

Dexter
Community
Schools



Year Ended
June 30, 2021

Financial
Statements and
Supplementary
Information

Rehmann

DEXTER COMMUNITY SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 15, 2021

Board of Education
Dexter Community Schools
Dexter, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Dexter Community Schools** (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Dexter Community Schools as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of bonds issued and outstanding is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 15, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rehmann Lobson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

As administration of Dexter Community Schools (the "District"), Counties of Washtenaw and Livingston, State of Michigan, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

Financial Highlights

- The liabilities and deferred inflows of resources of the District, as a whole, exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$48,895,296.
- The District's total net position increased by \$493,718.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$20,272,277, a decrease of \$1,219,126 in comparison with the prior year, which was largely attributable to the expenditure of bond proceeds for debt issued in a previous fiscal year on pre-determined capital projects.
- The general fund had an increase in fund balance of \$1,726,780. At the end of the current fiscal year, total fund balance for the general fund was \$11,581,138 or 26.84% of total general fund expenditures. The unassigned fund balance of the general fund was \$2,251,961 or 5.22% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, including management's discussion and analysis, required schedules for the pension and other postemployment benefits plan, schedule of general fund revenues and other financing sources, schedule of general fund expenditures and other financing uses, and combining statements for nonmajor funds.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. These statements are presented on a full accrual basis, which means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District are recorded, regardless of when related cash is received or paid.

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

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

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

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the District include instruction, supporting services, community services, and food services. The District has no business-type activities as of and for the year ended June 30, 2021.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The District maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general, debt retirement, 2017 capital projects, and capital projects non-bonded funds. Data from the other governmental funds are combined into a single, aggregated presentation. These funds consist of the special revenue funds (i.e., food service, community service, and student/school activity). Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the Michigan Public School Employee's Retirement System (MPERS) net pension and other postemployment benefits plan immediately following the notes to the financial statements. The schedule of general fund revenues and other financing sources, schedule of general fund expenditures and other financing uses, and combining statements for nonmajor funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District reported a deficit net position of \$48,895,296 at June 30, 2021. This deficit balance is due to the requirement to report the District's proportionate share of the MPERS net pension and other postemployment benefits liabilities, as well as their related deferrals, on the statement of net position. The District's long-term debt balance also contributes to the District's deficit balance.

| | Net Position | |
|---------------------------------------|------------------------|------------------------|
| | 2021 | 2020 |
| Assets | | |
| Current and other assets | \$ 29,211,200 | \$ 29,413,843 |
| Capital assets, net | 130,457,803 | 133,742,027 |
| Total assets | <u>159,669,003</u> | <u>163,155,870</u> |
| Deferred outflows of resources | <u>28,920,750</u> | <u>32,364,384</u> |
| Liabilities | | |
| Current and other liabilities | 114,664,355 | 114,015,006 |
| Long-term debt | 111,333,046 | 119,980,956 |
| Total liabilities | <u>225,997,401</u> | <u>233,995,962</u> |
| Deferred inflows of resources | <u>11,487,648</u> | <u>10,913,306</u> |
| Net position | | |
| Net investment in capital assets | 41,236,672 | 43,550,482 |
| Restricted | 2,194,037 | 2,354,896 |
| Unrestricted (deficit) | (92,326,005) | (95,294,392) |
| Total net position (deficit) | <u>\$ (48,895,296)</u> | <u>\$ (49,389,014)</u> |

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

| | Change in Net Position | |
|--|------------------------|------------------------|
| | 2021 | 2020 |
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 2,244,118 | \$ 3,941,426 |
| Operating grants and contributions | 17,308,398 | 14,035,239 |
| General revenues: | | |
| Property taxes - operations | 5,223,288 | 5,036,428 |
| Property taxes - debt service | 12,425,359 | 11,877,973 |
| Grants and contributions not restricted to specific programs | 24,398,321 | 24,168,265 |
| Unrestricted investment earnings | 13,929 | 77,910 |
| Other revenues | 1,213,081 | 2,192,122 |
| Total revenues | <u>62,826,494</u> | <u>61,329,363</u> |
| Expenses | | |
| Instruction | 28,393,496 | 29,883,813 |
| Supporting services | 18,933,526 | 17,928,062 |
| Community services | 3,298,004 | 3,801,156 |
| Food services | 1,248,147 | 1,694,907 |
| Interest on long-term debt | 4,162,577 | 4,133,559 |
| Unallocated depreciation | 6,297,026 | 5,883,997 |
| Total expenses | <u>62,332,776</u> | <u>63,325,494</u> |
| Change in net position | 493,718 | (1,996,131) |
| Net position, beginning of year (deficit) | <u>(49,389,014)</u> | <u>(47,392,883)</u> |
| Net position, end of year (deficit) | <u>\$ (48,895,296)</u> | <u>\$ (49,389,014)</u> |

Governmental Activities. The above analysis focuses on the net position of governmental activities. The change in net position of the District's governmental activities is discussed below. Because the focus of the net position of governmental activities, and the related changes in net position differ from the fund balances of governmental funds, and their related changes, reconciliations between the equity measures and related activity are included with the basic financial statements.

By far the largest portion of the District's net position reflects its investment in capital assets, and capital projects (i.e., land, buildings, vehicles and buses, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

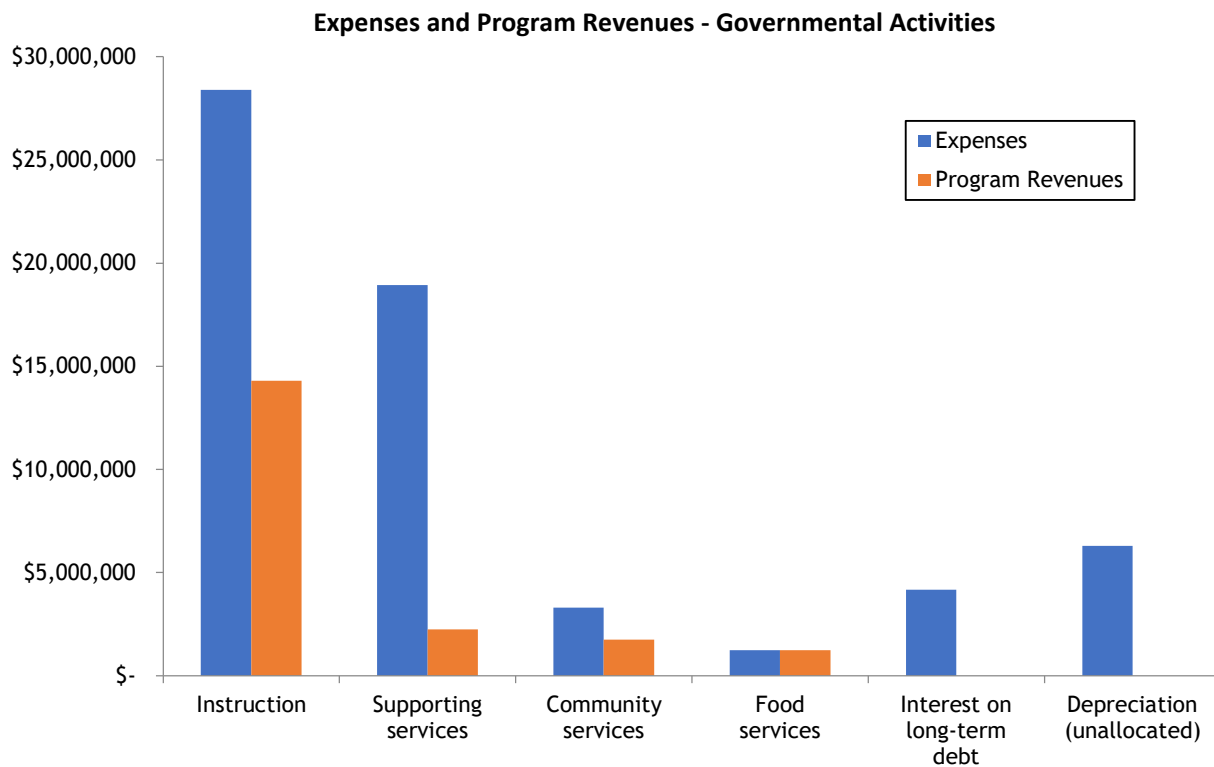
DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

An additional portion of the District's net position, \$2,194,037 represents resources that are subject to external restrictions on how they may be used. In the case of the District, these amounts are restricted for debt service and food service. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

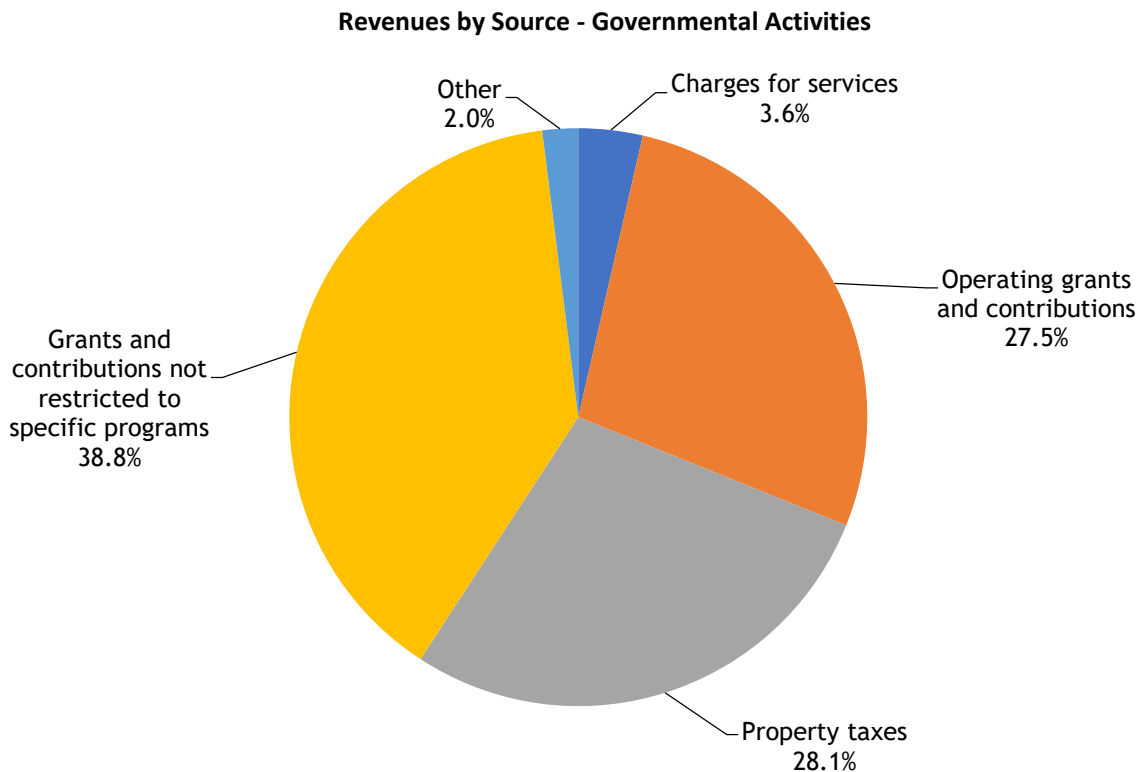
The results of this year's operations for the District as a whole are reported in the statement of activities (see table), which shows the changes in net position for the fiscal year. The District's net position increased by \$493,718 during the current fiscal year.

