

Dexter
Community
Schools



Year Ended
June 30, 2023

Financial
Statements and
Supplementary
Information

Rehmann

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DEXTER COMMUNITY SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 4, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, 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 4, 2023 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, 2023.

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 \$28,350,935.
- The District's total net position increased by \$8,945,217.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$37,020,800, an increase of \$13,312,124, in comparison with the prior year, which was largely attributable to the issuance of the 2023 School Building and Site Bonds.
- The general fund had a decrease in fund balance of \$1,339,531. At the end of the current fiscal year, total fund balance for the general fund was \$10,903,314, or 20.29% of total general fund expenditures. The unassigned fund balance of the general fund was \$1,648, or 0.003% 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, 2023.

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.

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.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

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 \$28,350,935 at June 30, 2023. 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.

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	
	2023	2022
Assets		
Current and other assets	\$ 46,376,804	\$ 32,022,025
Capital assets, net	122,043,037	124,278,688
Total assets	<u>168,419,841</u>	<u>156,300,713</u>
Deferred outflows of resources	<u>38,082,512</u>	<u>20,582,366</u>
Liabilities		
Other liabilities	10,081,800	8,867,904
Long-term liabilities	210,092,748	168,526,646
Total liabilities	<u>220,174,548</u>	<u>177,394,550</u>
Deferred inflows of resources	<u>14,678,740</u>	<u>36,784,681</u>

continued...

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

	Net Position	
	2023	2022
Net position		
Net investment in capital assets	\$ 35,093,504	\$ 29,297,436
Restricted	2,091,666	2,042,638
Unrestricted (deficit)	(65,536,105)	(68,636,226)
Total net position (deficit)	<u>\$ (28,350,935)</u>	<u>\$ (37,296,152)</u>
	concluded	
	Change in Net Position	
	2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 5,594,056	\$ 4,322,579
Operating grants and contributions	22,110,331	22,502,636
General revenues:		
Property taxes - operations	5,568,259	5,258,752
Property taxes - debt service	13,548,230	12,834,058
Grants and contributions not restricted to specific programs	25,455,173	24,257,347
Unrestricted investment earnings	538,134	20,966
Other revenues	90,376	258,596
Total revenues	<u>72,904,559</u>	<u>69,454,934</u>
Expenses		
Instruction	30,610,588	24,948,026
Supporting services	18,370,337	17,966,580
Community services	4,549,044	3,793,417
Food services	1,558,076	1,903,755
Payments to not-for-profit entities	9,600	-
Interest on long-term debt	2,864,281	3,154,519
Unallocated depreciation/amortization	5,997,416	6,089,493
Total expenses	<u>63,959,342</u>	<u>57,855,790</u>
Change in net position	8,945,217	11,599,144
Net position, beginning of year (deficit)	<u>(37,296,152)</u>	<u>(48,895,296)</u>
Net position, end of year (deficit)	<u>\$ (28,350,935)</u>	<u>\$ (37,296,152)</u>

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

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.

