

Dexter  
Community  
Schools



Year Ended  
June 30, 2022

Financial  
Statements and  
Supplementary  
Information

**Rehmann**

# DEXTER COMMUNITY SCHOOLS

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## INDEPENDENT AUDITORS' REPORT

October 19, 2022

Board of Education  
Dexter Community Schools  
Dexter, Michigan

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Independent Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining 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.

### ***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of bonds issued and outstanding but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 19, 2022 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*

## **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, 2022.

### 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 \$37,296,152.
- The District's total net position increased by \$11,599,144.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$23,708,676, an increase of \$3,436,399 in comparison with the prior year, which was largely attributable to the utilization of one time State and Federal grants related to the Elementary and Secondary School Emergency Relief Fund (ESSER) to provide alternative learning delivery in accordance with the District's Continuity of Learning Plan.
- The general fund had an increase in fund balance of \$661,707. At the end of the current fiscal year, total fund balance for the general fund was \$12,242,845 or 26.30% of total general fund expenditures. The unassigned fund balance of the general fund was \$3,289,515 or 7.07% 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, 2022.

**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 from non-bond sources. 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 \$37,296,152 at June 30, 2022. 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.

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

## DEXTER COMMUNITY SCHOOLS

### Management's Discussion and Analysis

An additional portion of the District's net position represents resources that are subject to other external restrictions on how they may be used. The remaining balance of unrestricted net position, when available, may be used to meet the District's ongoing obligations to its general programs.

	Net Position	
	2022	2021
<b>Assets</b>		
Current and other assets	\$ 32,022,025	\$ 29,211,200
Capital assets, net	124,253,903	130,457,803
<b>Total assets</b>	<u>156,275,928</u>	<u>159,669,003</u>
<b>Deferred outflows of resources</b>	<u>20,582,366</u>	<u>28,920,750</u>
<b>Liabilities</b>		
Current and other liabilities	76,490,386	114,664,355
Long-term debt	100,879,379	111,333,046
<b>Total liabilities</b>	<u>177,369,765</u>	<u>225,997,401</u>
<b>Deferred inflows of resources</b>	<u>36,784,681</u>	<u>11,487,648</u>
<b>Net position</b>		
Net investment in capital assets	29,297,436	41,236,672
Restricted	2,042,638	2,194,037
Unrestricted (deficit)	(68,636,226)	(92,326,005)
<b>Total net position (deficit)</b>	<u>\$ (37,296,152)</u>	<u>\$ (48,895,296)</u>

## DEXTER COMMUNITY SCHOOLS

### Management's Discussion and Analysis

	Change in Net Position	
	2022	2021
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 4,322,579	\$ 2,244,118
Operating grants and contributions	22,502,636	17,308,398
General revenues:		
Property taxes - operations	5,258,752	5,223,288
Property taxes - debt service	12,834,058	12,425,359
Grants and contributions not restricted to specific programs	24,257,347	24,398,321
Unrestricted investment earnings	20,966	13,929
Other revenues	258,596	1,213,081
<b>Total revenues</b>	<u>69,454,934</u>	<u>62,826,494</u>
<b>Expenses</b>		
Instruction	24,948,026	28,393,496
Supporting services	17,966,580	18,933,526
Community services	3,793,417	3,298,004
Food services	1,903,755	1,248,147
Interest on long-term debt	3,154,519	4,162,577
Unallocated depreciation	6,089,493	6,297,026
<b>Total expenses</b>	<u>57,855,790</u>	<u>62,332,776</u>
<b>Change in net position</b>	11,599,144	493,718
Net position, beginning of year (deficit)	<u>(48,895,296)</u>	<u>(49,389,014)</u>
<b>Net position, end of year (deficit)</b>	<u>\$ (37,296,152)</u>	<u>\$ (48,895,296)</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.

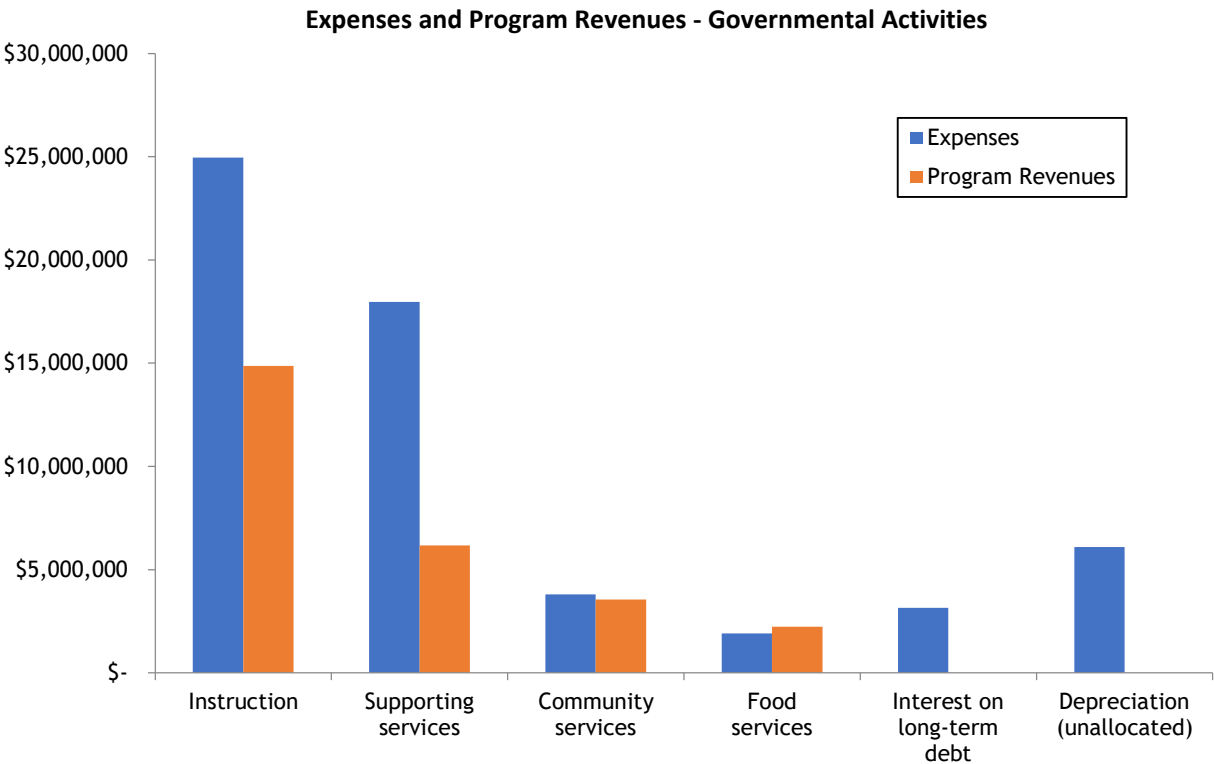
# DEXTER COMMUNITY SCHOOLS

## Management's Discussion and Analysis

An additional portion of the District’s net position, \$2,042,638 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.

