123	158,417	5,735,979
State sources	3,700	-	925	7,390	1,849	1,110	425	15,399
TOTAL REVENUES	1,380,416	1,478	345,193	2,759,642	690,574	415,233	158,842	5,751,378
EXPENDITURES								
Principal repayment	1,200,000	-	410,000	3,955,000	480,000	465,000	-	6,510,000
Interest expense	36,000	-	301,600	92,745	1,407,850	52,200	187,164	2,077,559
Other	-	-	-	-	70	-	70	140
TOTAL EXPENDITURES	1,236,000	-	711,600	4,047,745	1,887,920	517,200	187,234	8,587,699
DEFICIENCY OF REVENUES UNDER EXPENDITURES	144,416	1,478	(366,407)	(1,288,103)	(1,197,346)	(101,967)	(28,392)	(2,836,321)
OTHER FINANCING SOURCES								
Proceeds from school loan revolving fund	237,222	-	425,000	1,172,662	1,194,546	145,000	27,792	3,202,222
NET CHANGE IN FUND BALANCES	381,638	1,478	58,593	(115,441)	(2,800)	43,033	(600)	365,901
FUND BALANCES								
Beginning of year	223,409	1,114,387	-	681,083	-	164,624	-	2,183,503
End of year	\$ 605,047	\$ 1,115,865	\$ 58,593	\$ 565,642	\$ (2,800)	\$ 207,657	\$ (600)	\$ 2,549,404

**HASLETT PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2023**

\$7,840,000 Bonds issued March 23, 2016:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30	Amount
\$ 1,705,000	\$ 142,600	\$ 142,600	2024	\$ 1,990,200
1,780,000	108,500	108,500	2025	1,997,000
1,825,000	72,900	72,900	2026	1,970,800
1,820,000	36,400	36,400	2027	1,892,800
<u>\$ 7,130,000</u>	<u>\$ 360,400</u>	<u>\$ 360,400</u>		<u>\$ 7,850,800</u>

The above bonds have an interest rate of 4%. The bond proceeds were used to refinance \$9,080,000 of the 2006 refunding bond issue.

**HASLETT PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2023**

\$29,440,000 Bonds issued October 23, 2018:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30	Amount
\$ 490,000	\$ 694,325	\$ 694,325	2024	\$ 1,878,650
495,000	684,525	684,525	2025	1,864,050
510,000	674,625	674,625	2026	1,859,250
510,000	661,875	661,875	2027	1,833,750
810,000	649,125	649,125	2028	2,108,250
830,000	628,875	628,875	2029	2,087,750
870,000	608,125	608,125	2030	2,086,250
910,000	586,375	586,375	2031	2,082,750
955,000	563,625	563,625	2032	2,082,250
1,000,000	539,750	539,750	2033	2,079,500
1,050,000	514,750	514,750	2034	2,079,500
1,100,000	488,500	488,500	2035	2,077,000
1,155,000	461,000	461,000	2036	2,077,000
1,215,000	432,125	432,125	2037	2,079,250
1,275,000	401,750	401,750	2038	2,078,500
1,340,000	369,875	369,875	2039	2,079,750
1,405,000	336,375	336,375	2040	2,077,750
1,475,000	301,250	301,250	2041	2,077,500
1,505,000	264,375	264,375	2042	2,033,750
1,510,000	226,750	226,750	2043	1,963,500
1,510,000	189,000	189,000	2044	1,888,000
1,510,000	151,250	151,250	2045	1,812,500
1,510,000	113,500	113,500	2046	1,737,000
1,515,000	75,750	75,750	2047	1,666,500
1,515,000	37,875	37,875	2048	1,590,750
<u>\$ 27,970,000</u>	<u>\$ 10,655,350</u>	<u>\$ 10,655,350</u>		<u>\$ 49,280,700</u>

The above bonds dated October 23, 2018 carry interest rates ranging from 4% to 5%.