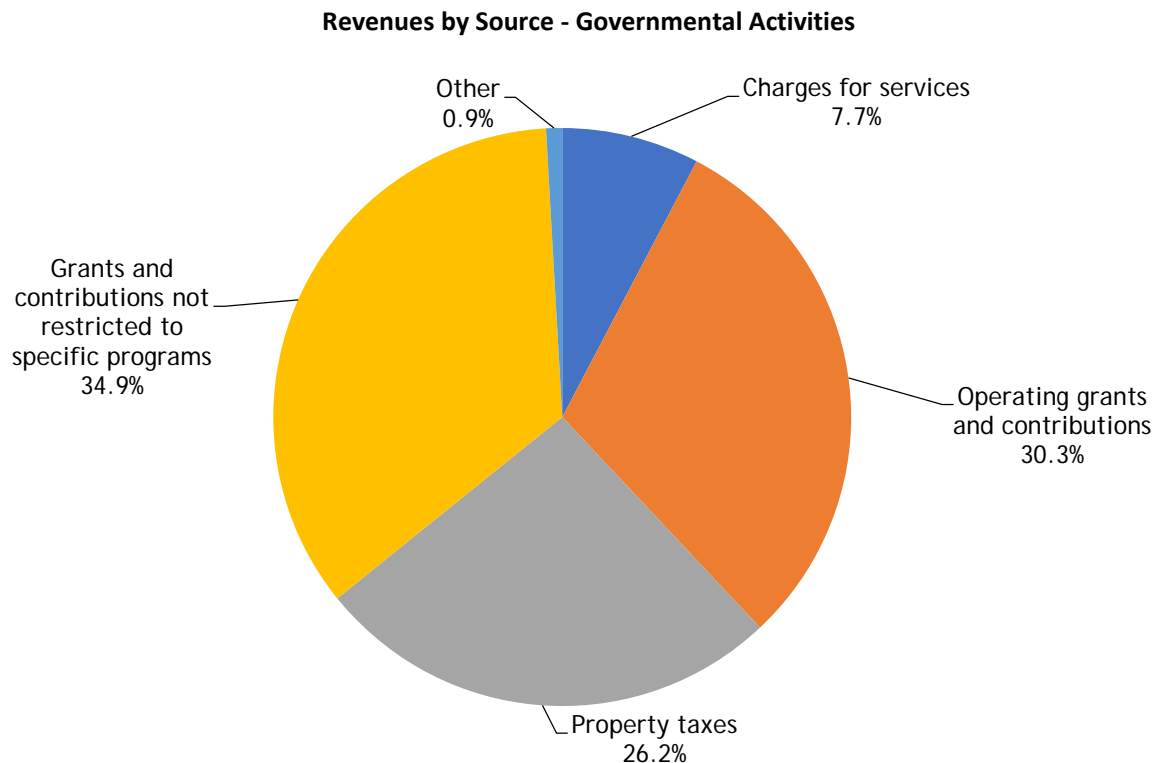
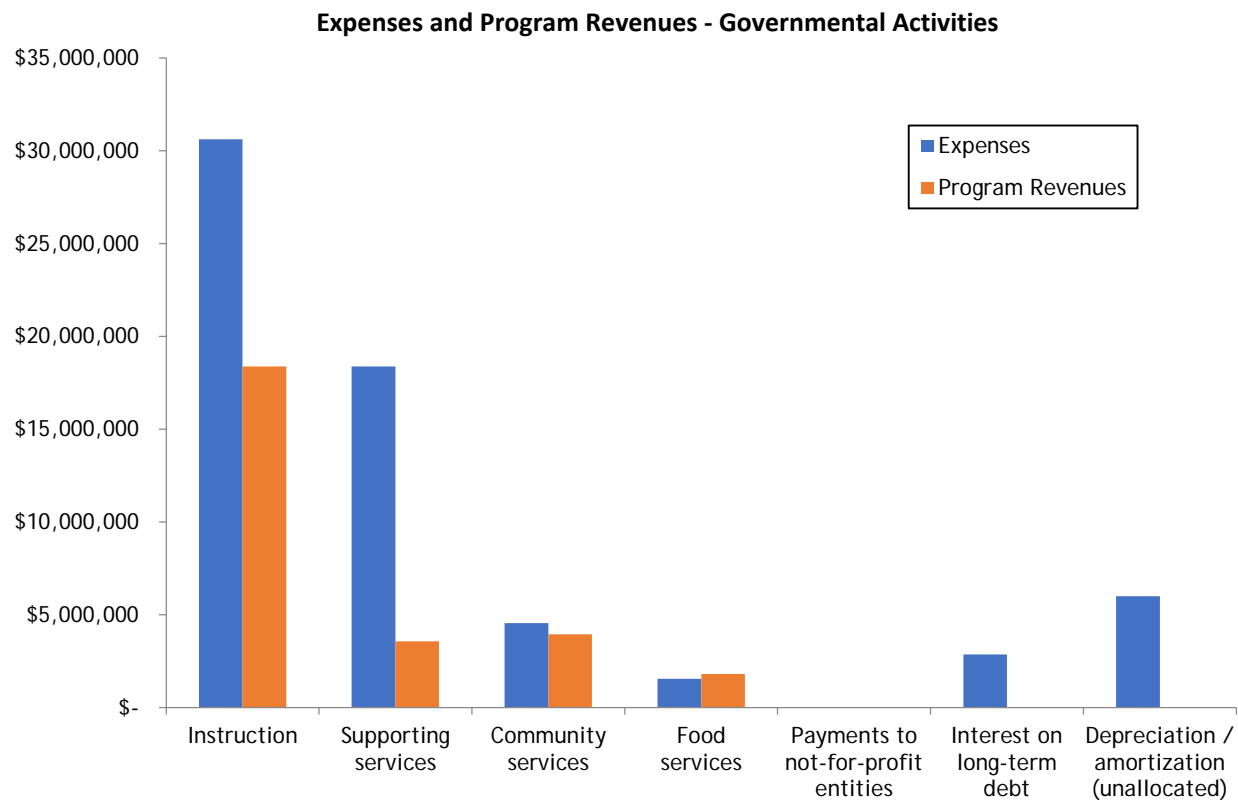
An additional portion of the District's net position, \$2,091,666, represents resources that are subject to external restrictions on how they may be used. In the case of the District, these amounts are restricted for debt service and food service. Most of the debt will be repaid from voter-approved property 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 \$8,945,217 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



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, 2023, 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 \$1,648, while the total fund balance was \$10,903,314. 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 0.003% and 20.29%, respectively, of total general fund expenditures.

The fund balance of the District's general fund decreased by \$1,339,531, or 10.94%, from the prior year. The largest revenue source in this fund is state revenue which includes primarily state aid. The decrease in fund balance was largely attributable to a loss in student enrollment, labor contracts that were settled to compete with the local labor market, and the continued employment of professional staff to provide learning supports in accordance with the District's Continuity of Learning Plan.

The debt retirement fund balance decreased by \$30,433 to \$1,599,563. 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 \$18,468,730, an increase of \$14,478,136 from the prior year. The increase was caused by the issuance of a second series of bonds, the 2023 School Building and Site Bonds, during the fiscal year.