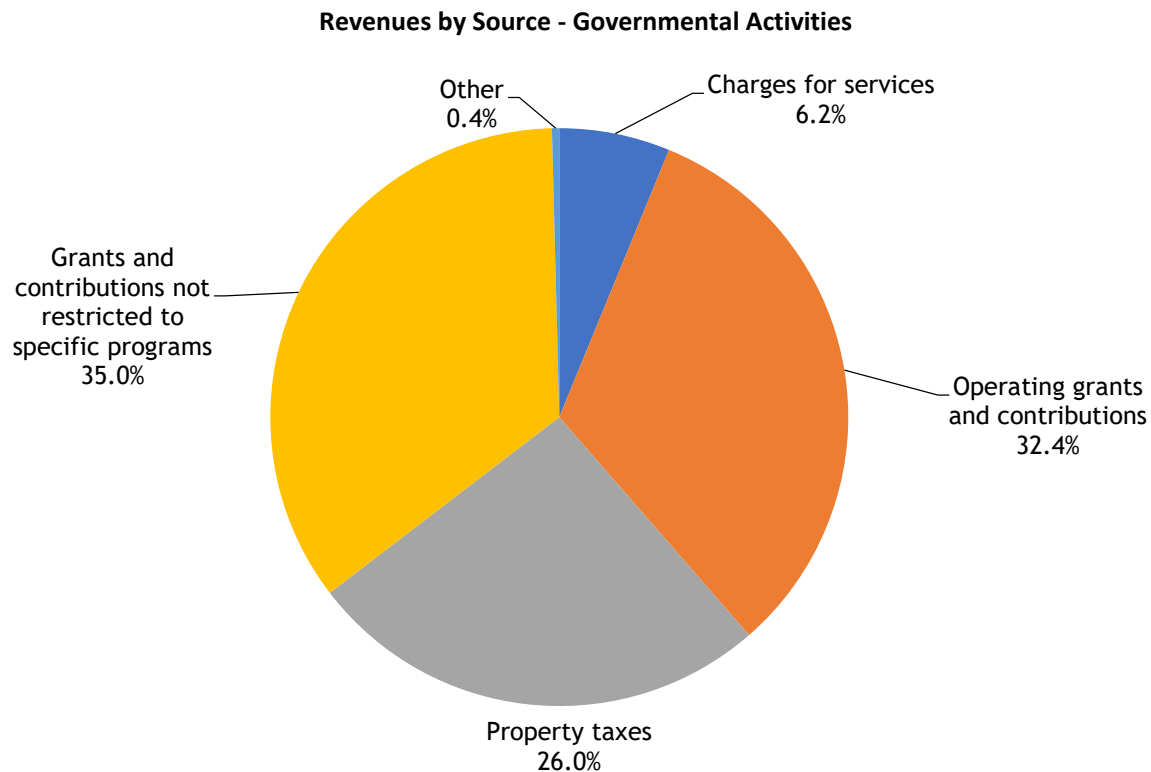
The results of this year’s operations for the District as a whole are reported in the statement of activities (see table), which shows the changes in net position for the fiscal year. The District’s net position increased by \$11,599,144 during the current fiscal year.

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, 2022, 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 \$3,289,515, while the total fund balance was \$12,242,845. 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 7.07% and 26.30%, 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 \$661,707 or 5.71% 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 Elementary and Secondary School Emergency Relief Fund (ESSER) to provide alternative learning delivery in accordance with the District's Continuity of Learning Plan.

The debt retirement fund balance decreased by \$508,335 to \$1,629,996. 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 \$3,990,594, a decrease of \$702,137 from the prior year. The decrease was caused by expenditures on capital projects of bond proceeds for debt issued in a prior fiscal year.

The capital projects fund from non-bonded sources fund balance was \$1,053,607, an increase of \$970,206 from the prior year. The increase was caused by the execution of the land contract 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 10.48% increase in revenues over the original budget.
- Budgeted expenditures were amended for an overall increase of \$3,228,200.

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 \$49,573,913. That amount is more than the final budget estimate of \$49,413,439. The variance was \$160,474, or 0.32%.

## DEXTER COMMUNITY SCHOOLS

### Management's Discussion and Analysis

- The actual expenditures and other financing uses of the general fund were \$48,912,206, which is more than the final budget estimate of \$48,684,306. The variance was \$227,900, or 0.47%. The negative variance was attributable to the transfer out of funds to the community service special revenue fund and assigned for future year programs.

#### Capital Asset and Debt Administration

**Capital Assets.** The District's investment in capital assets for its governmental activities as of June 30, 2022 amounted to \$124,253,903 (net of accumulated depreciation). Additions included renovations to the District's facilities being funded through voter-approved bond issues. Reductions were due to depreciation and the removal of the Copeland building and land. Capital assets at year-end included the following:

	<b>Capital Assets (Net of Depreciation)</b>	
	<b>2022</b>	<b>2021</b>
Land	\$ 5,835,892	\$ 5,853,892
Construction in progress	124,698	124,698
Buildings and improvements	112,153,782	117,613,689
Furniture and equipment	5,058,423	5,520,040
Vehicles and buses	1,081,108	1,345,484
<b>Total capital assets, net</b>	<b>\$ 124,253,903</b>	<b>\$ 130,457,803</b>

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

#### Long-term Debt

	<b>Long-term Debt</b>	
	<b>2022</b>	<b>2021</b>
General obligation bonds	\$ 95,435,000	\$ 105,355,000
Unamortized premiums and discounts	3,709,356	4,236,977
School Loan Revolving Fund	1,034	1,008
Compensated absences	1,733,989	1,740,061
	<b>\$ 100,879,379</b>	<b>\$ 111,333,046</b>

At the end of the current fiscal year, the District had total long-term debt outstanding of \$100,879,379. The District's total debt decreased by \$10,453,667 during the current fiscal year as a result of normal debt service payments. An additional \$26 in accrued interest was also added to the School Loan Revolving Fund balance.

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 2022-2023 fiscal year:

- **Foundation Allowance**

The Board of Education and administration agreed to an estimated foundation allowance of \$9,135 per pupil for the 2022-23 fiscal year, a \$435 per pupil increase from 2021-22, 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, 2023 was adopted in June 2022 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 3,522 for the 2022-23 fiscal year, a 105 pupil increase from 2021-22, 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 following the COVID-19 pandemic.

- **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 2022-23, the rate for a Basic/MIP with Premium Subsidy member is anticipated to remain stable at 28.23% effective October 1, 2022. Additionally, the District will be required to pay 16.65%, for all wages earned October 1, 2022 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

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

The budget for the year ended June 30, 2023 was adopted in June 2022 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.