**HASLETT PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2023**

\$3,190,000 Bonds issued January 14, 2019:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30	Amount
\$ 440,000	\$ 19,125	\$ 19,125	2024	\$ 478,250
425,000	12,525	12,525	2025	450,050
410,000	6,150	6,150	2026	422,300
<u>\$ 1,275,000</u>	<u>\$ 37,800</u>	<u>\$ 37,800</u>		<u>\$ 1,350,600</u>

The above bonds have an interest rate of 3%. The bond proceeds were used to refinance \$3,195,000 of the 2009 bond issue.

**HASLETT PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2023**

\$6,835,000 Bonds issued December 2, 2020:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30	Amount
\$ -	\$ 93,582	\$ 93,582	2024	\$ 187,164
-	93,582	93,582	2025	187,164
-	93,582	93,582	2026	187,164
-	93,582	93,582	2027	187,164
1,640,000	93,582	93,582	2028	1,827,164
1,700,000	71,860	71,860	2029	1,843,720
1,735,000	48,919	48,919	2030	1,832,838
1,760,000	25,071	25,071	2031	1,810,142
<u>\$ 6,835,000</u>	<u>\$ 613,760</u>	<u>\$ 613,760</u>		<u>\$ 8,062,520</u>

The above bonds were initially authorized for \$6,835,000 with rates of 2.649% to 2.849% for the purpose of (i) refunding certain outstanding indebtedness of the District to the State of Michigan under the State of Michigan School Bond Qualification and Loan Program; and (ii) paying a portion of the costs of issuance the Bonds.

**HASLETT PUBLIC SCHOOLS
LONG-TERM DEBT
NONBONDED DEBT
JUNE 30, 2023**

2022 Buses Purchase:

Annual Principal Payments	Annual Interest Payments	June 30,	Amount
\$ 92,488	\$ 8,887	2024	\$ 101,375
90,226	11,149	2025	101,375
93,799	7,576	2026	101,375
<u>97,512</u>	<u>3,863</u>	2027	<u>101,375</u>
<u>\$ 374,025</u>	<u>\$ 31,475</u>		<u>\$ 405,500</u>

Note payable issued in November 2022 for the purchase of buses.

**HASLETT PUBLIC SCHOOLS
SCHOOL LOAN REVOLVING FUND
FOR THE YEAR ENDED JUNE 30, 2023**

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Loan Revolving Fund. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from and repayments to the State under this program have been summarized as follows:

Year Ending June 30,	Loan Proceeds	Interest Expense	Loan Balance (Net Change)
2006	\$ 2,685,769	\$ 24,474	\$ 2,710,243
2007	2,219,214	153,702	2,372,916
2008	1,610,851	248,481	1,859,332
2009	1,258,494	350,961	1,609,455
2010	1,353,701	448,267	1,801,968
2011	1,302,916	399,933	1,702,849
2012	1,527,138	370,174	1,897,312
2013	1,009,448	445,742	1,455,190
2014	1,304,625	552,645	1,857,270
2015	-	594,362	594,362
2015 interest payment	-	(250,000)	(250,000)
2016	373,453	439,153	812,606
2016 loan repayment	(14,272,156)	(3,775,500)	(18,047,656)
2017	-	10,397	10,397
2017 loan repayment	(366,485)	(12,761)	(379,246)
2018	2,569,241	15,374	2,584,615
2019	3,930,021	111,828	4,041,849
2020	3,541,823	114,308	3,656,131
2020 loan repayment	(6,503,955)	(220,677)	(6,724,632)
2021	3,101,989	124,910	3,226,899
2022	4,152,320	194,857	4,347,177
2023	3,202,222	410,742	3,612,964
Total June 30, 2023	<u>\$ 14,000,629</u>	<u>\$ 751,372</u>	<u>\$ 14,752,001</u>