The capital projects fund from non-bonded sources fund balance was \$1,089,507, an increase of \$35,900 from the prior year. The increase was attributable to investment earnings.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

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:

- Budgeted revenues were amended for an overall increase of \$3,317,272, or 6.92%, over the original budget. The increase was largely attributable to a one-time flow-through payment from the State of Michigan to record a pay down of the pension unfunded liability.
- Budgeted expenditures were amended for an overall increase of \$7,694,052. The increase was largely attributable to recording the one-time paydown of the pension unfunded liability and the settlement of labor contracts.

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 \$52,385,305. That amount is more than the final budget estimate of \$51,693,890. The variance was \$691,415, or 1.32%. The favorable variance was largely attributable to increased investment earnings and additional restricted state funds to offset the cost of the pension.
- The actual expenditures and other financing uses of the general fund were \$53,724,836, which is less than the final budget estimate of \$55,724,252. The variance was 1,999,416, or 3.72%. The variance was attributable to the deferral of grant-funded expenditures due to supply chain issues, teaching supply expenditures deferred to the following school year, reduced payroll taxes due to increased employee contributions for health coverage, temporary vacancies in instructional positions, and unfilled non-instructional support positions due to the shortage of available labor.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2023 amounted to \$122,043,037 (net of accumulated depreciation/amortization). Additions included renovations to the District's facilities being funded through voter-approved bond issues. Reductions were due to depreciation/amortization. Capital assets at year-end included the following:

	Capital Assets (Net of Depreciation/Amortization)	
	2023	2022
Land	\$ 5,835,892	\$ 5,835,892
Construction in progress	49,067	124,698
Buildings and improvements	109,342,959	112,153,782
Furniture and equipment	5,881,254	5,058,423
Vehicles and buses	921,473	1,081,108
Subscription assets	12,392	24,785
Total capital assets, net	\$ 122,043,037	\$ 124,278,688

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

Long-term Debt

	Long-term Debt	
	2023	2022
General obligation bonds	\$ 101,190,000	\$ 95,435,000
Unamortized premiums and discounts	4,372,545	3,709,356
School Loan Revolving Fund	1,070	1,034
Compensated absences	1,718,044	1,733,989
	\$ 107,281,659	\$ 100,879,379

At the end of the current fiscal year, the District had total long-term debt outstanding of \$107,281,659. The District's total debt increased by \$6,402,280 during the current fiscal year as a result of normal debt service payments combined with the issuance of the 2023 School Building and Site Bonds.

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 2023-2024 fiscal year:

- **Foundation Allowance**

The Board of Education and administration agreed to an estimated foundation allowance of \$9,700 per pupil for the 2023-2024 fiscal year, a \$550 per pupil increase from 2022-2023, 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, 2024 was adopted in June 2023 when there was a high degree of uncertainty related to the funding and operations for districts in the State of Michigan. 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 3,374 for the 2023-2024 fiscal year, a 4 pupil increase from 2022-2023, 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 2023-2024, the rate for a Basic/MIP with Premium Subsidy member is 31.34% effective October 1, 2023. Additionally, the District will be required to pay 16.89%, for all wages earned October 1, 2023 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

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

The budget for the year ended June 30, 2024 was adopted in June 2023. There continues to be a high degree of uncertainty related to the funding and operations for districts in the State of Michigan due to the COVID-19 pandemic. 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. These factors will continue to have an 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

BASIC FINANCIAL STATEMENTS

DEXTER COMMUNITY SCHOOLS

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 10,937,809
Investments	27,709,733
Receivables	7,630,475
Other assets	98,787
Capital assets not being depreciated/amortized	5,884,959
Capital assets being depreciated/amortized, net	<u>116,158,078</u>
Total assets	<u>168,419,841</u>
Deferred outflows of resources	
Deferred charge on advance bond refundings, net	156,476
Deferred pension amounts	30,335,046
Deferred other postemployment benefit amounts	<u>7,590,990</u>
Total deferred outflows of resources	<u>38,082,512</u>
Liabilities	
Accounts payable and accrued liabilities	6,681,486
Unearned revenue	3,400,314
Bonds, notes, and other long-term liabilities:	
Due within one year	12,211,007
Due in more than one year	95,082,846
Net pension liability (due in more than one year)	97,322,302
Net other postemployment benefit liability (due in more than one year)	<u>5,476,593</u>
Total liabilities	<u>220,174,548</u>
Deferred inflows of resources	
Deferred pension amounts	2,766,892
Deferred other postemployment benefit amounts	<u>11,911,848</u>
Total deferred inflows of resources	<u>14,678,740</u>
Net position	
Net investment in capital assets	35,093,504
Restricted for:	
Food service operations	1,217,899
Debt service	873,767
Unrestricted (deficit)	<u>(65,536,105)</u>
Total net position (deficit)	<u>\$ (28,350,935)</u>