The net cost shows the financial burden that was placed on the State and the District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State Aid constitute the vast majority of the District's operating revenue sources, the Board of Education and administration must annually evaluate the needs of the District and balance those needs with State-prescribed available unrestricted resources.



DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis



Financial Analysis of the Government's Funds

The District's budgets are prepared according to Michigan law. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal budgeting requirements. The most significant budgeted fund is the general fund.

During the fiscal year ended June 30, 2021, the District amended the budget of the general fund two times. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The statement of revenues, expenditures and changes in fund balance – budget and actual – general fund, which presents the District's general fund original and final amended budget amounts compared with amounts actually paid and received, is provided in these financial statements.

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

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,251,961, while the total fund balance was \$11,581,138. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 5.22% and 26.84%, respectively, of total general fund expenditures.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

The fund balance of the District's general fund increased by \$1,726,780, or 17.52% from the prior year. The largest revenue source in this fund is state revenue which includes primarily state aid. The increase in fund balance was largely attributable to the utilization of State and Federal grants related to the Coronavirus Relief Fund (CRF) and the Elementary and Secondary School Emergency Relief Fund (ESSER) to provide alternative learning delivery in accordance with the school district's Continuity of Learning Plan.

The debt retirement fund balance increased by \$152,721 to \$2,138,331. Millage rates are determined annually to ensure that the District accumulates sufficient resources to pay annual bond issue-related debt service. The debt retirement fund balance is restricted to pay debt service obligations.

The 2017 capital projects fund balance was \$4,692,731, a decrease of \$3,191,366 from the prior year. The decrease was caused by expenditures on capital projects of bond proceeds for debt issued in a prior fiscal year and intended for this precise purpose.

The non-bonded capital projects fund balance was \$83,401, an increase of \$43,475 from the prior year. The increase was caused by the provisions of an agreement for the sale of the Copeland building and land.

General Fund Budgetary Highlights

Several major variables are not fully known at the time of budget preparation. Changes in student count, state foundation and state categorical grants have the largest impact. The original budget is prepared to meet our obligation in good faith. Further information and decisions continue to be made after the budget hearing and original budget adoption. Amendments to the original adopted budget are passed in order to reflect changes in information and circumstances. The changes between the original adopted and final amended budgets were:

- The final budget was amended with a 9.23% increase in revenues over the original budget.
- Budgeted expenditures were amended for an overall increase of \$555,524.

In accordance with State statute, the District is prohibited from amending the budget after year-end. As the District's books are not closed for accounting purposes at that point, a certain level of estimation is required in determining actual need. Some of the more significant differences between the final amended budget and the actual financial results were:

- The general fund actual revenue and other financing sources was \$46,114,266. That amount is less than the final budget estimate of \$46,469,204. The variance was \$(354,938), or (0.76)%. The negative variance was largely attributable to a reduction in interdistrict sources for special education reimbursement.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

- The actual expenditures and other financing uses of the general fund were \$44,387,486, which is below the final budget estimate of \$45,612,577. The variance was \$1,255,091, or 2.69% favorable to the final budget. The positive variance was largely attributable to the reduced operational costs of virtual learning delivery related to the COVID-19 pandemic with a Continuity of Learning Plan replacing the traditional learning program.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2021 amounted to \$130,457,803 (net of accumulated depreciation). Significant additions included renovations and additions to the District's facilities being funded through voter-approved bond issues. Capital assets at year-end included the following:

| | Capital Assets (Net of Depreciation) | |
|----------------------------------|---|-----------------------|
| | 2021 | 2020 |
| Land | \$ 5,853,892 | \$ 5,853,892 |
| Construction in progress | 124,698 | 349,893 |
| Buildings and improvements | 117,613,689 | 121,836,358 |
| Furniture and equipment | 5,520,040 | 4,830,397 |
| Vehicles and buses | 1,345,484 | 871,487 |
| Total capital assets, net | \$ 130,457,803 | \$ 133,742,027 |

Additional information on the District's capital assets can be found in Note 7 of this report.

Long-term Debt

| | Long-term Debt | |
|------------------------------------|-----------------------|-----------------------|
| | 2021 | 2020 |
| General obligation bonds | \$ 105,355,000 | \$ 93,590,000 |
| Unamortized premiums and discounts | 4,236,977 | 4,764,577 |
| School Loan Revolving Fund | 1,008 | 19,971,479 |
| Compensated absences | 1,740,061 | 1,654,900 |
| | \$ 111,333,046 | \$ 119,980,956 |

At the end of the current fiscal year, the District had total long-term debt outstanding of \$111,333,046. The District's total debt decreased by \$8,647,910 during the current fiscal year as a result of normal debt service payments and a refunding of the School Loan Revolving Fund balance. An additional \$405,291 in accrued interest was also added to the School Loan Revolving Fund balance, which was offset by District payments of \$20,375,762.

Additional information on the District's long-term debt can be found in Note 8 of this report.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

Factors Bearing on the District's Future

The following factors were considered in preparing the District's budget for the 2021-2022 fiscal year:

- **Foundation Allowance**

The Board of Education and administration agreed to an estimated foundation allowance of \$8,470 per pupil for the 2021-22 fiscal year, a \$142 per pupil increase from 2020-21, based on information received from various educational organizations such as Michigan School Business Officials, Michigan Association of School Administrators and the Michigan Association of School Boards as well as discussions with local state representatives. The projected increase for the year ended June 30, 2022 was adopted in June 2021 when there was a high degree of uncertainty related to the funding and operations for districts in the State of Michigan due to the COVID-19 pandemic. The political debate regarding the funding of public education and the current economic climate in the State of Michigan will affect this estimate before the final foundation allowance is known.

- **Pupil Count**

The Board of Education and administration agreed to an estimated pupil count of 3,508 for the 2021-22 fiscal year, a 120 pupil increase from 2020-21, based on information received from Middle Cities Education Association and the District's own pupil projections. The projected increase is largely attributable to a high degree of uncertainty related to students returning to school due to the continued coronavirus outbreaks (COVID-19).

- **Retirement Rate**

The Michigan School Employees Retirement System recommends retirement rates to the legislature for approval. The actual rate depends on the Benefit Plan selected by each member. In 2021-22, the rate for a Basic/MIP with Premium Subsidy member is anticipated to increase to 28.23% from 28.21% effective October 1, 2021. Additionally, the District will be required to pay 15.05%, for all wages earned October 1, 2021 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

- **Novel Coronavirus Outbreak (COVID-19 pandemic)**

The budget for the year ended June 30, 2022 was adopted in June 2021 when there was a high degree of uncertainty related to the funding and operations for districts in the State of Michigan due to the COVID-19 pandemic. Subsequent to year end, additional funding has been provided by the State of Michigan through various restricted federal grant programs. Despite this, there continues to be a high degree of uncertainty regarding potential changes to state and federal funding. In addition, the District is continuously evaluating the impacts of the pandemic as it determines the appropriate methods to deliver education to students in a safe environment. These factors will have a significant impact on the operational and financial performance of the District.

The District expects to receive additional allocations of ESSER II funds and ESSER III funds in future years. These funds must be expended by September 30, 2023 and September 30, 2024, respectively.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Sharon Raschke, Chief Financial Officer
Dexter Community Schools
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Dexter, MI 48130
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Email: raschkesh@dexterschools.org

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BASIC FINANCIAL STATEMENTS

DEXTER COMMUNITY SCHOOLS

Statement of Net Position

June 30, 2021

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 10,058,424 |
| Investments | 11,540,988 |
| Receivables | 7,513,312 |
| Other assets | 98,476 |
| Capital assets not being depreciated | 5,978,590 |
| Capital assets being depreciated, net | <u>124,479,213</u> |
| Total assets | <u>159,669,003</u> |
| Deferred outflows of resources | |
| Deferred charge on advance bond refundings, net | 238,115 |
| Deferred pension amounts | 21,227,026 |
| Deferred other postemployment benefit amounts | <u>7,455,609</u> |
| Total deferred outflows of resources | <u>28,920,750</u> |
| Liabilities | |
| Accounts payable and accrued liabilities | 5,424,503 |
| Unearned revenue | 3,162,411 |
| Long-term debt: | |
| Due within one year | 10,447,621 |
| Due in more than one year | 100,885,425 |
| Net pension liability (due in more than one year) | 91,569,173 |
| Net other postemployment benefit liability (due in more than one year) | <u>14,508,268</u> |
| Total liabilities | <u>225,997,401</u> |
| Deferred inflows of resources | |
| Deferred pension amounts | 537,384 |
| Deferred other postemployment benefit amounts | <u>10,950,264</u> |
| Total deferred inflows of resources | <u>11,487,648</u> |
| Net position | |
| Net investment in capital assets | 41,236,672 |
| Restricted for: | |
| Food service operations | 673,697 |
| Debt service | 1,520,340 |
| Unrestricted (deficit) | <u>(92,326,005)</u> |
| Total net position (deficit) | <u>\$ (48,895,296)</u> |