## 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  
2704 Baker Rd.  
Dexter, MI 48130  
Telephone: (734) 424-4100  
Email: [raschkesh@dexterschools.org](mailto:raschkesh@dexterschools.org)

## **BASIC FINANCIAL STATEMENTS**

# DEXTER COMMUNITY SCHOOLS

## Statement of Net Position

June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 19,930,350
Investments	5,714,631
Receivables	6,277,089
Other assets	99,955
Capital assets not being depreciated	5,960,590
Capital assets being depreciated, net	<u>118,293,313</u>
<b>Total assets</b>	<u>156,275,928</u>
<b>Deferred outflows of resources</b>	
Deferred charge on advance bond refundings, net	197,295
Deferred pension amounts	14,632,740
Deferred other postemployment benefit amounts	<u>5,752,331</u>
<b>Total deferred outflows of resources</b>	<u>20,582,366</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	5,877,526
Unearned revenue	2,990,378
Long-term debt:	
Due within one year	11,174,313
Due in more than one year	89,705,066
Net pension liability (due in more than one year)	63,513,923
Net other postemployment benefit liability (due in more than one year)	<u>4,108,559</u>
<b>Total liabilities</b>	<u>177,369,765</u>
<b>Deferred inflows of resources</b>	
Deferred pension amounts	21,186,229
Deferred other postemployment benefit amounts	<u>15,598,452</u>
<b>Total deferred inflows of resources</b>	<u>36,784,681</u>
<b>Net position</b>	
Net investment in capital assets	29,297,436
Restricted for:	
Food service operations	967,197
Debt service	1,075,441
Unrestricted (deficit)	<u>(68,636,226)</u>
<b>Total net position (deficit)</b>	<u>\$ (37,296,152)</u>

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

## DEXTER COMMUNITY SCHOOLS

### Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities</b>				
Instruction	\$ 24,948,026	\$ -	\$ 14,868,528	\$ (10,079,498)
Supporting services	17,966,580	624,315	5,541,589	(11,800,676)
Community services	3,793,417	3,497,185	51,152	(245,080)
Food services	1,903,755	201,079	2,041,367	338,691
Interest on long-term debt	3,154,519	-	-	(3,154,519)
Unallocated depreciation	6,089,493	-	-	(6,089,493)
<b>Total governmental activities</b>	<u>\$ 57,855,790</u>	<u>\$ 4,322,579</u>	<u>\$ 22,502,636</u>	<u>(31,030,575)</u>
<b>General revenues</b>				
Property taxes - operations				5,258,752
Property taxes - debt service				12,834,058
Grants and contributions not restricted to specific programs				24,257,347
Unrestricted investment earnings				20,966
Other revenues				<u>258,596</u>
<b>Total general revenues</b>				<u>42,629,719</u>
<b>Change in net position</b>				11,599,144
Net position, beginning of year (deficit)				<u>(48,895,296)</u>
<b>Net position, end of year (deficit)</b>				<u>\$ (37,296,152)</u>

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

## DEXTER COMMUNITY SCHOOLS

### Balance Sheet

Governmental Funds

June 30, 2022

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 15,742,578	\$ 79,178	\$ -
Investments	73	1,550,036	4,164,522
Accounts receivable	83,148	-	-
Interest receivable	-	782	2,488
Due from other governments	6,159,920	-	-
Due from other funds	26,813	-	-
Inventory	-	-	-
Prepaid items	71,901	-	-
<b>Total assets</b>	<u>\$ 22,084,433</u>	<u>\$ 1,629,996</u>	<u>\$ 4,167,010</u>
<b>Liabilities</b>			
Accounts payable	\$ 119,075	\$ -	\$ 176,416
Accrued liabilities	4,212,311	-	-
Due to other governments	741,364	-	-
Due to other funds	2,011,767	-	-
Unearned revenue	2,757,071	-	-
<b>Total liabilities</b>	<u>9,841,588</u>	<u>-</u>	<u>176,416</u>
<b>Fund balances</b>			
Nonspendable	71,901	-	-
Restricted	-	1,629,996	3,990,594
Committed	8,617,882	-	-
Assigned	263,547	-	-
Unassigned	3,289,515	-	-
<b>Total fund balances</b>	<u>12,242,845</u>	<u>1,629,996</u>	<u>3,990,594</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 22,084,433</u>	<u>\$ 1,629,996</u>	<u>\$ 4,167,010</u>

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



Capital Projects Non-bonded	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,053,607	\$ 3,054,987	\$ 19,930,350
-	-	5,714,631
-	-	83,148
-	-	3,270
-	30,751	6,190,671
-	2,014,391	2,041,204
-	19,424	19,424
-	8,630	80,531
<u>\$ 1,053,607</u>	<u>\$ 5,128,183</u>	<u>\$ 34,063,229</u>
\$ -	\$ 40,387	\$ 335,878
-	17,789	4,230,100
-	15,629	756,993
-	29,437	2,041,204
-	233,307	2,990,378
<u>-</u>	<u>336,549</u>	<u>10,354,553</u>
-	28,054	99,955
-	947,366	6,567,956
1,053,607	1,282,801	10,954,290
-	2,533,413	2,796,960
-	-	3,289,515
<u>1,053,607</u>	<u>4,791,634</u>	<u>23,708,676</u>
<u>\$ 1,053,607</u>	<u>\$ 5,128,183</u>	<u>\$ 34,063,229</u>

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## DEXTER COMMUNITY SCHOOLS

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2022

<b>Fund balances - total governmental funds</b>	<b>\$ 23,708,676</b>
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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	5,960,590
Capital assets being depreciated, net	118,293,313

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	(95,436,034)
Compensated absences	(1,733,989)
Unamortized bond premiums and discounts, net	(3,709,356)
Unamortized deferred charge on advance bond refunding	197,295
Accrued interest on bonds payable	(554,555)

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	(63,513,923)
Deferred outflows related to the net pension liability	14,632,740
Deferred inflows related to the net pension liability	(21,186,229)
Net other postemployment benefit liability	(4,108,559)
Deferred outflows related to the net other postemployment benefit liability	5,752,331
Deferred inflows related to the net other postemployment benefit liability	(15,598,452)

<b>Net position of governmental activities</b>	<b><u>\$ (37,296,152)</u></b>
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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, 2022