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

DEXTER COMMUNITY SCHOOLS

Statement of Activities

For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 30,610,588	\$ 108,588	\$ 18,262,682	\$ (12,239,318)
Supporting services	18,370,337	558,446	3,012,251	(14,799,640)
Community services	4,549,044	3,881,305	67,750	(599,989)
Food services	1,558,076	1,045,717	767,648	255,289
Payments to not-for-profit entities	9,600	-	-	(9,600)
Interest on long-term debt	2,864,281	-	-	(2,864,281)
Unallocated depreciation/amortization	5,997,416	-	-	(5,997,416)
Total governmental activities	<u>\$ 63,959,342</u>	<u>\$ 5,594,056</u>	<u>\$ 22,110,331</u>	<u>(36,254,955)</u>
General revenues				
Property taxes - operations				5,568,259
Property taxes - debt service				13,548,230
Grants and contributions not restricted to specific programs				25,455,173
Unrestricted investment earnings				538,134
Other revenues				<u>90,376</u>
Total general revenues				<u>45,200,172</u>
Change in net position				8,945,217
Net position, beginning of year (deficit)				<u>(37,296,152)</u>
Net position, end of year (deficit)				<u>\$ (28,350,935)</u>

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

DEXTER COMMUNITY SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 4,167,626	\$ 389,531	\$ -
Investments	8,001,045	1,197,303	18,511,385
Accounts receivable	6,908	-	-
Interest receivable	160,110	12,729	9,592
Due from other governments	7,370,858	-	-
Due from other funds	100,564	-	-
Inventory	-	-	-
Prepaid items	72,326	-	-
Total assets	<u>\$ 19,879,437</u>	<u>\$ 1,599,563</u>	<u>\$ 18,520,977</u>
Liabilities			
Accounts payable	\$ 52,280	\$ -	\$ 52,247
Accrued liabilities	4,486,239	-	-
Due to other governments	1,278,262	-	-
Due to other funds	797	-	-
Unearned revenue	3,158,545	-	-
Total liabilities	<u>8,976,123</u>	<u>-</u>	<u>52,247</u>
Fund balances			
Nonspendable	72,326	-	-
Restricted	-	1,599,563	18,468,730
Committed	8,640,459	-	-
Assigned	2,188,881	-	-
Unassigned	1,648	-	-
Total fund balances	<u>10,903,314</u>	<u>1,599,563</u>	<u>18,468,730</u>
Total liabilities and fund balances	<u>\$ 19,879,437</u>	<u>\$ 1,599,563</u>	<u>\$ 18,520,977</u>

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



Capital Projects Non-bonded	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,089,507	\$ 5,291,145	\$ 10,937,809
-	-	27,709,733
-	20,863	27,771
-	-	182,431
-	49,415	7,420,273
-	2,358	102,922
-	20,856	20,856
-	5,605	77,931
<u>\$ 1,089,507</u>	<u>\$ 5,390,242</u>	<u>\$ 46,479,726</u>
\$ -	\$ 82,172	\$ 186,699
-	4,466	4,490,705
-	24	1,278,286
-	102,125	102,922
-	241,769	3,400,314
<u>-</u>	<u>430,556</u>	<u>9,458,926</u>
-	26,461	98,787
-	1,192,588	21,260,881
1,089,507	1,579,168	11,309,134
-	2,161,469	4,350,350
-	-	1,648
<u>1,089,507</u>	<u>4,959,686</u>	<u>37,020,800</u>
<u>\$ 1,089,507</u>	<u>\$ 5,390,242</u>	<u>\$ 46,479,726</u>

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DEXTER COMMUNITY SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

Fund balances - total governmental funds	\$ 37,020,800
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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/amortized	5,884,959
Capital assets being depreciated/amortized, net	116,158,078

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

Bonds, notes, and other long-term liabilities	(101,203,264)
Compensated absences	(1,718,044)
Unamortized bond premiums and discounts, net	(4,372,545)
Unamortized deferred charge on advance bond refunding	156,476
Accrued interest on bonds payable	(725,796)

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	(97,322,302)
Deferred outflows related to the net pension liability	30,335,046
Deferred inflows related to the net pension liability	(2,766,892)
Net other postemployment benefit liability	(5,476,593)
Deferred outflows related to the net other postemployment benefit liability	7,590,990
Deferred inflows related to the net other postemployment benefit liability	(11,911,848)

Net position of governmental activities	<u>\$ (28,350,935)</u>
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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, 2023

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund
Revenues			
Local sources	\$ 6,507,705	\$ 13,774,888	\$ 334,043
State sources	37,472,738	245,268	-
Federal sources	2,868,600	-	-
Interdistrict sources	5,195,183	-	-
Total revenues	<u>52,044,226</u>	<u>14,020,156</u>	<u>334,043</u>
Expenditures			
Current:			
Instruction	33,752,128	-	-
Supporting services	19,649,007	-	-
Community services	271,461	-	-
Food services	-	-	-
Payments to not-for-profit entities	9,600	-	-
Debt service:			
Principal	12,591	10,715,000	-
Interest and fiscal charges	409	3,335,589	-
Capital outlay	-	-	3,672,909
Other adjustments	29,640	-	-
Total expenditures	<u>53,724,836</u>	<u>14,050,589</u>	<u>3,672,909</u>
Revenues over (under) expenditures	<u>(1,680,610)</u>	<u>(30,433)</u>	<u>(3,338,866)</u>
Other financing sources (uses)			
Transfers in	341,079	-	-
Transfers out	-	-	-
Issuance of long-term debt	-	-	16,470,000
Premium on issuance of long-term debt	-	-	1,347,002
Total other financing sources (uses)	<u>341,079</u>	<u>-</u>	<u>17,817,002</u>
Net change in fund balances	<u>(1,339,531)</u>	<u>(30,433)</u>	<u>14,478,136</u>
Fund balances, beginning of year	<u>12,242,845</u>	<u>1,629,996</u>	<u>3,990,594</u>
Fund balances, end of year	<u>\$ 10,903,314</u>	<u>\$ 1,599,563</u>	<u>\$ 18,468,730</u>