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

DEXTER COMMUNITY SCHOOLS

Statement of Activities

For the Year Ended June 30, 2021

| Functions / Programs | Expenses | Program Revenues | | Net (Expense) Revenue |
|--|----------------------|----------------------|------------------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities | | | | |
| Instruction | \$ 28,393,496 | \$ 181,495 | \$ 14,121,965 | \$ (14,090,036) |
| Supporting services | 18,933,526 | 320,458 | 1,933,232 | (16,679,836) |
| Community services | 3,298,004 | 1,732,970 | 24,484 | (1,540,550) |
| Food services | 1,248,147 | 9,195 | 1,228,717 | (10,235) |
| Interest on long-term debt | 4,162,577 | - | - | (4,162,577) |
| Unallocated depreciation | 6,297,026 | - | - | (6,297,026) |
| Total governmental activities | <u>\$ 62,332,776</u> | <u>\$ 2,244,118</u> | <u>\$ 17,308,398</u> | <u>(42,780,260)</u> |
| General revenues | | | | |
| Property taxes - operations | | | | 5,223,288 |
| Property taxes - debt service | | | | 12,425,359 |
| Grants and contributions not restricted to specific programs | | | | 24,398,321 |
| Unrestricted investment earnings | | | | 13,929 |
| Gain on sale of capital assets | | | | 1,036,760 |
| Other revenues | | | | <u>176,321</u> |
| Total general revenues | | | | <u>43,273,978</u> |
| Change in net position | | | | 493,718 |
| Net position, beginning of year (deficit) | | | | <u>(49,389,014)</u> |
| Net position, end of year (deficit) | | | | <u>\$ (48,895,296)</u> |

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

DEXTER COMMUNITY SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2021

| | General Fund | Debt Retirement Fund | 2017 Capital Projects Fund |
|---|----------------------|----------------------|----------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 5,987,289 | \$ 2,136,353 | \$ - |
| Investments | 6,714,181 | 1,978 | 4,824,829 |
| Accounts receivable | 395,278 | - | - |
| Interest receivable | 2,753 | - | 6,258 |
| Due from other governments | 6,015,595 | - | - |
| Due from other funds | 69,361 | - | - |
| Inventory | - | - | - |
| Prepaid items | 61,001 | - | - |
| Total assets | \$ 19,245,458 | \$ 2,138,331 | \$ 4,831,087 |
| Liabilities | | | |
| Accounts payable | \$ 124,508 | \$ - | \$ 138,356 |
| Accrued liabilities | 3,858,801 | - | - |
| Due to other governments | 640,996 | - | - |
| Due to other funds | 55,115 | - | - |
| Unearned revenue | 2,984,900 | - | - |
| Total liabilities | 7,664,320 | - | 138,356 |
| Deferred inflows of resources | | | |
| Unavailable revenue - long-term receivable | - | - | - |
| Fund balances | | | |
| Nonspendable | 61,001 | - | - |
| Restricted | - | 2,138,331 | 4,692,731 |
| Committed | 8,614,652 | - | - |
| Assigned | 653,524 | - | - |
| Unassigned | 2,251,961 | - | - |
| Total fund balances | 11,581,138 | 2,138,331 | 4,692,731 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 19,245,458 | \$ 2,138,331 | \$ 4,831,087 |

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



| Capital Projects Non-bonded | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|-----------------------------------|--------------------------------|
| \$ 83,401 | \$ 1,851,381 | \$ 10,058,424 |
| - | - | 11,540,988 |
| 970,000 | 4,794 | 1,370,072 |
| - | - | 9,011 |
| - | 118,634 | 6,134,229 |
| - | 56,783 | 126,144 |
| - | 36,708 | 36,708 |
| - | 767 | 61,768 |
| <u>\$ 1,053,401</u> | <u>\$ 2,069,067</u> | <u>\$ 29,337,344</u> |
| \$ - | \$ 42,973 | \$ 305,837 |
| - | 877 | 3,859,678 |
| - | 1 | 640,997 |
| - | 71,029 | 126,144 |
| - | 177,511 | 3,162,411 |
| <u>-</u> | <u>292,391</u> | <u>8,095,067</u> |
| <u>970,000</u> | <u>-</u> | <u>970,000</u> |
| - | 37,475 | 98,476 |
| - | 636,822 | 7,467,884 |
| 83,401 | 1,102,379 | 9,800,432 |
| - | - | 653,524 |
| - | - | 2,251,961 |
| <u>83,401</u> | <u>1,776,676</u> | <u>20,272,277</u> |
| <u>\$ 1,053,401</u> | <u>\$ 2,069,067</u> | <u>\$ 29,337,344</u> |

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DEXTER COMMUNITY SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2021

Fund balances - total governmental funds \$ 20,272,277

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

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

| | |
|---------------------------------------|-------------|
| Capital assets not being depreciated | 5,978,590 |
| Capital assets being depreciated, net | 124,479,213 |

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

| | |
|---|---------------|
| Bonds and school loan revolving fund payable | (105,356,008) |
| Compensated absences | (1,740,061) |
| Unamortized bond premiums and discounts, net | (4,236,977) |
| Unamortized deferred charge on advance bond refunding | 238,115 |
| Accrued interest on bonds payable | (617,991) |

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

| | |
|--|---------|
| Deferred inflows for long-term receivables | 970,000 |
|--|---------|

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

| | |
|---|--------------|
| Net pension liability | (91,569,173) |
| Deferred outflows related to the net pension liability | 21,227,026 |
| Deferred inflows related to the net pension liability | (537,384) |
| Net other postemployment benefit liability | (14,508,268) |
| Deferred outflows related to the net other postemployment benefit liability | 7,455,609 |
| Deferred inflows related to the net other postemployment benefit liability | (10,950,264) |

Net position of governmental activities \$ (48,895,296)

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

DEXTER COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

| | General Fund | Debt Retirement Fund | 2017 Capital Projects Fund |
|--|----------------------|----------------------|----------------------------|
| Revenues | | | |
| Local sources | \$ 5,625,756 | \$ 12,480,219 | \$ 22,684 |
| State sources | 32,644,536 | 224,685 | - |
| Federal sources | 2,851,052 | - | 23,947 |
| Interdistrict sources | 4,708,655 | - | - |
| Other adjustments | 48,759 | - | - |
| Total revenues | 45,878,758 | 12,704,904 | 46,631 |
| Expenditures | | | |
| Current: | | | |
| Instruction | 25,565,400 | - | - |
| Supporting services | 17,378,352 | - | - |
| Community services | 208,328 | - | - |
| Food services | - | - | - |
| Debt service: | | | |
| Principal | - | 8,765,624 | - |
| Interest and fiscal charges | - | 3,941,421 | - |
| Capital outlay | - | - | 3,237,997 |
| Total expenditures | 43,152,080 | 12,707,045 | 3,237,997 |
| Revenues over (under) expenditures | 2,726,678 | (2,141) | (3,191,366) |
| Other financing sources (uses) | | | |
| Transfers in | 218,748 | - | - |
| Transfers out | (1,235,406) | - | - |
| Proceeds from sale of capital assets | 16,760 | - | - |
| Issuance of long-term debt | - | 15,440,000 | - |
| Payment to refund school loan revolving fund | - | (15,285,138) | - |
| Total other financing sources (uses) | (999,898) | 154,862 | - |
| Net change in fund balances | 1,726,780 | 152,721 | (3,191,366) |
| Fund balances, beginning of year | 9,854,358 | 1,985,610 | 7,884,097 |
| Fund balances, end of year | \$ 11,581,138 | \$ 2,138,331 | \$ 4,692,731 |

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



| Capital Projects Non-bonded | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|-----------------------------------|--------------------------------|
| \$ - | \$ 1,742,559 | \$ 19,871,218 |
| - | 94,934 | 32,964,155 |
| - | 1,321,948 | 4,196,947 |
| - | - | 4,708,655 |
| - | - | 48,759 |
| - | 3,159,441 | 61,789,734 |
| - | - | 25,565,400 |
| - | - | 17,378,352 |
| - | 2,956,417 | 3,164,745 |
| - | 1,170,418 | 1,170,418 |
| - | - | 8,765,624 |
| - | - | 3,941,421 |
| 6,525 | - | 3,244,522 |
| 6,525 | 4,126,835 | 63,230,482 |
| (6,525) | (967,394) | (1,440,748) |
| - | 1,235,406 | 1,454,154 |
| - | (218,748) | (1,454,154) |
| 50,000 | - | 66,760 |
| - | - | 15,440,000 |
| - | - | (15,285,138) |
| 50,000 | 1,016,658 | 221,622 |
| 43,475 | 49,264 | (1,219,126) |
| 39,926 | 1,727,412 | 21,491,403 |
| \$ 83,401 | \$ 1,776,676 | \$ 20,272,277 |

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DEXTER COMMUNITY SCHOOLS

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2021

Net changes in fund balances - total governmental funds \$ (1,219,126)

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

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

| | |
|--------------------------------------|-------------|
| Capital assets purchased/constructed | 3,012,802 |
| Depreciation expense | (6,297,026) |
| Proceeds from sale of capital assets | (66,760) |
| Gain on sale of capital assets | 1,036,760 |

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

| | |
|---|--------------|
| Principal payments on long-term debt | 8,765,624 |
| Issuance of long-term debt | (15,440,000) |
| Payment to refund school loan revolving fund | 15,285,138 |
| Accrued interest on School Loan Revolving Fund added to principal | (405,291) |
| Amortization of bond premiums and discounts, net | 527,600 |
| Amortization of deferred charge on advance bond refunding | (40,820) |

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 funds.