**HASLETT PUBLIC SCHOOLS
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2023
<u>U.S. Department of Agriculture</u>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
National School Lunch Program									
Entitlement	10.555	N/A	\$ 63,134	\$ -	\$ -	\$ -	\$ 63,134	\$ 63,134	\$ -
Bonus			2,586	-	-	-	2,586	2,586	-
Total non-cash assistance			65,720	-	-	-	65,720	65,720	-
Cash Assistance									
National School Lunch Program	10.555	220910	62,281	-	-	-	62,281	62,281	-
National School Lunch Program		221960	50,767	-	-	-	50,767	50,767	-
National School Lunch Program		230910	26,930	-	-	-	26,930	26,930	-
National School Lunch Program		231960	375,484	-	-	-	375,484	375,484	-
			515,462	-	-	-	515,462	515,462	-
Total ALN 10.555			581,182	-	-	-	581,182	581,182	-
School Breakfast Program	10.553	221970	2,892	-	-	-	2,892	2,892	-
School Breakfast Program		231970	29,053	-	-	-	29,053	29,053	-
Total ALN 10.553			31,945	-	-	-	31,945	31,945	-
Total Child Nutrition Cluster			613,127	-	-	-	613,127	613,127	-
Covid-19 Pandemic EBT Local Level Costs	10.649	220980-2022	628	-	-	-	628	628	-
Total cash assistance			548,035	-	-	-	548,035	548,035	-
Total U.S. Department of Agriculture			613,755	-	-	-	613,755	613,755	-

The accompanying notes are an integral part of this schedule.

**HASLETT PUBLIC SCHOOLS
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2023
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	221530-2122	\$ 203,941	\$ 203,941	\$ 203,941	\$ -	\$ -	\$ 203,941	\$ -
Title I Grants to Local Educational Agencies		231530-2223	173,350	-	-	-	173,350	-	173,350
Total ALN 84.010			377,291	203,941	203,941	-	173,350	203,941	173,350
Supporting Effective Instruction State Grants	84.367	220520-2122	50,024	50,024	50,024	-	-	50,024	-
Supporting Effective Instruction State Grants		230520-2223	38,978	-	-	-	38,978	-	38,978
Total ALN 84.367			89,002	50,024	50,024	-	38,978	50,024	38,978
Student Support and Academic Enrichment	84.424	220750-2122	15,278	15,278	15,278	-	-	15,278	-
Student Support and Academic Enrichment		230750-2223	12,934	-	-	-	12,934	-	12,934
Total ALN 84.424			28,212	15,278	15,278	-	12,934	15,278	12,934
Education Stabilization Funds									
COVID-19 Elementary and Secondary School Emergency Relief Fund (98c Learning Loss Funds)	84.425D	213782-2223	132,851	-	-	51,362	81,489	-	132,851
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III ARP Funds)	84.425U	213713-2122	1,483,464	412,173	412,173	369,422	695,734	412,173	1,065,156
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Section 11t Funds)	84.425U	213723-2122	1,463,308	726,694	726,694	86,835	551,707	726,694	638,542
Total ALN 84.425			3,079,623	1,138,867	1,138,867	507,619	1,328,930	1,138,867	1,836,549

The accompanying notes are an integral part of this schedule.

**HASLETT PUBLIC SCHOOLS
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2023
<u>U.S. Department of Education</u>									
Passed through Ingham Intermediate School District									
Special Education Cluster									
Special Education Preschool Grants	84.173	210460-2122	\$ 16,953	\$ 16,953	\$ 16,953	\$ -	\$ -	\$ 16,953	\$ -
Special Education Preschool Grants		220460-2223	15,219	-	-	-	15,219	-	15,219
Total Special Education Cluster:			32,172	16,953	16,953	-	15,219	16,953	15,219
Total U.S. Department of Education			3,606,300	1,425,063	1,425,063	507,619	1,569,411	1,425,063	2,077,030
<u>U.S. Department of Health and Human Services</u>									
Passed through Ingham Intermediate School District									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	20,081	-	-	-	20,081	20,081	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	222810-HRA2022	53,356	53,356	53,356	-	-	53,356	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases		232810-HRA2023	112,000	-	-	-	112,000	26,652	85,348
Total ALN 93.323			165,356	53,356	53,356	-	112,000	80,008	85,348
Total U.S. Department of Health and Human Services			185,437	53,356	53,356	-	132,081	100,089	85,348
TOTAL FEDERAL AWARDS			\$ 4,405,492	\$ 1,478,419	\$ 1,478,419	\$ 507,619	\$ 2,315,247	\$ 2,138,907	\$ 2,162,378

The accompanying notes are an integral part of this schedule.