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



Capital Projects Non-bonded	Nonmajor Governmental Funds	Total Governmental Funds
\$ 36,329	\$ 4,997,040	\$ 25,650,005
-	200,135	37,918,141
-	1,129,873	3,998,473
-	172,397	5,367,580
36,329	6,499,445	72,934,199
-	-	33,752,128
-	-	19,649,007
-	4,348,600	4,620,061
-	1,641,714	1,641,714
-	-	9,600
-	-	10,727,591
-	-	3,335,998
429	-	3,673,338
-	-	29,640
429	5,990,314	77,439,077
35,900	509,131	(4,504,878)
-	-	341,079
-	(341,079)	(341,079)
-	-	16,470,000
-	-	1,347,002
-	(341,079)	17,817,002
35,900	168,052	13,312,124
1,053,607	4,791,634	23,708,676
\$ 1,089,507	\$ 4,959,686	\$ 37,020,800

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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, 2023

Net changes in fund balances - total governmental funds **\$ 13,312,124**

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

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

Capital assets purchased/constructed	3,761,765
Depreciation/amortization expense	(5,997,416)

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 bonds, notes, and other long-term liabilities	10,727,591
Issuance of long-term debt	(16,470,000)
Premium on issuance of long-term debt	(1,347,002)
Accrued interest on School Loan Revolving Fund added to principal	(36)
Amortization of bond premiums and discounts, net	683,813
Amortization of deferred charge on advance bond refunding	(40,819)

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	313,264
Change in the net other postemployment benefit liability and related deferred amounts	4,157,229
Change in accrued interest payable on bonds	(171,241)
Change in compensated absences payable	15,945

Change in net position of governmental activities **\$ 8,945,217**

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local sources	\$ 5,894,740	\$ 6,137,212	\$ 6,507,705	\$ 370,493
State sources	34,120,328	36,628,978	37,472,738	843,760
Federal sources	2,709,381	2,885,458	2,868,600	(16,858)
Interdistrict sources	5,231,290	5,621,363	5,195,183	(426,180)
Total revenues	<u>47,955,739</u>	<u>51,273,011</u>	<u>52,044,226</u>	<u>771,215</u>
Expenditures				
Current:				
Instruction:				
Basic programs	22,165,824	26,363,207	26,132,583	(230,624)
Added needs	6,769,040	7,798,253	7,619,545	(178,708)
Total instruction	<u>28,934,864</u>	<u>34,161,460</u>	<u>33,752,128</u>	<u>(409,332)</u>
Supporting services:				
Student services	5,119,505	5,989,056	5,695,934	(293,122)
Instructional support	2,411,976	2,987,240	2,817,201	(170,039)
General administration	863,530	859,230	773,205	(86,025)
School administration	2,547,029	2,743,367	2,698,466	(44,901)
Business administration	771,871	729,509	729,496	(13)
Operation & maintenance of plant	4,414,338	5,230,131	4,703,760	(526,371)
Transportation	1,841,549	1,874,235	1,684,307	(189,928)
Other support services	649,217	685,312	546,638	(138,674)
Total supporting services	<u>18,619,015</u>	<u>21,098,080</u>	<u>19,649,007</u>	<u>(1,449,073)</u>
Community services	<u>286,321</u>	<u>274,712</u>	<u>271,461</u>	<u>(3,251)</u>
Payments to not-for-profit entities	<u>-</u>	<u>9,600</u>	<u>9,600</u>	<u>-</u>
Debt service:				
Principal	-	-	12,591	12,591
Interest	-	-	409	409
Total debt service	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>13,000</u>
Other adjustments	<u>-</u>	<u>-</u>	<u>29,640</u>	<u>29,640</u>
Total expenditures	<u>47,840,200</u>	<u>55,534,252</u>	<u>53,724,836</u>	<u>(1,819,016)</u>
Revenues over (under) expenditures	<u>115,539</u>	<u>(4,261,241)</u>	<u>(1,680,610)</u>	<u>(2,590,231)</u>
Other financing sources (uses)				
Transfers in	356,218	420,879	341,079	(79,800)
Transfers out	(735,304)	(190,000)	-	190,000
Total other financing uses	<u>(379,086)</u>	<u>230,879</u>	<u>341,079</u>	<u>110,200</u>
Net change in fund balance	<u>(263,547)</u>	<u>(4,030,362)</u>	<u>(1,339,531)</u>	<u>2,690,831</u>
Fund balance, beginning of year	<u>12,242,845</u>	<u>12,242,845</u>	<u>12,242,845</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,979,298</u>	<u>\$ 8,212,483</u>	<u>\$ 10,903,314</u>	<u>\$ 2,690,831</u>

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, 2023.

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 originally issued in 2017 with a second series issued in 2023.

The *capital projects non-bonded fund* accounts 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.

Prepays

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 \$25,000 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/amortized 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 assets 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 assets 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.