| | |
|---|-------------|
| Change in the net pension liability and related deferred amounts | (6,378,914) |
| Change in the net other postemployment benefit liability and related deferred amounts | 2,101,537 |
| Change in accrued interest payable on bonds | (302,645) |
| Change in compensated absences payable | (85,161) |

Change in net position of governmental activities \$ 493,718

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

DEXTER COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---------------------|----------------------|----------------------|----------------------------------|
| Revenues | | | | |
| Local sources | \$ 5,949,986 | \$ 6,083,876 | \$ 5,625,756 | \$ (458,120) |
| State sources | 29,598,259 | 31,920,144 | 32,644,536 | 724,392 |
| Federal sources | 2,069,690 | 2,821,948 | 2,851,052 | 29,104 |
| Interdistrict sources | 4,617,664 | 5,307,734 | 4,708,655 | (599,079) |
| Other adjustments | - | - | 48,759 | 48,759 |
| Total revenues | 42,235,599 | 46,133,702 | 45,878,758 | (254,944) |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Basic programs | 21,659,006 | 19,486,953 | 18,990,539 | (496,414) |
| Added needs | 5,254,089 | 6,712,202 | 6,574,861 | (137,341) |
| Total instruction | 26,913,095 | 26,199,155 | 25,565,400 | (633,755) |
| Supporting services: | | | | |
| Student services | 4,316,406 | 4,474,977 | 4,294,155 | (180,822) |
| Instructional support | 2,540,862 | 3,466,419 | 3,295,583 | (170,836) |
| General administration | 609,463 | 602,159 | 589,619 | (12,540) |
| School administration | 2,564,325 | 2,579,668 | 2,569,057 | (10,611) |
| Business administration | 742,420 | 788,885 | 783,407 | (5,478) |
| Operation & maintenance of plant | 3,844,034 | 4,289,543 | 4,110,926 | (178,617) |
| Transportation | 1,615,943 | 1,297,255 | 1,297,247 | (8) |
| Other support services | 403,181 | 441,397 | 438,358 | (3,039) |
| Total supporting services | 16,636,634 | 17,940,303 | 17,378,352 | (561,951) |
| Community services | 268,401 | 234,196 | 208,328 | (25,868) |
| Total expenditures | 43,818,130 | 44,373,654 | 43,152,080 | (1,221,574) |
| Revenues over (under) expenditures | (1,582,531) | 1,760,048 | 2,726,678 | (966,630) |
| Other financing sources (uses) | | | | |
| Transfers in | 322,614 | 315,502 | 218,748 | (96,754) |
| Transfers out | (752,594) | (1,238,923) | (1,235,406) | 3,517 |
| Proceeds from sale of capital assets | 20,000 | 20,000 | 16,760 | (3,240) |
| Total other financing sources (uses) | (409,980) | (903,421) | (999,898) | (96,477) |
| Net change in fund balance | (1,992,511) | 856,627 | 1,726,780 | 870,153 |
| Fund balance, beginning of year | 9,854,358 | 9,854,358 | 9,854,358 | - |
| Fund balance, end of year | \$ 7,861,847 | \$ 10,710,985 | \$ 11,581,138 | \$ 870,153 |

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

NOTES TO FINANCIAL STATEMENTS

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Dexter Community Schools (the “District”), consistently applied in the preparation of the accompanying financial statements, is as follows:

The Reporting Entity

The District is governed by an elected seven-member Board of Education. As required by generally accepted accounting principles, these financial statements present the reporting entity of Dexter Community Schools. The criteria identified in GAAP, including financial accountability, have been utilized in identifying the District’s reporting entity, which includes no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year ended June 30, 2021.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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 collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. 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, are recorded only when payment is due.

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

The District reports the following major governmental funds:

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

The *debt retirement fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The *2017 capital projects fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure in connection with the building and site bonds issued in 2017.

The *capital projects non-bonded fund* are used to account for financial resources to be used for the acquisition or construction of major capital facilities, major remodeling, and improvements. The District's non-bonded fund resulted from the sale of the Copeland property.

Additionally, the District reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Restricted net position includes assets that are subject to restrictions beyond the District's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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

Investments consist of U.S. Treasury notes and U.S. Government Agency notes that are valued at fair value. In addition, the District participates in an external investment pool. In accordance with GASB 79, some the District's shares in that pool are recorded at amortized cost and others are valued at each investment's net asset value, both of which approximate fair value.

State statutes authorize the District to invest in:

- a. Bond, securities, other obligations and repurchase agreements 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 qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that are rated as investment grade by at least one standard rating service at the time of purchase.
- f. Mutual funds registered under the Investment Company Act of 9140 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Receivables and Revenues

The District follows the practice of recording receivables for revenues that have been earned but not yet received. Receivables consist primarily of State School Aid payments from the State of Michigan and Federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management and no amount has been recorded as a provision for bad debts.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Inventory

Inventories consist of food items. All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed.

Prepaids

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.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

| | Years |
|----------------------------|-------|
| Buildings and improvements | 20-50 |
| Furniture and equipment | 5-20 |
| Vehicles and buses | 5-10 |

Deferred Outflows of Resources

In addition to assets, the statement of financial 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 reports deferred outflows for the deferred charge on advance bond refundings, which 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. The District also reports deferred outflows of resources related to the net pension and other postemployment benefit liabilities. A portion of these costs represent contributions to the plans subsequent to the plan measurement date.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for amounts owed to teachers and other District employees who do not work during the summer when school is not in session, but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

Compensated Absences

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial 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 one or more future periods, and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources are related to the net pension and other postemployment benefit liabilities.

Unearned Revenue

Unearned revenue consists of revenue received prior to the delivery of goods or services or the incurrence of qualifying expenditures.

Long-term Obligations

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

In the fund financial statements, governmental fund types recognized bond premiums and discounts during the current period. The face amount of debt issued is reported as an other financing source. Discounts and premiums on debt issuances are reported as other financing uses and sources, respectively.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Property Taxes

Property taxes are recognized as revenue in the general and debt service funds on a levy year basis. The 2020 levy amounts are recognized as current property tax revenue to the extent they are collected during the year or within sixty days after year end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

Fund Equity

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

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District. Balances outstanding at year-end are reported as due to/from other funds.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, the net 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 benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Use of Estimates

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

2. ACCOUNTABILITY AND BUDGETARY COMPLIANCE

Budgets are adopted for general and special revenue funds as required by state law and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District considers the debt service payment schedule to be an adequate budgetary control for the debt service funds. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1.
2. Adoption and amendments of all budgets used by the District are governed by Public Act 621, which was followed for the year ended June 30, 2021. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget of the department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2021, the District did not incur expenditures in excess of the amounts appropriated.

3. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts. State funding represented 71% of the District's general fund revenue during the 2021 fiscal year.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Cash and investments are comprised of the following at year-end:

| | Governmental Activities |
|---------------------------|-----------------------------|
| Cash and cash equivalents | \$ 10,058,424 |
| Investments | <u>11,540,988</u> |
| Total | <u>\$ 21,599,412</u> |

Cash and investments are comprised of the following at year-end:

| | |
|-------------------------------|-----------------------------|
| Checking and savings accounts | \$ 10,056,575 |
| Investments | 11,540,988 |
| Cash on hand | <u>1,849</u> |
| Total | <u>\$ 21,599,412</u> |

Cash and cash equivalents are comprised of deposits in various financial institutions located in Michigan. State policy limits the District's investing options to financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account.

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following investments:

| | Maturity | Carrying Value | Rating |
|-------------------------------------|------------|-----------------------------|-----------|
| External investment pools: | | | |
| Michigan Liquid Asset Fund (MILAF): | | | |
| MILAF + Portfolio: | | | |
| Cash management class | N/A | \$ 4,005,404 | AAAm S&P |
| MAX class | N/A | 157,093 | AAAm S&P |
| MILAF term | Various | 4,911,071 | AAA Kroll |
| U.S. Treasury Note | 11/15/2021 | <u>2,467,420</u> | AA+ S&P |
| Total | | <u>\$ 11,540,988</u> | |

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for the District's investments are indicated in the previous table.

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified in the previous table for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District minimizes this risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. As of year-end, \$10,835,991 of the District's bank balance of \$11,085,991 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimized this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. The District is exposed to no custodial credit risk on its investments because they are held in the name of the District.

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

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The District has the following recurring fair value measurements as of June 30, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|---------|--------------|---------|----------------------|
| U.S. Treasury Notes | \$ - | \$ 2,467,420 | \$ - | \$ 2,467,420 |
| Assets carried at amortized cost: | | | | |
| External investment pools: | | | | |
| Michigan Liquid Asset Fund (MILAF): | | | | |
| MILAF + Portfolio: | | | | |
| Cash management class | | | | 4,005,404 |
| MAX class | | | | 157,093 |
| Assets carried at net asset value: | | | | |
| External investment pools: | | | | |
| Michigan Liquid Asset Fund (MILAF): | | | | |
| MILAF Term | | | | 4,911,071 |
| Total investments | | | | \$ 11,540,988 |

5. RECEIVABLES AND PAYABLES

Receivables in the government-wide financial statements at year-end are as follows:

| | Governmental Activities |
|----------------------------|-------------------------|
| Accounts receivable | \$ 1,370,072 |
| Interest receivable | 9,011 |
| Due from other governments | 6,134,229 |
| Totals | \$ 7,513,312 |

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Accounts payable and accrued liabilities in the government-wide financial statements at year-end are as follows:

| | Governmental Activities |
|------------------------------------|-------------------------|
| Accounts payable | \$ 305,837 |
| Accrued liabilities | 3,859,678 |
| Due to other governments | 640,997 |
| Interest payable on long-term debt | 617,991 |
| Totals | \$ 5,424,503 |

6. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

At June 30, 2021, interfund receivables, and payables consisted of the following:

| | Due from Other Funds | Due to Other Funds |
|-----------------------------|----------------------|--------------------|
| General fund | \$ 69,361 | \$ 55,115 |
| Nonmajor governmental funds | 56,783 | 71,029 |
| | <u>\$ 126,144</u> | <u>\$ 126,144</u> |

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

For the year ended June 30, 2021, interfund transfers consisted of the following:

| Transfers Out | Transfers In | | Totals |
|-----------------------------|-------------------|-----------------------------|---------------------|
| | General Fund | Nonmajor Governmental Funds | |
| General fund | \$ - | \$ 1,235,406 | \$ 1,235,406 |
| Nonmajor governmental funds | 218,748 | - | 218,748 |
| | <u>\$ 218,748</u> | <u>\$ 1,235,406</u> | <u>\$ 1,454,154</u> |

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and (4) to cover direct and indirect costs paid by general fund on behalf of special revenue funds.

7. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2021 was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|--|-----------------------|-----------------------|------------------|--------------------|-----------------------|
| Governmental activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 5,853,892 | \$ - | \$ - | \$ - | \$ 5,853,892 |
| Construction in progress | 349,893 | 3,012,802 | - | (3,237,997) | 124,698 |
| | <u>6,203,785</u> | <u>3,012,802</u> | <u>-</u> | <u>(3,237,997)</u> | <u>5,978,590</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 192,566,788 | - | - | 714,584 | 193,281,372 |
| Furniture and equipment | 13,373,385 | - | - | 1,703,526 | 15,076,911 |
| Vehicles and buses | 3,738,021 | - | (594,290) | 819,887 | 3,963,618 |
| | <u>209,678,194</u> | <u>-</u> | <u>(594,290)</u> | <u>3,237,997</u> | <u>212,321,901</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (70,730,430) | (4,937,253) | - | - | (75,667,683) |
| Furniture and equipment | (8,542,988) | (1,013,883) | - | - | (9,556,871) |
| Vehicles and buses | (2,866,534) | (345,890) | 594,290 | - | (2,618,134) |
| | <u>(82,139,952)</u> | <u>(6,297,026)</u> | <u>594,290</u> | <u>-</u> | <u>(87,842,688)</u> |
| Total capital assets being depreciated, net | <u>127,538,242</u> | <u>(6,297,026)</u> | <u>-</u> | <u>3,237,997</u> | <u>124,479,213</u> |
| Governmental activities capital assets, net | | | | | |
| | <u>\$ 133,742,027</u> | <u>\$ (3,284,224)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 130,457,803</u> |

Depreciation expense is reported as unallocated in the statement of activities.

At June 30, 2021, the District has approximately \$943,000 in commitments related to the construction in progress reported above.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

8. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2021:

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|--|-----------------------|----------------------|------------------------|-----------------------|------------------------|
| Governmental activities | | | | | |
| General obligation bonds | \$ 93,590,000 | \$ 15,440,000 | \$ (3,675,000) | \$ 105,355,000 | \$ 9,920,000 |
| Unamortized premiums and discounts | 4,764,577 | - | (527,600) | 4,236,977 | 527,621 |
| School Loan Revolving Fund | 19,971,479 | 405,291 | (20,375,762) | 1,008 | - |
| Compensated absences | 1,654,900 | 85,161 | - | 1,740,061 | - |
| Total governmental activities | <u>\$ 119,980,956</u> | <u>\$ 15,930,452</u> | <u>\$ (24,578,362)</u> | <u>\$ 111,333,046</u> | <u>\$ 10,447,621</u> |

General obligation bonds

\$31,500,000 (original issuance of \$69,900,000 before refunding),
1998 school building and site bonds due in annual installments
of \$2,625,000 plus interest at 5.00-5.10% through 2028

\$ 18,375,000

\$6,610,000, 2012 building and site bonds due in amounts ranging
from \$750,000 through \$1,050,000 plus interest at 3.00-4.00%
through 2022

925,000

\$50,605,000 2017 school building and site bonds due in amounts
ranging from \$760,000 through \$7,835,000 plus interest at
3.00-4.00% through 2034

50,605,000

\$20,010,000, 2017 refunding bonds due in amounts ranging
from \$1,280,000 through \$4,010,000 plus interest at 4.00%
through 2028

20,010,000

\$15,440,000 2021 refunding bonds due in amounts ranging
from \$1,505,000 through \$4,635,000 plus interest at
0.20-0.82% through 2026

15,440,000

Total

\$ 105,355,000

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

The District has advance refunded certain bonds payable in previous periods through issuance of refunding bonds. The proceeds from issuance of the refunding bonds were placed in escrow until the related bonds were called. Of the refunding bonds reported in the table above, there are no amounts currently held in escrow, as the original bonds in each instance have already been called and repaid in full.

Future principal and interest payment requirements on outstanding general obligation debt are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|------------------------|-----------------------|----------------------|-----------------------|
| 2022 | \$ 9,920,000 | \$ 3,700,560 | \$ 13,620,560 |
| 2023 | 10,715,000 | 3,327,323 | 14,042,323 |
| 2024 | 11,515,000 | 3,009,723 | 14,524,723 |
| 2025 | 12,355,000 | 2,669,574 | 15,024,574 |
| 2026 | 9,585,000 | 2,300,381 | 11,885,381 |
| 2027-2031 | 26,465,000 | 6,072,953 | 32,537,953 |
| 2032-2034 | 24,800,000 | 1,707,878 | 26,507,878 |
| Totals | \$ 105,355,000 | \$ 22,788,392 | \$ 128,143,392 |

The State of Michigan school loan revolving funds represent amounts borrowed from the State of Michigan school bond loan program to supplement property tax revenue for making payments on the District's general obligation bonds. Although interest accrues each year, no payment is due until such time as the District's property tax revenue is sufficient to support the debt service requirements on the general obligation bonds. Changes to the school loan revolving funds for the year ended June 30, 2021, are as follows:

| School Loan Revolving Fund | | | |
|----------------------------|-----------------|--------------|-----------------|
| | Principal | Interest | Total |
| Beginning balance | \$ 17,248,265 | \$ 2,723,214 | \$ 19,971,479 |
| Additions | - | 405,291 | 405,291 |
| Deductions | (17,247,265) | (3,128,497) | (20,375,762) |
| Ending balance | \$ 1,000 | \$ 8 | \$ 1,008 |

Compensated absences are expected to be liquidated by the general fund.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

9. UNEARNED REVENUE

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The District has recorded \$2,711,071 in unearned revenue to offset the amounts passed to the District from various taxing authorities for excess capture of DDA and TIFA taxes. These amounts will be due back to the State upon final determination of the amounts due for each taxing authority. At the end of the current fiscal year, the various components of unearned revenue are as follows:

| | |
|----------------------------------|---------------------|
| Future State Aid Adjustment | |
| for Prior Year DDA/TIFA Captures | \$ 2,711,071 |
| Fees and prepaid student lunches | 177,511 |
| Other | <u>273,829</u> |
| | <u>\$ 3,162,411</u> |

10. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

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

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

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

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Pension Benefits Provided

Benefit provisions of the defined benefit (DB) 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 DB pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

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

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Other Postemployment Benefits Provided

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

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

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

Contributions

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

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2021:

| Benefit Structure | Member Rates | Employer Rates |
|------------------------------|---------------|-----------------|
| Basic | 0.00% - 4.00% | 19.41% - 19.78% |
| Member Investment Plan (MIP) | 3.00% - 7.00% | 19.41% - 19.78% |
| Pension Plus | 3.00% - 6.40% | 16.46% - 16.82% |
| Pension Plus 2 | 6.20% | 19.59% |
| Defined Contribution | 0.00% | 13.39% |

For the year ended June 30, 2021, required and actual contributions from the District to the pension plan were \$7,960,419, which included \$3,523,893, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

The table below summarizes OPEB contribution rates in effect for fiscal year 2021:

| Benefit Structure | Member Rates | Employer Rates |
|--------------------------------|--------------|----------------|
| Premium Subsidy | 3.00% | 8.09% - 8.43% |
| Personal Healthcare Fund (PHF) | 0.00% | 7.57% |

For the year ended June 30, 2021, required and actual contributions from the District to the OPEB plan were \$1,953,217.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

The table below summarizes defined contribution rates in effect for fiscal year 2021:

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

For the year ended June 30, 2021, required and actual contributions from the District for those members with a defined contribution benefit were \$381,768.

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

At June 30, 2021, the District reported a liability of \$91,569,173 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was 0.26657%, which was an increase of 0.00455% from its proportion measured as of September 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$14,162,993. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|---|--------------------------------|-------------------------------|--|
| Differences between expected and actual experience | \$ 1,399,102 | \$ 195,441 | \$ 1,203,661 |
| Changes in assumptions | 10,146,747 | - | 10,146,747 |
| Net difference between projected and actual earnings on pension plan investments | 384,733 | - | 384,733 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,781,317 | 341,943 | 1,439,374 |
| | 13,711,899 | 537,384 | 13,174,515 |
| District contributions subsequent to the measurement date | 7,515,127 | - | 7,515,127 |
| Total | \$ 21,227,026 | \$ 537,384 | \$ 20,689,642 |

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

The \$7,515,127 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|------------------------|-----------------------------|
| 2022 | \$ 6,014,237 |
| 2023 | 4,159,843 |
| 2024 | 2,266,346 |
| 2025 | <u>734,089</u> |
| Total | <u><u>\$ 13,174,515</u></u> |

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

At June 30, 2021, the District reported a liability of \$14,508,268 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was 0.27081% which was an increase of 0.00604% from its proportion measured as of September 30, 2019.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2021, the District recognized OPEB expense of \$225,634. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|---|--------------------------------------|-------------------------------------|---|
| Differences between expected and actual experience | \$ - | \$ 10,810,015 | \$ (10,810,015) |
| Changes in assumptions | 4,783,664 | - | 4,783,664 |
| Net difference between projected and actual earnings on OPEB plan investments | 121,088 | - | 121,088 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 797,734 | 140,249 | 657,485 |
| | <u>5,702,486</u> | <u>10,950,264</u> | <u>(5,247,778)</u> |
| District contributions subsequent to the measurement date | 1,753,123 | - | 1,753,123 |
| Total | <u>\$ 7,455,609</u> | <u>\$ 10,950,264</u> | <u>\$ (3,494,655)</u> |