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund
<b>Revenues</b>			
Local sources	\$ 5,605,706	\$ 12,885,713	\$ 156,921
State sources	32,820,331	230,682	204,972
Federal sources	5,827,618	-	-
Interdistrict sources	5,033,039	-	-
Other adjustments	9,415	-	-
<b>Total revenues</b>	<b>49,296,109</b>	<b>13,116,395</b>	<b>361,893</b>
<b>Expenditures</b>			
Current:			
Instruction	28,114,916	-	-
Supporting services	18,271,585	-	-
Community services	142,925	-	-
Food services	-	-	-
Debt service:			
Principal	-	9,920,000	-
Interest and fiscal charges	-	3,704,730	-
Capital outlay	-	-	1,064,030
Other adjustments	24,735	-	-
<b>Total expenditures</b>	<b>46,554,161</b>	<b>13,624,730</b>	<b>1,064,030</b>
Revenues over (under) expenditures	2,741,948	(508,335)	(702,137)
<b>Other financing sources (uses)</b>			
Transfers in	277,804	-	-
Transfers out	(2,358,045)	-	-
Proceeds from sale of capital assets	-	-	-
<b>Total other financing sources (uses)</b>	<b>(2,080,241)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>661,707</b>	<b>(508,335)</b>	<b>(702,137)</b>
Fund balances, beginning of year	11,581,138	2,138,331	4,692,731
<b>Fund balances, end of year</b>	<b>\$ 12,242,845</b>	<b>\$ 1,629,996</b>	<b>\$ 3,990,594</b>

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



Capital Projects Non-bonded	Nonmajor Governmental Funds	Total Governmental Funds
\$ 602	\$ 3,699,999	\$ 22,348,941
-	130,129	33,386,114
-	2,714,168	8,541,786
-	160,374	5,193,413
-	-	9,415
602	6,704,670	69,479,669
-	-	28,114,916
-	-	18,271,585
-	3,761,011	3,903,936
-	2,008,942	2,008,942
-	-	9,920,000
-	-	3,704,730
396	-	1,064,426
-	-	24,735
396	5,769,953	67,013,270
206	934,717	2,466,399
-	2,358,045	2,635,849
-	(277,804)	(2,635,849)
970,000	-	970,000
970,000	2,080,241	970,000
970,206	3,014,958	3,436,399
83,401	1,776,676	20,272,277
\$ 1,053,607	\$ 4,791,634	\$ 23,708,676

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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, 2022

**Net changes in fund balances - total governmental funds** \$ 3,436,399

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	1,300,838
Depreciation expense	(6,089,493)
Loss on disposal of capital assets	(1,415,245)
Proceeds from sale of capital assets	(970,000)

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	9,920,000
Accrued interest on School Loan Revolving Fund added to principal	(26)
Amortization of bond premiums and discounts, net	527,621
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	812,119
Change in the net other postemployment benefit liability and related deferred amounts	4,048,243
Change in accrued interest payable on bonds	63,436
Change in compensated absences payable	6,072

**Change in net position of governmental activities** \$ 11,599,144

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Local sources	\$ 6,155,699	\$ 5,926,772	\$ 5,605,706	\$ (321,066)
State sources	31,330,602	32,400,725	32,820,331	419,606
Federal sources	1,964,331	5,786,643	5,827,618	40,975
Interdistrict sources	4,945,976	4,937,210	5,033,039	95,829
<b>Total revenues</b>	<b>44,396,608</b>	<b>49,051,350</b>	<b>49,296,109</b>	<b>244,759</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	21,937,742	21,151,524	20,913,552	(237,972)
Added needs	5,423,052	7,278,128	7,201,364	(76,764)
Total instruction	27,360,794	28,429,652	28,114,916	(314,736)
Supporting services:				
Student services	4,276,941	5,299,316	5,042,501	(256,815)
Instructional support	2,699,834	3,244,831	3,189,706	(55,125)
General administration	686,136	679,967	635,942	(44,025)
School administration	2,624,332	2,374,427	2,329,485	(44,942)
Business administration	758,958	778,276	766,802	(11,474)
Operation & maintenance of plant	3,975,350	4,404,052	4,060,129	(343,923)
Transportation	1,649,830	1,861,438	1,707,025	(154,413)
Other support services	404,227	601,655	539,995	(61,660)
Total supporting services	17,075,608	19,243,962	18,271,585	(972,377)
Community services	275,419	266,407	142,925	(123,482)
Other adjustments	-	-	24,735	24,735
<b>Total expenditures</b>	<b>44,711,821</b>	<b>47,940,021</b>	<b>46,554,161</b>	<b>(1,410,595)</b>
Revenues over (under) expenditures	(315,213)	1,111,329	2,741,948	(1,655,354)
<b>Other financing sources (uses)</b>				
Transfers in	333,230	362,089	277,804	(84,285)
Transfers out	(671,541)	(744,285)	(2,358,045)	(1,613,760)
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing uses</b>	<b>(338,311)</b>	<b>(382,196)</b>	<b>(2,080,241)</b>	<b>(1,698,045)</b>
<b>Net change in fund balance</b>	<b>(653,524)</b>	<b>729,133</b>	<b>661,707</b>	<b>(67,426)</b>
Fund balance, beginning of year	11,581,138	11,581,138	11,581,138	-
<b>Fund balance, end of year</b>	<b>\$ 10,927,614</b>	<b>\$ 12,310,271</b>	<b>\$ 12,242,845</b>	<b>\$ (67,426)</b>

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, 2022.

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 assigned 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*

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 1940 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 2021 levy amounts are recognized as current property tax revenue to the extent they are collected during the year or within 60 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, 2022. 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.

### *Excess of Expenditures Over Appropriations*

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, 2022, expenditures exceeded appropriations at the legal level of budgetary control in the following funds:

	Total Appropriations	Amount of Expenditures	Budget Variance
<b>General fund</b>			
Transfers out	\$ 744,285	\$ 2,358,045	\$ 1,613,760
Other adjustments	-	24,735	24,735

## 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 67% of the District's general fund revenue during the 2022 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	\$ 19,930,350
Investments	<u>5,714,631</u>
<b>Total</b>	<b><u>\$ 25,644,981</u></b>
Checking and savings accounts	\$ 19,929,550
Investments	5,714,631
Cash on hand	<u>800</u>
<b>Total</b>	<b><u>\$ 25,644,981</u></b>

Cash and cash equivalents are comprised of deposits held with Chelsea State Bank, 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	\$ 68	AAAm S&P
MAX class	N/A	2,166,563	AAAm S&P
MILAF term	8/12/2022	2,000,000	AAA Kroll
MILAF term	10/19/2022	<u>1,548,000</u>	AAA Kroll
<b>Total</b>		<b><u>\$ 5,714,631</u></b>	

## 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, \$20,533,911 of the District's bank balance of \$20,783,911 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

Assets carried at amortized cost:

External investment pools:

Michigan Liquid Asset Fund (MILAF):

MILAF + Portfolio:

Cash management class	\$ 68
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MAX class	2,166,563
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Assets carried at net asset value:

External investment pools:

Michigan Liquid Asset Fund (MILAF):