HASLETT PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Haslett Public Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Haslett Public Schools, it is not intended to and does not present the financial position or changes in net position of Haslett Public Schools.

Management has utilized the NexSys Cash Management System and the Grant Auditors Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements for the year ending June 30, 2023:

General fund	\$ 2,451,444
Other nonmajor governmental funds	<u>613,755</u>
Total federal revenue in the fund financial statements	3,065,199
Less: Federal assistance funding not subject to single audit act	(242,333)
Less: Prior year federal expenditures not requested	<u>(507,619)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 2,315,247</u></u>

NOTE 3 - ADJUSTMENTS

Adjustments were made to Assistance Listing #84.425 (\$507,619) for prior year federal expenditures incurred but not reported on the prior year SEFA.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

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

To the Board of Education of
Haslett Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haslett Public Schools as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Haslett Public Schools' basic financial statements and have issued our report thereon dated September 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify a certain deficiency in internal controls, as described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2023-001).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haslett Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

Haslett Public Schools' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Haslett Public Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Haslett Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

Maney Costeiran PC

September 12, 2023



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
🖨 517.323.6346

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

To the Board of Education of
Haslett Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Haslett Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Haslett Public Schools' major federal programs for the year ended June 30, 2022. Haslett Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Haslett Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Maney Costerian PC

September 12, 2023

**HASLETT PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X Yes _____ None noted

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None noted

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

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

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

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

\$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

**HASLETT PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section II - Financial Statement Findings

Finding 2023-001: Considered a significant deficiency

Criteria: Compliance with the Uniform Budgeting and Accounting Act. MCL (Michigan Compile Laws) 141.437 states that if it becomes apparent during the year that the probable expenses will be more than the budgeted expenditures an amendment should be adopted to prevent expenditures from exceeding available revenues including prior year fund balance.

Condition: The District's budget reflects an estimated net change in fund balance more than actual change in fund balance.

Effect: At June 30, 2023, the District's final budget anticipated using \$0 of the District's find balance. The actual result has the District using up \$265,617 of fund balance. This created a negative budget to actual variance of \$265,617.

Cause: The primary reason was due to unanticipated expenditures incurred between the time of the final amended budgeting process and end of the year.

Recommendation: The District should implement budgeting procedures more conservatively for expenditures. The District should also implement procedures to schedule emergency board meetings for budget amendments, if needed.

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

Section III - Federal Award Findings and Questioned Costs

None noted



Haslett Public Schools

Steven L. Cook, Superintendent
cooksl@haslett.k12.mi.us

Diane Lindbert, Associate Superintendent
lindbeds@haslett.k12.mi.us

HASLETT PUBLIC SCHOOLS CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

Haslett Public Schools respectfully submits the following corrective action plan for the year ended June 30, 2023.

Auditor: Maner Costerisan
2425 E. Grand River Avenue, Suite 1
Lansing, MI 48912

Audit Period: Year ended June 30, 2023.

District Contact Person: Rick Jensen, Director of Finance

Finding – Financial statement audit

Finding 2023-001 – Significant Deficiency

Recommendation: The District should implement budgeting procedures to budget more conservatively for expenditures. The District should also implement procedures to schedule emergency board meetings for budget amendments, if needed.

Action to be taken: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

**HASLETT PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2023**

There were no findings disclosed in the prior year.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

🖨 517.323.6346

September 12, 2023

To the Board of Education
Haslett Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haslett Public Schools for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Haslett Public Schools are described in Note 1 to the financial statements. As described in Note 15 to the financial statements, the entity adopted Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-based IT Arrangements*, during the year ended June 30, 2023. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by the Haslett Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's calculation of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits liability and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 12, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Restriction on Use

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

Very truly yours,

Maney Costeiran PC