The \$1,753,123 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Amount |
|------------------------|-----------------------|
| 2022 | \$ (1,428,108) |
| 2023 | (1,260,156) |
| 2024 | (1,030,027) |
| 2025 | (847,020) |
| 2026 | <u>(682,467)</u> |
| Total | <u>\$ (5,247,778)</u> |

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2019 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------------|---|
| Actuarial cost method | Entry age, normal |
| Wage inflation rate | 2.75% |
| Investment rate of return: | |
| MIP and Basic plans (non-hybrid) | 6.80% |
| Pension Plus plan (hybrid) | 6.80% |
| Pension Plus 2 plan (hybrid) | 6.00% |
| OPEB plans | 6.95% |
| Projected salary increases | 2.75% - 11.55%, including wage inflation at 2.75% |
| Cost of living adjustments | 3% annual non-compounded for MIP members |
| Healthcare cost trend rate | 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120 |
| Mortality | RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females. |
| Other OPEB assumptions: | |
| Opt-out assumptions | 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan. |
| Survivor coverage | 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death. |
| Coverage election at retirement | 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents. |

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2020, are based on the results of an actuarial valuation date of September 30, 2019, rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4892 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.6018 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Long-term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return | Expected Money-Weighted Rate of Return |
|--------------------------------------|-------------------|--|--|
| Domestic equity pools | 25.00% | 5.29% | 1.32% |
| Private equity pools | 16.00% | 8.78% | 1.40% |
| International equity pools | 15.00% | 6.98% | 1.05% |
| Fixed income pools | 10.50% | 0.47% | 0.05% |
| Real estate and infrastructure pools | 10.00% | 4.62% | 0.46% |
| Absolute return pools | 9.00% | 3.02% | 0.27% |
| Real return/opportunistic pools | 12.50% | 6.23% | 0.78% |
| Short-term investment pools | 2.00% | -0.09% | 0.00% |
| | <u>100.00%</u> | | 5.33% |
| Inflation | | | 2.10% |
| Risk adjustment | | | -0.63% |
| Investment rate of return | | | <u>6.80%</u> |

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Long-term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return | Expected Money-Weighted Rate of Return |
|--------------------------------------|-------------------|--|--|
| Domestic equity pools | 25.00% | 5.29% | 1.32% |
| Private equity pools | 16.00% | 8.78% | 1.40% |
| International equity pools | 15.00% | 6.98% | 1.05% |
| Fixed income pools | 10.50% | 0.47% | 0.05% |
| Real estate and infrastructure pools | 10.00% | 4.62% | 0.46% |
| Absolute return pools | 9.00% | 3.02% | 0.27% |
| Real return/opportunistic pools | 12.50% | 6.23% | 0.78% |
| Short-term investment pools | 2.00% | -0.09% | 0.00% |
| | <u>100.00%</u> | | 5.33% |
| Inflation | | | 2.10% |
| Risk adjustment | | | -0.48% |
| Investment rate of return | | | <u>6.95%</u> |

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan) and 6.95%, respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

| | 1% Decrease (5.80% / 5.80% / 5.00%) | Current Discount Rate (6.80% / 6.80% / 6.00%) | 1% Increase (7.80% / 7.80% / 7.00%) |
|--|--|--|--|
| District's proportionate share of the net pension liability | \$ 118,520,760 | \$ 91,569,173 | \$ 69,232,314 |

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

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

| | 1% Decrease (5.95%) | Current Discount Rate (6.95%) | 1% Increase (7.95%) |
|---|--------------------------------|--|--------------------------------|
| District's proportionate share of the net OPEB liability | \$ 18,637,519 | \$ 14,508,268 | \$ 11,031,784 |

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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

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

| | 1% Decrease (6.00%) | Current Healthcare Cost Trend Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------|---|------------------------|
| District's proportionate share of the net OPEB liability | \$ 10,898,676 | \$ 14,508,268 | \$ 18,613,732 |

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$1,156,591 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2021.

Payable to the OPEB Plan

At June 30, 2021, the District reported a payable of \$219,740 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2021.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

11. FUND BALANCES - GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

| | General Fund | Debt Retirement Fund | 2017 Capital Projects Fund | Capital Projects Non-bonded | Nonmajor Governmental Funds | Total |
|---|----------------------|----------------------|----------------------------|-----------------------------|-----------------------------|----------------------|
| Nonspendable | | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ - | \$ 36,708 | \$ 36,708 |
| Prepaid items | 61,001 | - | - | - | 767 | 61,768 |
| | <u>61,001</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>37,475</u> | <u>98,476</u> |
| Restricted | | | | | | |
| Debt service | - | 2,138,331 | - | - | - | 2,138,331 |
| Food service program | - | - | - | - | 636,822 | 636,822 |
| Capital projects | - | - | 4,692,731 | - | - | 4,692,731 |
| | <u>-</u> | <u>2,138,331</u> | <u>4,692,731</u> | <u>-</u> | <u>636,822</u> | <u>7,467,884</u> |
| Committed | | | | | | |
| Unspent supply carryover | 314,162 | - | - | - | - | 314,162 |
| Facilities, equipment and maintenance | 1,000,000 | - | - | - | - | 1,000,000 |
| Facilities, athletics | 950,000 | - | - | - | - | 950,000 |
| Performing arts equipment | 150,000 | - | - | - | - | 150,000 |
| Instructional materials and equipment | 1,000,000 | - | - | - | - | 1,000,000 |
| Technology | 1,500,000 | - | - | - | - | 1,500,000 |
| New programs | 2,400,000 | - | - | - | - | 2,400,000 |
| New buildings and spaces | 300,490 | - | - | - | - | 300,490 |
| Retirement and severance | 1,000,000 | - | - | - | - | 1,000,000 |
| Community services | - | - | - | - | 133,483 | 133,483 |
| Student / school activity | - | - | - | - | 968,896 | 968,896 |
| Non-bonded capital projects | - | - | - | 83,401 | - | 83,401 |
| | <u>8,614,652</u> | <u>-</u> | <u>-</u> | <u>83,401</u> | <u>1,102,379</u> | <u>9,800,432</u> |
| Assigned | | | | | | |
| Subsequent year expenditures | 653,524 | - | - | - | - | 653,524 |
| Unassigned | <u>2,251,961</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,251,961</u> |
| Total fund balances - governmental funds | <u>\$ 11,581,138</u> | <u>\$ 2,138,331</u> | <u>\$ 4,692,731</u> | <u>\$ 83,401</u> | <u>\$ 1,776,676</u> | <u>\$ 20,272,277</u> |

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

12. NET INVESTMENT IN CAPITAL ASSETS

The composition of the District's net investment in capital assets as of June 30, 2021, was as follows:

| | Governmental Activities |
|---|----------------------------|
| Capital assets: | |
| Capital assets not being depreciated | \$ 5,978,590 |
| Capital assets being depreciated, net | <u>124,479,213</u> |
| | <u>130,457,803</u> |
| Related debt: | |
| General obligation bonds | 105,355,000 |
| Less: noncapital related debt | (15,440,000) |
| Premiums/discounts on bonds payable, net | 4,236,977 |
| Deferred charge on advance bond refundings, net | (238,115) |
| Unexpended bond proceeds | <u>(4,692,731)</u> |
| | <u>89,221,131</u> |
| Net investment in capital assets | <u>\$ 41,236,672</u> |

13. BONDED CONSTRUCTION COSTS

2017 Capital Projects Fund Compliance

The 2017 Capital Projects Fund include capital project activities funded with proceeds from the 2017 building and site bonds. For these activities, the District has complied with the applicable provisions of §1351a of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

14. CONTINGENCIES

Federal Grant Programs

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Risk Management

The District is exposed to various risks 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 and pays premiums to M.A.I.S.L. Joint Management Trust and SET-SEG, Inc. Insurance Trust. The pools maintain loss funds and are also required by the terms of the participation agreements to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pools indicate that, should losses of the pools incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years, the loss funds have exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in these pools provide sufficient coverage to protect the District from significant adverse financial impact.

15. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the District to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The District received over \$3.6 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to purchase personal protection equipment (PPE), cleaning and sanitizing materials, and supplies, as well as for activities to support learning for students. With these additional resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the District.

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REQUIRED SUPPLEMENTARY INFORMATION

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

| | Year Ended June 30, | | |
|--|---------------------|---------------|---------------|
| | 2021 | 2020 | 2019 |
| District's proportionate share of the net pension liability | \$ 91,569,173 | \$ 86,772,214 | \$ 78,076,238 |
| District's proportion of the net pension liability | 0.26657% | 0.26202% | 0.25972% |
| District's covered payroll | \$ 24,033,841 | \$ 23,160,721 | \$ 22,350,671 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 381.00% | 374.65% | 349.32% |
| Plan fiduciary net position as a percentage of the total pension liability | 59.72% | 60.31% | 62.38% |

See notes to required supplementary information.

| |
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| Year Ended June 30, | | | |
|---------------------|---------------|---------------|---------------|
| 2018 | 2017 | 2016 | 2015 |
| \$ 66,388,499 | \$ 62,177,767 | \$ 61,232,973 | \$ 52,543,111 |
| 0.25619% | 0.24922% | 0.25070% | 0.23854% |
| \$ 21,844,616 | \$ 21,116,479 | \$ 21,237,606 | \$ 20,490,109 |
| 303.91% | 294.45% | 288.32% | 256.43% |
| 64.21% | 63.27% | 63.17% | 66.20% |

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information

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

| | Year Ended June 30, | | |
|--|---------------------|--------------------|--------------------|
| | 2021 | 2020 | 2019 |
| Statutorily required contribution | \$ 7,960,419 | \$ 7,319,434 | \$ 6,953,030 |
| Contributions in relation to the statutorily required contribution | <u>(7,960,419)</u> | <u>(7,319,434)</u> | <u>(6,953,030)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 23,838,048 | \$ 23,821,083 | \$ 21,043,362 |
| Contributions as a percentage of covered payroll | 33.39% | 30.73% | 33.04% |

See notes to required supplementary information.



| Year Ended June 30, | | | |
|---------------------|--------------------|--------------------|--------------------|
| 2018 | 2017 | 2016 | 2015 |
| \$ 6,467,637 | \$ 5,956,455 | \$ 4,836,283 | \$ 3,704,745 |
| <u>(6,467,637)</u> | <u>(5,956,455)</u> | <u>(4,836,283)</u> | <u>(3,704,745)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 22,283,619 | \$ 21,652,765 | \$ 20,993,350 | \$ 21,188,803 |
| 29.02% | 27.51% | 23.04% | 17.48% |

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

| | Year Ended June 30, | | | |
|--|---------------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2019 | 2018 |
| District's proportionate share of the net OPEB liability | \$ 14,508,268 | \$ 19,005,006 | \$ 20,863,637 | \$ 22,742,261 |
| District's proportion of the net OPEB liability | 0.27081% | 0.26478% | 0.26247% | 0.25682% |
| District's covered payroll | \$ 24,033,841 | \$ 23,160,721 | \$ 22,350,671 | \$ 21,844,616 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 60.37% | 82.06% | 93.35% | 104.11% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 59.44% | 48.46% | 42.95% | 36.39% |

See notes to required supplementary information.