MILAF Term	3,548,000
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<b>Total investments</b>	<b>\$ 5,714,631</b>
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### 5. RECEIVABLES AND PAYABLES

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

	Governmental Activities
Accounts receivable	\$ 83,148
Interest receivable	3,270
Due from other governments	6,190,671
<b>Totals</b>	<b>\$ 6,277,089</b>

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

	Governmental Activities
Accounts payable	\$ 335,878
Accrued liabilities	4,230,100
Due to other governments	756,993
Interest payable on long-term debt	554,555
<b>Totals</b>	<b>\$ 5,877,526</b>

## DEXTER COMMUNITY SCHOOLS

### Notes to Financial Statements

#### 6. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

At June 30, 2022, interfund receivables, and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 26,813	\$ 2,011,767
Nonmajor governmental funds	2,014,391	29,437
	<u>\$ 2,041,204</u>	<u>\$ 2,041,204</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, 2022, interfund transfers consisted of the following:

Transfers Out	Transfers In		Totals
	General Fund	Nonmajor Governmental Funds	
General fund	\$ -	\$ 2,358,045	\$ 2,358,045
Nonmajor governmental funds	277,804	-	277,804
	<u>\$ 277,804</u>	<u>\$ 2,358,045</u>	<u>\$ 2,635,849</u>

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.

## DEXTER COMMUNITY SCHOOLS

### Notes to Financial Statements

#### 7. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 5,853,892	\$ -	\$ (18,000)	\$ -	\$ 5,835,892
Construction in progress	124,698	1,300,838	-	(1,300,838)	124,698
	<u>5,978,590</u>	<u>1,300,838</u>	<u>(18,000)</u>	<u>(1,300,838)</u>	<u>5,960,590</u>
Capital assets, being depreciated:					
Buildings and improvements	193,281,372	-	(3,441,444)	802,557	190,642,485
Furniture and equipment	15,076,911	-	(20,977)	498,281	15,554,215
Vehicles and buses	3,963,618	-	-	-	3,963,618
	<u>212,321,901</u>	<u>-</u>	<u>(3,462,421)</u>	<u>1,300,838</u>	<u>210,160,318</u>
Less accumulated depreciation for:					
Buildings and improvements	(75,667,683)	(4,867,654)	2,046,634	-	(78,488,703)
Furniture and equipment	(9,556,871)	(957,463)	18,542	-	(10,495,792)
Vehicles and buses	(2,618,134)	(264,376)	-	-	(2,882,510)
	<u>(87,842,688)</u>	<u>(6,089,493)</u>	<u>2,065,176</u>	<u>-</u>	<u>(91,867,005)</u>
Total capital assets being depreciated, net	<u>124,479,213</u>	<u>(6,089,493)</u>	<u>(1,397,245)</u>	<u>1,300,838</u>	<u>118,293,313</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 130,457,803</u>	<u>\$ (4,788,655)</u>	<u>\$ (1,415,245)</u>	<u>\$ -</u>	<u>\$ 124,253,903</u>

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

At June 30, 2022, the District has approximately \$2,253,000 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, 2022:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 105,355,000	\$ -	\$ (9,920,000)	\$ 95,435,000	\$ 10,715,000
Unamortized premiums and discounts	4,236,977	-	(527,621)	3,709,356	459,313
School Loan Revolving Fund	1,008	26	-	1,034	-
Compensated absences	1,740,061	-	(6,072)	1,733,989	-
<b>Total governmental activities</b>	<u>\$ 111,333,046</u>	<u>\$ 26</u>	<u>\$ (10,453,693)</u>	<u>\$ 100,879,379</u>	<u>\$ 11,174,313</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

\$ 15,750,000

\$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

48,205,000

\$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

17,545,000

\$15,440,000 2021 refunding bonds due in amounts ranging  
from \$1,515,000 through \$4,635,000 plus interest at  
0.25-0.82% through 2026

13,935,000

#### **Total**

\$ 95,435,000

## 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
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	6,140,000	1,936,282	8,076,282
2028-2032	27,665,000	4,956,603	32,621,603
2033-2034	17,460,000	887,946	18,347,946
<b>Totals</b>	<b>\$ 95,435,000</b>	<b>\$ 19,087,832</b>	<b>\$ 114,522,832</b>

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, 2022, are as follows:

School Loan Revolving Fund			
	Principal	Interest	Total
Beginning balance	\$ 1,000	\$ 8	\$ 1,008
Additions	-	26	26
<b>Ending balance</b>	<b>\$ 1,000</b>	<b>\$ 34</b>	<b>\$ 1,034</b>

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
Prepaid fees	151,097
Prepaid student lunches	82,210
Other	46,000
	<hr/>
	\$ 2,990,378

#### 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](http://www.michigan.gov/orsschools).

## DEXTER COMMUNITY SCHOOLS

### Notes to Financial Statements

#### *Pension Benefits Provided*

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

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

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

## 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, 2020 valuation will be amortized over an 18-year period beginning October 1, 2020 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	19.78% - 20.14%
Member Investment Plan (MIP)	3.00% - 7.00%	19.78% - 20.14%
Pension Plus	3.00% - 6.40%	16.82% - 17.22%
Pension Plus 2	6.20%	19.59% - 19.93%
Defined Contribution	0.00%	13.39% - 13.73%

For the year ended June 30, 2022, required and actual contributions from the District to the pension plan were \$8,799,078, which included \$4,075,666, 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 2022:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.09% - 8.43%
Personal Healthcare Fund (PHF)	0.00%	7.23% - 7.57%

For the year ended June 30, 2022, required and actual contributions from the District to the OPEB plan were \$1,979,501.

The table below summarizes defined contribution rates in effect for fiscal year 2022:

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%

## DEXTER COMMUNITY SCHOOLS

### Notes to Financial Statements

For the year ended June 30, 2022, required and actual contributions from the District for those members with a defined contribution benefit were \$428,853.

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

At June 30, 2022, the District reported a liability of \$63,513,923 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. 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, 2021, the District's proportion was 0.26827%, which was an increase of 0.00170% from its proportion measured as of September 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$7,798,706. At June 30, 2022, 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	\$ 983,858	\$ 374,021	\$ 609,837
Changes in assumptions	4,003,691	-	4,003,691
Net difference between projected and actual earnings on pension plan investments	-	20,419,522	(20,419,522)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,386,344	392,686	993,658
	<u>6,373,893</u>	<u>21,186,229</u>	<u>(14,812,336)</u>
District contributions subsequent to the measurement date	8,258,847	-	8,258,847
<b>Total</b>	<u>\$ 14,632,740</u>	<u>\$ 21,186,229</u>	<u>\$ (6,553,489)</u>

## DEXTER COMMUNITY SCHOOLS

### Notes to Financial Statements

The \$8,258,847 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, 2023. 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
2023	\$ (1,324,117)
2024	(3,228,948)
2025	(4,769,940)
2026	<u>(5,489,331)</u>
<b>Total</b>	<b><u>\$ (14,812,336)</u></b>

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

At June 30, 2022, the District reported a liability of \$4,108,559 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. 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, 2021, the District's proportion was 0.26917% which was a decrease of 0.00164% from its proportion measured as of September 30, 2020.