Subscription-Based Information Technology Arrangement (SBITA)

The District has a noncancellable subscription-based information technology arrangement. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$25,000 or more.

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

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The subscription term includes the noncancellable period of the subscription. subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

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

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.

Property Taxes

Property taxes are recognized as revenue in the general and debt service funds on a levy year basis. The 2022 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.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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.

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, 2023. 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.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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, 2023, expenditures exceeded appropriations at the legal level of budgetary control in the following funds:

	Total Appropriations	Amount of Expenditures	Budget Variance
General fund			
Debt service	\$ -	\$ 12,591	\$ 12,591
Other adjustments	-	29,640	29,640

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 72% of the District's general fund revenue during the 2023 fiscal year.

4. DEPOSITS AND INVESTMENTS

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

	Governmental Activities
Cash and cash equivalents	\$ 10,937,809
Investments	27,709,733
Total	<u><u>\$ 38,647,542</u></u>
Checking and savings accounts	\$ 10,937,509
Investments	27,709,733
Cash on hand	300
Total	<u><u>\$ 38,647,542</u></u>

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.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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	\$ 66,482	AAAm S&P
MAX class	N/A	1,948,251	AAAm S&P
MILAF term	7/28/2023	8,000,000	AAAm S&P
MILAF term	9/19/2023	1,195,000	AAAm S&P
MILAF term	8/31/2023	2,000,000	AAAm S&P
MILAF term	9/22/2023	2,000,000	AAAm S&P
MILAF term	10/20/2023	1,000,000	AAAm S&P
MILAF term	1/25/2024	1,000,000	AAAm S&P
MILAF term	3/22/2024	1,000,000	AAAm S&P
MILAF term	6/21/2024	<u>9,500,000</u>	AAAm S&P
Total		<u><u>\$ 27,709,733</u></u>	

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, \$12,336,480 of the District's bank balance of \$12,586,480 was exposed to custodial credit risk because it was uninsured and uncollateralized.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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.

Assets carried at amortized cost:

External investment pools:

Michigan Liquid Asset Fund (MILAF):

MILAF + Portfolio:

Cash management class	\$ 66,482
MAX class	1,948,251

Assets carried at net asset value:

External investment pools:

Michigan Liquid Asset Fund (MILAF):

MILAF Term	25,695,000
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Total investments	\$ 27,709,733
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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	\$ 27,771
Interest receivable	182,431
Due from other governments	7,420,273
Totals	\$ 7,630,475

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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

	Governmental Activities
Accounts payable	\$ 186,699
Accrued liabilities	4,490,705
Due to other governments	1,278,286
Interest payable on long-term debt	<u>725,796</u>
Totals	<u>\$ 6,681,486</u>

6. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

At June 30, 2023, interfund receivables and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 100,564	\$ 797
Nonmajor governmental funds	<u>2,358</u>	<u>102,125</u>
	<u>\$ 102,922</u>	<u>\$ 102,922</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, 2023, interfund transfers consisted of the following:

Transfers Out	Transfers In		Totals
	General Fund	Nonmajor Governmental Funds	
Nonmajor governmental funds	<u>\$ 341,079</u>	<u>\$ -</u>	<u>\$ 341,079</u>

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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

7. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2023 was as follows:

	Beginning Balance*	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 5,835,892	\$ -	\$ -	\$ -	\$ 5,835,892
Construction in progress	124,698	3,761,765	-	(3,837,396)	49,067
	<u>5,960,590</u>	<u>3,761,765</u>	<u>-</u>	<u>(3,837,396)</u>	<u>5,884,959</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	190,642,485	-	-	1,980,184	192,622,669
Furniture and equipment	15,554,215	-	-	1,749,234	17,303,449
Vehicles and buses	3,963,618	-	-	107,978	4,071,596
Subscription assets (Note 9)	24,785	-	-	-	24,785
	<u>210,185,103</u>	<u>-</u>	<u>-</u>	<u>3,837,396</u>	<u>214,022,499</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(78,488,703)	(4,791,007)	-	-	(83,279,710)
Furniture and equipment	(10,495,792)	(926,403)	-	-	(11,422,195)
Vehicles and buses	(2,882,510)	(267,613)	-	-	(3,150,123)
Subscription assets (Note 9)	-	(12,393)	-	-	(12,393)
	<u>(91,867,005)</u>	<u>(5,997,416)</u>	<u>-</u>	<u>-</u>	<u>(97,864,421)</u>
Total capital assets being depreciated/amortized, net	<u>118,318,098</u>	<u>(5,997,416)</u>	<u>-</u>	<u>3,837,396</u>	<u>116,158,078</u>
Governmental activities capital assets, net					
	<u>\$ 124,278,688</u>	<u>\$ (2,235,651)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,043,037</u>

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

At June 30, 2023, the District has \$12,812,183 in commitments related to the construction in progress reported above.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

* The District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year. In accordance with this Statement, a subscription asset has been added to the beginning balances shown above and a corresponding and SBITA payable has been recorded for the same amount.

8. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2023:

	Beginning Balance*	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 95,435,000	\$ 16,470,000	\$ (10,715,000)	\$ 101,190,000	\$ 11,515,000
Unamortized premiums and discounts	3,709,356	1,347,002	(683,813)	4,372,545	683,813
School Loan Revolving Fund	1,034	36	-	1,070	-
Compensated absences	1,733,989	-	(15,945)	1,718,044	-
SBITA payable (Note 9)	24,785	-	(12,591)	12,194	12,194
Total governmental activities	<u>\$ 100,904,164</u>	<u>\$ 17,817,038</u>	<u>\$ (11,427,349)</u>	<u>\$ 107,293,853</u>	<u>\$ 12,211,007</u>

* The District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year. In accordance with this Statement, a SBITA payable has been added to the beginning balances shown above and a corresponding and subscription asset has been recorded for the same amount.

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 \$ 13,125,000

\$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 46,700,000

\$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 14,620,000

\$15,440,000 2021 refunding bonds due in amounts ranging
from \$1,515,000 through \$4,635,000 plus interest at
0.38-0.82% through 2026 10,275,000

continued...

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

General obligation bonds (concluded)

\$16,470,000 2023 series 2 school building and site bonds due in amounts ranging from \$3,185,000 through \$6,730,000 plus interest at 5.00% through 2028

\$ 16,470,000

Total

\$ 101,190,000

concluded

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

Year Ended June 30,	Principal	Interest	Total
2024	\$ 11,515,000	\$ 3,920,148	\$ 15,435,148
2025	12,355,000	3,493,074	15,848,074
2026	12,770,000	3,123,881	15,893,881
2027	12,870,000	2,600,532	15,470,532
2028	13,055,000	1,989,557	15,044,557
2029-2033	36,600,000	4,119,460	40,719,460
2034	<u>2,025,000</u>	<u>63,282</u>	<u>2,088,282</u>
Totals	<u><u>\$ 101,190,000</u></u>	<u><u>\$ 19,309,934</u></u>	<u><u>\$ 120,499,934</u></u>

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, 2023 are as follows:

School Loan Revolving Fund			
	Principal	Interest	Total
Beginning balance	\$ 1,034	\$ -	\$ 1,034
Additions	<u>-</u>	<u>36</u>	<u>36</u>
Ending balance	<u><u>\$ 1,034</u></u>	<u><u>\$ 36</u></u>	<u><u>\$ 1,070</u></u>

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

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)

The District is involved in one arrangement that qualifies as a long-term SBITA arrangement. Below is a summary of the nature of this arrangement. This agreement qualifies as an intangible, right-to-use subscription asset as the District has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year.

The right-to-use-asset and the related activity is included in Note 7, Capital Assets. The SBITA payable and related activity are presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

	Remaining Term of Agreement
Asset Type	
Subscription asset	1 year

The assets acquired through SBITAs are summarized as follows:

	Governmental Activities
Subscription assets	\$ 24,785
Less accumulated amortization	<u>(12,393)</u>
Net book value	<u><u>\$ 12,392</u></u>

The net present value of future minimum payments as of June 30, 2023 were as follows:

	Governmental Activities	
Year Ended June 30,	Principal	Interest
2024	<u>\$ 12,194</u>	<u>\$ 806</u>

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

10. 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
Deferred grant revenue from State sources	415,369
Prepaid fees	174,140
Prepaid student lunches	67,629
Other	32,105
	<hr/>
	\$ 3,400,314

11. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

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

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

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

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Pension Benefits Provided

Benefit provisions of the defined benefit 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, 2021 valuation will be amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.14% - 20.16%
Member Investment Plan (MIP)	3.00% - 7.00%	20.14% - 20.16%
Pension Plus	3.00% - 6.40%	17.22% - 17.24%
Pension Plus 2	6.20%	19.93% - 19.95%
Defined Contribution	0.00%	13.73% - 13.75%

For the year ended June 30, 2023, required and actual contributions from the District to the pension plan were \$12,212,128, which included \$7,027,279, 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 2023:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.21% - 7.23%

For the year ended June 30, 2023, required and actual contributions from the District to the OPEB plan were \$2,153,313.

The table below summarizes defined contribution rates in effect for fiscal year 2023:

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

For the year ended June 30, 2023, required and actual contributions from the District for those members with a defined contribution benefit were \$501,916.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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

At June 30, 2023, the District reported a liability of \$97,322,302 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. 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, 2022, the District's proportion was 0.25878%, which was a decrease of 0.00949% from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$11,664,503. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 973,563	\$ 217,602	\$ 755,961
Changes in assumptions	16,723,459	-	16,723,459
Net difference between projected and actual earnings on pension plan investments	228,221	-	228,221
Changes in propor. on and differences between employer contributions and proportionate share of contributions	761,753	2,549,290	(1,787,537)
	<u>18,686,996</u>	<u>2,766,892</u>	<u>15,920,104</u>
District contributions subsequent to the measurement date	11,648,050	-	11,648,050
Total	<u><u>\$ 30,335,046</u></u>	<u><u>\$ 2,766,892</u></u>	<u><u>\$ 27,568,154</u></u>

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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
2024	\$ 4,761,396
2025	3,269,159
2026	2,569,968
2027	<u>5,319,581</u>
Total	<u>\$ 15,920,104</u>