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

| | Year Ended June 30, | | | |
|---|---------------------|--------------------|--------------------|--------------------|
| | 2021 | 2020 | 2019 | 2018 |
| Statutorily required contributions | \$ 1,953,217 | \$ 1,914,592 | \$ 1,961,551 | \$ 1,761,556 |
| Contributions in relation to the statutorily required contributions | <u>(1,953,217)</u> | <u>(1,914,592)</u> | <u>(1,961,551)</u> | <u>(1,761,556)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 23,838,048 | \$ 23,821,083 | \$ 21,043,362 | \$ 22,283,619 |
| Contributions as a percentage of covered payroll | 8.19% | 8.04% | 9.32% | 7.91% |

See notes to required supplementary information.

DEXTER COMMUNITY SCHOOLS

Notes to Required Supplementary Information

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

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

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

- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

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

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

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

- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

DEXTER COMMUNITY SCHOOLS

Schedule of Revenues and Other Financing Sources

General Fund

For the Year Ended June 30, 2021

| | Total |
|--|----------------------|
| Revenues | |
| Local sources | |
| Property taxes | \$ 5,223,288 |
| Earnings on investments and deposits | 13,870 |
| Tuition | 181,495 |
| Transportation | 66,133 |
| Rentals | 65,399 |
| Other local revenues | 75,571 |
| Total local sources | <u>5,625,756</u> |
| State sources | |
| State aid - membership - section 20 | 24,398,321 |
| At risk | 281,130 |
| Special education | 2,541,297 |
| Other state grants | 5,423,788 |
| Total state sources | <u>32,644,536</u> |
| Federal sources | |
| Title I | 234,017 |
| Title II - Teacher Principal Training | 72,161 |
| Title III - Immigrant Students | 6,936 |
| Elementary and Secondary School Emergency Relief Program | 1,667,256 |
| Special Education | 805,429 |
| Special Education - Preschool | 49,789 |
| Student Support and Academic Enrichment Program | 15,464 |
| Total federal sources | <u>2,851,052</u> |
| Interdistrict sources | <u>4,708,655</u> |
| Other adjustments | <u>48,759</u> |
| Total revenues | <u>45,878,758</u> |
| Other financing sources | |
| Transfers from other funds | 218,748 |
| Proceeds from sale of capital assets | 16,760 |
| Total other financing sources | <u>235,508</u> |
| Total revenues and other financing sources | <u>\$ 46,114,266</u> |

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2021

| | Total |
|---------------------------------|-------------------|
| Instruction | |
| Basic programs | |
| Elementary | |
| Salaries - professional | \$ 4,791,809 |
| Salaries - non-professional | 88,556 |
| Insurances | 994,506 |
| FICA, retirement, etc. | 2,393,004 |
| Purchased services | 418,090 |
| Supplies and materials | 124,838 |
| Other | 36 |
| Total elementary | <u>8,810,839</u> |
| Middle/junior high | |
| Salaries - professional | 2,013,855 |
| Salaries - non-professional | 62,714 |
| Insurances | 319,306 |
| FICA, retirement, etc. | 1,022,301 |
| Purchased services | 94,313 |
| Supplies and materials | 26,126 |
| Other | 95 |
| Total middle/junior high | <u>3,538,710</u> |
| High school | |
| Salaries - professional | 3,641,862 |
| Salaries - non-professional | 150,409 |
| Insurances | 566,026 |
| FICA, retirement, etc. | 1,873,810 |
| Purchased services | 146,969 |
| Supplies and materials | 88,621 |
| Other | 173,293 |
| Total high school | <u>6,640,990</u> |
| Total basic programs | <u>18,990,539</u> |
| Added needs | |
| Special education | |
| Salaries - professional | 1,327,239 |
| Salaries - non-professional | 848,543 |
| Insurances | 278,413 |
| FICA, retirement, etc. | 1,136,003 |
| Purchased services | 52,028 |
| Supplies and materials | 16,769 |
| Other | 158,705 |
| Total special education | <u>3,817,700</u> |

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2021

| | Total |
|-------------------------------------|-------------------|
| Instruction (concluded) | |
| Added needs (concluded) | |
| Compensatory education | |
| Salaries - professional | \$ 1,550,872 |
| Insurances | 52,308 |
| FICA, retirement, etc. | 812,619 |
| Supplies and materials | 5,935 |
| Total compensatory education | <u>2,421,734</u> |
| Vocational education | |
| Salaries - professional | 87,756 |
| Insurances | 15,555 |
| FICA, retirement, etc. | 43,793 |
| Purchased services | 1,500 |
| Supplies and materials | 2,051 |
| Other | 184,772 |
| Total vocational education | <u>335,427</u> |
| Total added needs | <u>6,574,861</u> |
| Total instruction | <u>25,565,400</u> |
| Supporting services | |
| Student services | |
| Salaries - professional | 2,433,870 |
| Salaries - non-professional | 62,836 |
| Insurances | 392,957 |
| FICA, retirement, etc. | 1,238,550 |
| Purchased services | 154,629 |
| Supplies and materials | 8,653 |
| Capital outlay | 2,660 |
| Total student services | <u>4,294,155</u> |
| Instructional staff | |
| Salaries - professional | 984,970 |
| Salaries - non-professional | 685,721 |
| Insurances | 198,833 |
| FICA, retirement, etc. | 778,998 |
| Other benefits | 21,708 |
| Purchased services | 465,445 |
| Supplies and materials | 108,271 |
| Capital outlay | 2,704 |
| Other | 48,933 |
| Total instructional staff | <u>3,295,583</u> |

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2021

| | Total |
|---|------------------|
| Supporting services (continued) | |
| General administration | |
| Salaries - professional | \$ 170,780 |
| Salaries - non-professional | 65,816 |
| Insurances | 28,362 |
| FICA, retirement, etc. | 128,594 |
| Other benefits | 42,218 |
| Purchased services | 116,155 |
| Supplies and materials | 5,135 |
| Other | 32,559 |
| Total general administration | 589,619 |
| School administration | |
| Salaries - professional | 971,930 |
| Salaries - non-professional | 461,450 |
| Insurances | 237,881 |
| FICA, retirement, etc. | 754,249 |
| Other benefits | 99,681 |
| Purchased services | 21,534 |
| Supplies and materials | 15,210 |
| Other | 7,122 |
| Total school administration | 2,569,057 |
| Business administration | |
| Salaries - professional | 347,962 |
| Salaries - non-professional | 39,923 |
| Insurances | 55,315 |
| FICA, retirement, etc. | 219,911 |
| Other benefits | 66,975 |
| Purchased services | 26,053 |
| Supplies and materials | 1,159 |
| Other | 26,109 |
| Total business administration | 783,407 |
| Operation and maintenance of plant | |
| Salaries - professional | 121,988 |
| Salaries - non-professional | 997,082 |
| Insurances | 255,864 |
| FICA, retirement, etc. | 565,962 |
| Other benefits | 1,200 |
| Purchased services | 1,060,018 |
| Supplies and materials | 1,107,330 |
| Capital outlay | 1,182 |
| Other | 300 |
| Total operation and maintenance of plant | 4,110,926 |

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2021

| | Total |
|--|----------------------|
| Supporting services (concluded) | |
| Transportation | |
| Salaries - professional | \$ 60,600 |
| Salaries - non-professional | 609,415 |
| Insurances | 115,754 |
| FICA, retirement, etc. | 350,981 |
| Other benefits | 2,890 |
| Purchased services | 62,168 |
| Supplies and materials | 91,394 |
| Other | 4,045 |
| Total transportation | <u>1,297,247</u> |
| Other supporting services | |
| Salaries - professional | 109,691 |
| Salaries - non-professional | 70,994 |
| Insurances | 27,609 |
| FICA, retirement, etc. | 90,683 |
| Other benefits | 9,588 |
| Purchased services | 128,913 |
| Supplies and materials | 470 |
| Other | 410 |
| Total other supporting services | <u>438,358</u> |
| Total supporting services | <u>17,378,352</u> |
| Community services | |
| Salaries - professional | 2,224 |
| Salaries - non-professional | 529 |
| Insurances | 584 |
| FICA, retirement, etc. | 1,680 |
| Purchased services | 73,095 |
| Supplies and materials | 130,216 |
| Total community services | <u>208,328</u> |
| Total expenditures | 43,152,080 |
| Other financing uses | |
| Transfers to other funds | <u>1,235,406</u> |
| Total expenditures and other financing uses | <u>\$ 44,387,486</u> |
| | concluded |