## DEXTER COMMUNITY SCHOOLS

### Notes to Financial Statements

For the year ended June 30, 2022, the District recognized OPEB expense of \$(2,151,711). At June 30, 2022, 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	\$ -	\$ 11,727,590	\$ (11,727,590)
Changes in assumptions	3,434,552	513,937	2,920,615
Net difference between projected and actual earnings on OPEB plan investments	-	3,096,695	(3,096,695)
Changes in proportion and differences between employer contributions and proportionate share of contributions	583,172	260,230	322,942
	<u>4,017,724</u>	<u>15,598,452</u>	<u>(11,580,728)</u>
District contributions subsequent to the measurement date	1,734,607	-	1,734,607
	<u>1,734,607</u>	<u>-</u>	<u>1,734,607</u>
<b>Total</b>	<u>\$ 5,752,331</u>	<u>\$ 15,598,452</u>	<u>\$ (9,846,121)</u>

The \$1,734,607 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, 2023. 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
2023	\$ (2,952,375)
2024	(2,723,838)
2025	(2,542,260)
2026	(2,378,792)
2027	(869,400)
Thereafter	<u>(114,063)</u>
<b>Total</b>	<u>\$ (11,580,728)</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, 2020 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	7.75% 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.

## DEXTER COMMUNITY SCHOOLS

### Notes to Financial Statements

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, 2021, are based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4367 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.1312 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

#### *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, 2021, 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%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	<u>100.00%</u>		5.04%
Inflation			2.00%
Risk adjustment			<u>-0.24%</u>
<b>Investment rate of return</b>			<u><u>6.80%</u></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, 2021, 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%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	<u>100.00%</u>		5.04%
Inflation			2.00%
Risk adjustment			<u>-0.09%</u>
<b>Investment rate of return</b>			<u><u>6.95%</u></u>

## DEXTER COMMUNITY SCHOOLS

### Notes to Financial Statements

#### *Rate of Return*

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### *Discount Rate*

A discount rate of 6.80% 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:

	<b>1% Decrease (5.80% / 5.80% / 5.00%)</b>	<b>Current Discount Rate (6.80% / 6.80% / 6.00%)</b>	<b>1% Increase (7.80% / 7.80% / 7.00%)</b>
District's proportionate share of the net pension liability	\$ 90,807,684	\$ 63,513,923	\$ 40,885,604



## DEXTER COMMUNITY SCHOOLS

### Notes to Financial Statements

#### *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	\$ 7,634,445	\$ 4,108,559	\$ 1,116,342

#### *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	\$ 999,991	\$ 4,108,559	\$ 7,606,073

#### *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](http://www.michigan.gov/orsschools).

#### *Payable to the Pension Plan*

At June 30, 2022, the District reported a payable of \$1,297,823 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022.

#### *Payable to the OPEB Plan*

At June 30, 2022, the District reported a payable of \$223,524 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022.

## 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
<b>Nonspendable</b>						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 19,424	\$ 19,424
Prepaid items	71,901	-	-	-	8,630	80,531
	<u>71,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,054</u>	<u>99,955</u>
<b>Restricted</b>						
Debt service	-	1,629,996	-	-	-	1,629,996
Food service program	-	-	-	-	947,366	947,366
Capital projects	-	-	3,990,594	-	-	3,990,594
	<u>-</u>	<u>1,629,996</u>	<u>3,990,594</u>	<u>-</u>	<u>947,366</u>	<u>6,567,956</u>
<b>Committed</b>						
Unspent supply carryover	217,392	-	-	-	-	217,392
Facilities, equipment and maintenance	1,000,000	-	-	-	-	1,000,000
Facilities, athletics	1,040,000	-	-	-	-	1,040,000
Performing arts equipment	160,000	-	-	-	-	160,000
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
Athletic programs	-	-	-	-	177,963	177,963
Student / school activity	-	-	-	-	1,104,838	1,104,838
Non-bonded capital projects	-	-	-	1,053,607	-	1,053,607
	<u>8,617,882</u>	<u>-</u>	<u>-</u>	<u>1,053,607</u>	<u>1,282,801</u>	<u>10,954,290</u>
<b>Assigned</b>						
Community services	-	-	-	-	2,533,413	2,533,413
Subsequent year expenditures	263,547	-	-	-	-	263,547
	<u>263,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,533,413</u>	<u>2,796,960</u>
<b>Unassigned</b>	<u>3,289,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,289,515</u>
<b>Total fund balances - governmental funds</b>	<u>\$ 12,242,845</u>	<u>\$ 1,629,996</u>	<u>\$ 3,990,594</u>	<u>\$ 1,053,607</u>	<u>\$ 4,791,634</u>	<u>\$ 23,708,676</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, 2022, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated	\$ 5,960,590
Capital assets being depreciated, net	<u>118,293,313</u>
	<u>124,253,903</u>
Related debt:	
General obligation bonds	95,435,000
Premiums/discounts on bonds payable, net	3,709,356
Deferred charge on advance bond refundings, net	(197,295)
Unexpended bond proceeds	<u>(3,990,594)</u>
	<u>94,956,467</u>
<b>Net investment in capital assets</b>	<u><u>\$ 29,297,436</u></u>

#### 13. BONDED CONSTRUCTION COSTS

##### *2017 Capital Projects Fund Compliance*

The 2017 Capital Projects Fund includes 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. Over the past two years, the District has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately \$4,719,000 was expended and recognized as revenue during the current fiscal year. With these additional Federal 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

MPERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,			
	2022	2021	2020	2019
District's proportionate share of the net pension liability	\$ 63,513,923	\$ 91,569,173	\$ 86,772,214	\$ 78,076,238
District's proportion of the net pension liability	0.26827%	0.26657%	0.26202%	0.25972%
District's covered payroll	\$ 24,366,821	\$ 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	260.66%	381.00%	374.65%	349.32%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	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

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

	Year Ended June 30,			
	2022	2021	2020	2019
Statutorily required contribution	\$ 8,799,078	\$ 7,960,419	\$ 7,319,434	\$ 6,953,030
Contributions in relation to the statutorily required contribution	<u>(8,799,078)</u>	<u>(7,960,419)</u>	<u>(7,319,434)</u>	<u>(6,953,030)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 24,737,501	\$ 23,838,048	\$ 23,821,083	\$ 21,043,362
Contributions as a percentage of covered payroll	35.57%	33.39%	30.73%	33.04%

See notes to required supplementary information.