DEXTER COMMUNITY SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

| | Special Revenue | | | |
|--|-------------------|----------------------|--------------------------------|---------------------|
| | Food Service | Community Service | Student/ School Activity | Total |
| Assets | | | | |
| Cash and cash equivalents | \$ 646,297 | \$ 236,336 | \$ 968,748 | \$ 1,851,381 |
| Accounts receivable | - | - | 4,794 | 4,794 |
| Due from other governments | 118,634 | - | - | 118,634 |
| Due from other funds | 350 | 50,257 | 6,176 | 56,783 |
| Inventory | 36,708 | - | - | 36,708 |
| Prepaid items | 167 | - | 600 | 767 |
| Total assets | <u>\$ 802,156</u> | <u>\$ 286,593</u> | <u>\$ 980,318</u> | <u>\$ 2,069,067</u> |
| Liabilities | | | | |
| Accounts payable | \$ 5,741 | \$ 27,291 | \$ 9,941 | \$ 42,973 |
| Accrued liabilities | 877 | - | - | 877 |
| Due to other governments | 1 | - | - | 1 |
| Due to other funds | 8,385 | 61,763 | 881 | 71,029 |
| Unearned revenue | 113,455 | 64,056 | - | 177,511 |
| Total liabilities | <u>128,459</u> | <u>153,110</u> | <u>10,822</u> | <u>292,391</u> |
| Fund balances | | | | |
| Nonspendable | 36,875 | - | 600 | 37,475 |
| Restricted | 636,822 | - | - | 636,822 |
| Committed | - | 133,483 | 968,896 | 1,102,379 |
| Total fund balances | <u>673,697</u> | <u>133,483</u> | <u>969,496</u> | <u>1,776,676</u> |
| Total liabilities and fund balances | <u>\$ 802,156</u> | <u>\$ 286,593</u> | <u>\$ 980,318</u> | <u>\$ 2,069,067</u> |

DEXTER COMMUNITY SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

| | Special Revenue | | | |
|---|-------------------|-------------------|-------------------------|---------------------|
| | Food Service | Community Service | Student/School Activity | Total |
| Revenues | | | | |
| Local sources | \$ 9,530 | \$ 1,306,366 | \$ 426,663 | \$ 1,742,559 |
| State sources | 70,450 | 24,484 | - | 94,934 |
| Federal sources | 1,158,267 | 163,681 | - | 1,321,948 |
| Total revenues | 1,238,247 | 1,494,531 | 426,663 | 3,159,441 |
| Expenditures | | | | |
| Current: | | | | |
| Community services | - | 2,575,855 | 380,562 | 2,956,417 |
| Food services | 1,170,418 | - | - | 1,170,418 |
| Total expenditures | 1,170,418 | 2,575,855 | 380,562 | 4,126,835 |
| Revenues over (under) expenditures | 67,829 | (1,081,324) | 46,101 | (967,394) |
| Other financing sources (uses) | | | | |
| Transfers in | - | 1,235,406 | - | 1,235,406 |
| Transfers out | (78,764) | (139,984) | - | (218,748) |
| Total other financing sources (uses) | (78,764) | 1,095,422 | - | 1,016,658 |
| Net changes in fund balances | (10,935) | 14,098 | 46,101 | 49,264 |
| Fund balances, beginning of year | 684,632 | 119,385 | 923,395 | 1,727,412 |
| Fund balances, end of year | \$ 673,697 | \$ 133,483 | \$ 969,496 | \$ 1,776,676 |

SCHEDULE OF BONDS ISSUED AND OUTSTANDING (Unaudited)

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

1998 School and Building Site Bonds

June 30, 2021

Issue dated April 20, 1998 in the amount of \$ 69,600,000

Less:

Bonds paid in prior years 48,600,000

Bonds due and paid May 1, 2021 2,625,000

Balance outstanding - June 30, 2021 \$ 18,375,000

| Due | Interest Rate (%) | Principal Due | November Interest Requirement | May Interest Requirement | Total |
|-------------|----------------------|-----------------------------|-------------------------------------|--------------------------------|-----------------------------|
| 2021 - 2022 | 5.00 | \$ 2,625,000 | \$ 465,937 | \$ 465,938 | \$ 3,556,875 |
| 2022 - 2023 | 5.00 | 2,625,000 | 400,313 | 400,312 | 3,425,625 |
| 2023 - 2024 | 5.00 | 2,625,000 | 334,687 | 334,688 | 3,294,375 |
| 2024 - 2025 | 5.10 | 2,625,000 | 267,750 | 267,750 | 3,160,500 |
| 2025 - 2026 | 5.10 | 2,625,000 | 200,813 | 200,812 | 3,026,625 |
| 2026 - 2027 | 5.10 | 2,625,000 | 133,875 | 133,875 | 2,892,750 |
| 2027 - 2028 | 5.10 | <u>2,625,000</u> | <u>66,938</u> | <u>66,937</u> | <u>2,758,875</u> |
| | | <u><u>\$ 18,375,000</u></u> | <u><u>\$ 1,870,313</u></u> | <u><u>\$ 1,870,312</u></u> | <u><u>\$ 22,115,625</u></u> |

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2012 Building and Site Bonds

June 30, 2021

Issue dated May 24, 2012 in the amount of \$ 6,610,000

Less:

Bonds paid in prior years 4,635,000

Bonds due and paid May 1, 2021 1,050,000

Balance outstanding - June 30, 2021 \$ 925,000

| Due | Interest Rate (%) | Principal Due | November Interest Requirement | May Interest Requirement | Total |
|-------------|----------------------|-------------------|-------------------------------------|--------------------------------|-------------------|
| 2021 - 2022 | 4.00 | <u>\$ 925,000</u> | <u>\$ 18,500</u> | <u>\$ 18,500</u> | <u>\$ 962,000</u> |

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2017 School Building and Site Bonds

June 30, 2021

Issue dated November 28, 2017 in the amount of \$ 50,605,000

Balance outstanding - June 30, 2021 \$ 50,605,000

| Due | Interest Rate (%) | Principal Due | November Interest Requirement | May Interest Requirement | Total |
|-------------|----------------------|----------------------|-------------------------------------|--------------------------------|----------------------|
| 2021 - 2022 | 4.00 | \$ 2,400,000 | \$ 926,065 | \$ 926,066 | \$ 4,252,131 |
| 2022 - 2023 | 4.00 | 1,505,000 | 878,066 | 878,065 | 3,261,131 |
| 2023 - 2024 | 4.00 | 760,000 | 847,965 | 847,966 | 2,455,931 |
| 2024 - 2025 | 4.00 | 1,190,000 | 832,766 | 832,765 | 2,855,531 |
| 2025 - 2026 | 4.00 | 1,435,000 | 808,965 | 808,966 | 3,052,931 |
| 2026 - 2027 | 4.00 | 2,235,000 | 780,266 | 780,266 | 3,795,532 |
| 2027 - 2028 | 4.00 | 2,455,000 | 735,565 | 735,565 | 3,926,130 |
| 2028 - 2029 | 4.00 | 6,775,000 | 686,465 | 686,466 | 8,147,931 |
| 2029 - 2030 | 4.00 | 7,050,000 | 550,965 | 550,966 | 8,151,931 |
| 2030 - 2031 | 4.00 | 7,340,000 | 409,966 | 409,965 | 8,159,931 |
| 2031 - 2032 | 3.00 | 7,600,000 | 263,165 | 263,166 | 8,126,331 |
| 2032 - 2033 | 3.00 | 7,835,000 | 149,166 | 149,165 | 8,133,331 |
| 2033 - 2034 | 3.125 | 2,025,000 | 31,641 | 31,640 | 2,088,281 |
| | | <u>\$ 50,605,000</u> | <u>\$ 7,901,026</u> | <u>\$ 7,901,027</u> | <u>\$ 66,407,053</u> |

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2017 Refunding Bonds

June 30, 2021

Issue dated November 28, 2017 in the amount of \$ 20,010,000

Balance outstanding - June 30, 2021 \$ 20,010,000

| Due | Interest Rate (%) | Principal Due | November Interest Requirement | May Interest Requirement | Total |
|-------------|----------------------|----------------------|-------------------------------------|--------------------------------|----------------------|
| 2021 - 2022 | 4.00 | \$ 2,465,000 | \$ 400,200 | \$ 400,200 | \$ 3,265,400 |
| 2022 - 2023 | 4.00 | 2,925,000 | 350,900 | 350,900 | 3,626,800 |
| 2023 - 2024 | 4.00 | 4,005,000 | 292,400 | 292,400 | 4,589,800 |
| 2024 - 2025 | 4.00 | 3,905,000 | 212,300 | 212,300 | 4,329,600 |
| 2025 - 2026 | 4.00 | 4,010,000 | 134,200 | 134,200 | 4,278,400 |
| 2026 - 2027 | 4.00 | 1,280,000 | 54,000 | 54,000 | 1,388,000 |
| 2027 - 2028 | 4.00 | 1,420,000 | 28,400 | 28,400 | 1,476,800 |
| | | <u>\$ 20,010,000</u> | <u>\$ 1,472,400</u> | <u>\$ 1,472,400</u> | <u>\$ 22,954,800</u> |

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2021 Refunding Bonds

June 30, 2021

Issue dated April 8, 2021 in the amount of \$ 15,440,000

Balance outstanding - June 30, 2021 \$ 15,440,000

| Due | Interest Rate (%) | Principal Due | November Interest Requirement | May Interest Requirement | Total |
|-------------|----------------------|----------------------|-------------------------------------|--------------------------------|----------------------|
| 2021 - 2022 | 0.20 | \$ 1,505,000 | \$ 43,265 | \$ 35,888 | \$ 1,584,153 |
| 2022 - 2023 | 0.25 | 3,660,000 | 34,383 | 34,383 | 3,728,766 |
| 2023 - 2024 | 0.38 | 4,125,000 | 29,808 | 29,808 | 4,184,616 |
| 2024 - 2025 | 0.68 | 4,635,000 | 21,971 | 21,970 | 4,678,941 |
| 2025 - 2026 | 0.82 | 1,515,000 | 6,212 | 6,211 | 1,527,423 |
| | | <u>\$ 15,440,000</u> | <u>\$ 135,639</u> | <u>\$ 128,260</u> | <u>\$ 15,703,899</u> |

concluded