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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

MPERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,		
	2022	2021	2020
District's proportionate share of the net OPEB liability	\$ 4,108,559	\$ 14,508,268	\$ 19,005,006
District's proportion of the net OPEB liability	0.26917%	0.27081%	0.26478%
District's covered payroll	\$ 24,366,821	\$ 24,033,841	\$ 23,160,721
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.86%	60.37%	82.06%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.46%

See notes to required supplementary information.

Year Ended June 30,	
2019	2018

\$ 20,863,637      \$ 22,742,261

0.26247%              0.25682%

\$ 22,350,671      \$ 21,844,616

93.35%              104.11%

42.95%              36.39%

## DEXTER COMMUNITY SCHOOLS

### Required Supplementary Information

MPERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,		
	2022	2021	2020
Statutorily required contributions	\$ 1,979,501	\$ 1,953,217	\$ 1,914,592
Contributions in relation to the statutorily required contributions	<u>(1,979,501)</u>	<u>(1,953,217)</u>	<u>(1,914,592)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 24,737,501	\$ 23,838,048	\$ 23,821,083
Contributions as a percentage of covered payroll	8.00%	8.19%	8.04%

See notes to required supplementary information.

Year Ended June 30,	
2019	2018
\$ 1,961,551	\$ 1,761,556
<u>(1,961,551)</u>	<u>(1,761,556)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 21,043,362	\$ 22,283,619
9.32%	7.91%

## 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:

- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

#### OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of date 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:

- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

**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, 2022

	Total
<b>Revenues</b>	
<b>Local sources</b>	
Property taxes	\$ 5,258,752
Earnings on investments and deposits	20,218
Transportation	128,280
Rentals	119,952
Other local revenues	78,504
<b>Total local sources</b>	<u>5,605,706</u>
<b>State sources</b>	
State aid - membership - section 20	24,257,347
At risk	311,017
Special education	2,194,646
Other state grants	6,057,321
<b>Total state sources</b>	<u>32,820,331</u>
<b>Federal sources</b>	
Title I	220,102
Title II - Teacher Principal Training	62,864
Title III - Immigrant Students and English Learners	5,723
Elementary and Secondary School Emergency Relief Program	4,709,120
Special Education	788,454
Special Education - Preschool	24,318
Student Support and Academic Enrichment Program	17,037
<b>Total federal sources</b>	<u>5,827,618</u>
<b>Interdistrict sources</b>	<u>5,033,039</u>
<b>Other adjustments</b>	<u>9,415</u>
<b>Total revenues</b>	<u>49,296,109</u>
<b>Other financing sources</b>	
Transfers from other funds	277,804
Proceeds from sale of capital assets	-
<b>Total other financing sources</b>	<u>277,804</u>
<b>Total revenues and other financing sources</b>	<u>\$ 49,573,913</u>



## DEXTER COMMUNITY SCHOOLS

### Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2022

	Total
<b>Instruction</b>	
<b>Basic programs</b>	
<b>Elementary</b>	
Salaries	\$ 5,573,386
Insurances	1,034,047
FICA, retirement, etc.	2,832,319
Purchased services	633,338
Supplies and materials	208,950
Other	149
<b>Total elementary</b>	<u>10,282,189</u>
<b>Middle/junior high</b>	
Salaries	1,924,336
Insurances	321,198
FICA, retirement, etc.	969,658
Purchased services	131,191
Supplies and materials	60,302
Other	1,150
<b>Total middle/junior high</b>	<u>3,407,835</u>
<b>High school</b>	
Salaries	4,025,782
Insurances	612,309
FICA, retirement, etc.	2,037,603
Purchased services	219,234
Supplies and materials	115,752
Other	197,296
<b>Total high school</b>	<u>7,207,976</u>
<b>Summer school</b>	
Salaries	768
FICA, retirement, etc.	59
Purchased services	14,725
<b>Total summer school</b>	<u>15,552</u>
<b>Total basic programs</b>	<u>20,913,552</u>
<b>Added needs</b>	
<b>Special education</b>	
Salaries	2,278,259
Insurances	280,217
FICA, retirement, etc.	1,200,954
Purchased services	68,228
Supplies and materials	22,455
Other	197,509
<b>Total special education</b>	<u>4,047,622</u>

continued...

## DEXTER COMMUNITY SCHOOLS

### Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2022

	Total
<b>Instruction (concluded)</b>	
<b>Added needs (concluded)</b>	
<b>Compensatory education</b>	
Salaries	\$ 1,663,450
Insurances	59,018
FICA, retirement, etc.	783,206
Purchased services	208,809
Supplies and materials	91,178
<b>Total compensatory education</b>	<u>2,805,661</u>
<b>Vocational education</b>	
Salaries	99,994
Insurances	16,194
FICA, retirement, etc.	49,846
Purchased services	4,064
Supplies and materials	7,009
Other	170,974
<b>Total vocational education</b>	<u>348,081</u>
<b>Total added needs</b>	<u>7,201,364</u>
<b>Total instruction</b>	<u>28,114,916</u>
<b>Supporting services</b>	
<b>Student services</b>	
Salaries	2,922,431
Insurances	485,218
FICA, retirement, etc.	1,507,926
Purchased services	101,717
Supplies and materials	25,209
<b>Total student services</b>	<u>5,042,501</u>
<b>Instructional staff</b>	
Salaries	1,590,782
Insurances	200,599
FICA, retirement, etc.	836,291
Other benefits	22,407
Purchased services	441,059
Supplies and materials	44,164
Other	54,404
<b>Total instructional staff</b>	<u>3,189,706</u>

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## DEXTER COMMUNITY SCHOOLS

### Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2022

	Total
<b>Supporting services (continued)</b>	
<b>General administration</b>	
Salaries	\$ 227,539
Insurances	40,743
FICA, retirement, etc.	135,492
Other benefits	61,417
Purchased services	151,248
Supplies and materials	6,743
Other	12,760
<b>Total general administration</b>	<u>635,942</u>
<b>School administration</b>	
Salaries	1,264,654
Insurances	247,378
FICA, retirement, etc.	684,450
Other benefits	76,243
Purchased services	29,977
Supplies and materials	19,048
Other	7,735
<b>Total school administration</b>	<u>2,329,485</u>
<b>Business administration</b>	
Salaries	368,913
Insurances	41,187
FICA, retirement, etc.	224,704
Other benefits	69,563
Purchased services	34,340
Supplies and materials	1,408
Other	26,687
<b>Total business administration</b>	<u>766,802</u>
<b>Operation and maintenance of plant</b>	
Salaries	1,231,977
Insurances	264,357
FICA, retirement, etc.	657,973
Other benefits	1,293
Purchased services	809,645
Supplies and materials	1,094,884
<b>Total operation and maintenance of plant</b>	<u>4,060,129</u>

continued...

## DEXTER COMMUNITY SCHOOLS

### Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2022

	Total
<b>Supporting services (concluded)</b>	
<b>Transportation</b>	
Salaries	\$ 817,145
Insurances	159,898
FICA, retirement, etc.	431,265
Other benefits	3,400
Purchased services	105,406
Supplies and materials	187,471
Other	2,440
<b>Total transportation</b>	<u>1,707,025</u>
<b>Other supporting services</b>	
Salaries	209,073
Insurances	52,759
FICA, retirement, etc.	106,329
Other benefits	7,416
Purchased services	137,788
Supplies and materials	1,535
Other	25,095
<b>Total other supporting services</b>	<u>539,995</u>
<b>Total supporting services</b>	<u>18,271,585</u>
<b>Community services</b>	
Salaries	(73,961)
Insurances	6,850
FICA, retirement, etc.	(34,326)
Purchased services	94,061
Supplies and materials	150,301
<b>Total community services</b>	<u>142,925</u>
<b>Other adjustments</b>	<u>24,735</u>
<b>Total expenditures</b>	46,554,161
<b>Other financing uses</b>	
Transfers to other funds	<u>2,358,045</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 48,912,206</u>
	concluded

## DEXTER COMMUNITY SCHOOLS

### Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2022

	Special Revenue			
	Food Service	Community Service	Student/ School Activity	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,067,970	\$ 858,684	\$ 1,128,333	\$ 3,054,987
Due from other governments	10,204	20,547	-	30,751
Due from other funds	-	2,011,767	2,624	2,014,391
Inventory	19,424	-	-	19,424
Prepaid items	407	8,223	-	8,630
<b>Total assets</b>	<b>\$ 1,098,005</b>	<b>\$ 2,899,221</b>	<b>\$ 1,130,957</b>	<b>\$ 5,128,183</b>
<b>Liabilities</b>				
Accounts payable	\$ 777	\$ 13,680	\$ 25,930	\$ 40,387
Accrued liabilities	16,272	1,517	-	17,789
Due to other governments	15,629	-	-	15,629
Due to other funds	15,920	13,328	189	29,437
Unearned revenue	82,210	151,097	-	233,307
<b>Total liabilities</b>	<b>130,808</b>	<b>179,622</b>	<b>26,119</b>	<b>336,549</b>
<b>Fund balances</b>				
Nonspendable	19,831	8,223	-	28,054
Restricted	947,366	-	-	947,366
Committed	-	177,963	1,104,838	1,282,801
Assigned	-	2,533,413	-	2,533,413
<b>Total fund balances</b>	<b>967,197</b>	<b>2,719,599</b>	<b>1,104,838</b>	<b>4,791,634</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,098,005</b>	<b>\$ 2,899,221</b>	<b>\$ 1,130,957</b>	<b>\$ 5,128,183</b>

## DEXTER COMMUNITY SCHOOLS

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2022

	Special Revenue			
	Food Service	Community Service	Student/ School Activity	Total
<b>Revenues</b>				
Local sources	\$ 202,066	\$ 2,718,097	\$ 779,836	\$ 3,699,999
State sources	78,977	51,152	-	130,129
Federal sources	1,962,390	751,778	-	2,714,168
Interdistrict sources	160,374	-	-	160,374
<b>Total revenues</b>	<u>2,403,807</u>	<u>3,521,027</u>	<u>779,836</u>	<u>6,704,670</u>
<b>Expenditures</b>				
Current:				
Community services	-	3,116,517	644,494	3,761,011
Food services	2,008,942	-	-	2,008,942
<b>Total expenditures</b>	<u>2,008,942</u>	<u>3,116,517</u>	<u>644,494</u>	<u>5,769,953</u>
Revenues over expenditures	<u>394,865</u>	<u>404,510</u>	<u>135,342</u>	<u>934,717</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	2,358,045	-	2,358,045
Transfers out	(101,365)	(176,439)	-	(277,804)
<b>Total other financing sources (uses)</b>	<u>(101,365)</u>	<u>2,181,606</u>	<u>-</u>	<u>2,080,241</u>
<b>Net changes in fund balances</b>	<u>293,500</u>	<u>2,586,116</u>	<u>135,342</u>	<u>3,014,958</u>
Fund balances, beginning of year	<u>673,697</u>	<u>133,483</u>	<u>969,496</u>	<u>1,776,676</u>
<b>Fund balances, end of year</b>	<u>\$ 967,197</u>	<u>\$ 2,719,599</u>	<u>\$ 1,104,838</u>	<u>\$ 4,791,634</u>

**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, 2022

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

**Less:**

Bonds paid in prior years 51,225,000

Bonds due and paid May 1, 2022 2,625,000

Balance outstanding - June 30, 2022 \$ 15,750,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
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>\$ 15,750,000</u>	<u>\$ 1,404,376</u>	<u>\$ 1,404,374</u>	<u>\$ 18,558,750</u>

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## DEXTER COMMUNITY SCHOOLS

### Schedule of Bonds Issued and Outstanding (Unaudited)

2017 School Building and Site Bonds

June 30, 2022

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

**Less:**

Bonds paid in prior years -

Bonds due and paid May 1, 2022 2,400,000

**Balance outstanding - June 30, 2022** \$ 48,205,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
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>\$ 48,205,000</u>	<u>\$ 6,974,961</u>	<u>\$ 6,974,961</u>	<u>\$ 62,154,922</u>

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## DEXTER COMMUNITY SCHOOLS

### Schedule of Bonds Issued and Outstanding (Unaudited)

2017 Refunding Bonds

June 30, 2022

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

**Less:**

Bonds paid in prior years -

Bonds due and paid May 1, 2022 2,465,000

**Balance outstanding - June 30, 2022** \$ 17,545,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
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	<u>1,420,000</u>	<u>28,400</u>	<u>28,400</u>	<u>1,476,800</u>
		<u><u>\$ 17,545,000</u></u>	<u><u>\$ 1,072,200</u></u>	<u><u>\$ 1,072,200</u></u>	<u><u>\$ 19,689,400</u></u>

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## DEXTER COMMUNITY SCHOOLS

### Schedule of Bonds Issued and Outstanding (Unaudited)

2021 Refunding Bonds

June 30, 2022

Issue dated March 24, 2021 in the amount of \$ 15,440,000

**Less:**

Bonds paid in prior years	-
Bonds due and paid May 1, 2022	<u>1,505,000</u>

Balance outstanding - June 30, 2022 \$ 13,935,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
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	<u>1,515,000</u>	<u>6,212</u>	<u>6,211</u>	<u>1,527,423</u>
		<u><u>\$ 13,935,000</u></u>	<u><u>\$ 92,374</u></u>	<u><u>\$ 92,372</u></u>	<u><u>\$ 14,119,746</u></u>

concluded