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

At June 30, 2023, the District reported a liability of \$5,476,593 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. 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, 2022, the District's proportion was 0.25857% which was a decrease of 0.01060% from its proportion measured as of September 30, 2021.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2023, the District recognized OPEB expense of \$(2,101,529). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 10,726,548	\$ (10,726,548)
Changes in assumptions	4,881,463	397,477	4,483,986
Net difference between projected and actual earnings on OPEB plan investments	428,039	-	428,039
Changes in proportion and differences between employer contributions and proportionate share of contributions	369,509	787,823	(418,314)
	<u>5,679,011</u>	<u>11,911,848</u>	<u>(6,232,837)</u>
District contributions subsequent to the measurement date	1,911,979	-	1,911,979
Total	<u>\$ 7,590,990</u>	<u>\$ 11,911,848</u>	<u>\$ (4,320,858)</u>

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

Year Ended June 30,	Amount
2024	\$ (2,065,829)
2025	(1,893,469)
2026	(1,737,001)
2027	(290,058)
2028	(221,360)
Thereafter	<u>(25,120)</u>
Total	<u>\$ (6,232,837)</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, 2021 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)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
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	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	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, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2022, are based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.3922 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2250 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, 6.00% for the Pension Plus Plan, and 6.00% for OPEB.

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, 2022, 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%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	<u>100.00%</u>		4.67%
Inflation			2.20%
Risk adjustment			<u>-0.87%</u>
Investment rate of return			<u><u>6.00%</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, 2022, 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%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	<u>100.00%</u>		4.67%
Inflation			2.20%
Risk adjustment			<u>-0.87%</u>
Investment rate of return			<u><u>6.00%</u></u>

Rate of Return

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

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Discount Rate

A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. 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 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 128,429,283	\$ 97,322,302	\$ 71,688,748

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB liability	\$ 9,186,458	\$ 5,476,593	\$ 2,352,427

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,293,335	\$ 5,476,593	\$ 9,049,863

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2023, the District reported a payable of \$1,893,044 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2023.

Payable to the OPEB Plan

At June 30, 2023, the District reported a payable of \$246,096 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2023.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

12. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund	Capital Projects Non-bonded	Nonmajor Governmental Funds	Total
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 20,856	\$ 20,856
Prepaid items	72,326	-	-	-	5,605	77,931
	<u>72,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,461</u>	<u>98,787</u>
Restricted						
Debt service	-	1,599,563	-	-	-	1,599,563
Food service program	-	-	-	-	1,192,588	1,192,588
Capital projects	-	-	18,468,730	-	-	18,468,730
	<u>-</u>	<u>1,599,563</u>	<u>18,468,730</u>	<u>-</u>	<u>1,192,588</u>	<u>21,260,881</u>
Committed						
Unspent supply carryover	144,969	-	-	-	-	144,969
Facilities, equipment and maintenance	1,000,000	-	-	-	-	1,000,000
Facilities, athletics	1,125,000	-	-	-	-	1,125,000
Performing arts equipment	170,000	-	-	-	-	170,000
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	-	-	-	-	290,386	290,386
Student / school activity	-	-	-	-	1,288,782	1,288,782
Non-bonded capital projects	-	-	-	1,089,507	-	1,089,507
	<u>8,640,459</u>	<u>-</u>	<u>-</u>	<u>1,089,507</u>	<u>1,579,168</u>	<u>11,309,134</u>
Assigned						
Community services	-	-	-	-	2,161,469	2,161,469
Subsequent year expenditures	2,188,881	-	-	-	-	2,188,881
	<u>2,188,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,161,469</u>	<u>4,350,350</u>
Unassigned	<u>1,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,648</u>
Total fund balances - governmental funds	<u>\$ 10,903,314</u>	<u>\$ 1,599,563</u>	<u>\$ 18,468,730</u>	<u>\$ 1,089,507</u>	<u>\$ 4,959,686</u>	<u>\$ 37,020,800</u>

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

13. NET INVESTMENT IN CAPITAL ASSETS

The composition of the District's net investment in capital assets as of June 30, 2023, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated/amortized	\$ 5,884,959
Capital assets being depreciated/amortized, net	<u>116,158,078</u>
	<u>122,043,037</u>
Related debt:	
General obligation bonds	101,190,000
Premiums/discounts on bonds payable, net	4,372,545
SBITA payable	12,194
Deferred charge on advance bond refundings, net	(156,476)
Unexpended bond proceeds	<u>(18,468,730)</u>
	<u>86,949,533</u>
Net investment in capital assets	<u>\$ 35,093,504</u>

14. 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 and starting in the current year, the 2023 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.

15. 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 assess 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.

16. 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 three 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 \$1,891,000 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

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,				
	2023	2022	2021	2020	2019
District's proportionate share of the net pension liability	\$ 97,322,302	\$ 63,513,923	\$ 91,569,173	\$ 86,772,214	\$ 78,076,238
District's proportion of the net pension liability	0.25878%	0.26827%	0.26657%	0.26202%	0.25972%
District's covered payroll	\$ 25,134,639	\$ 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	387.20%	260.66%	381.00%	374.65%	349.32%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	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,				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 12,212,128	\$ 8,799,078	\$ 7,960,419	\$ 7,319,434	\$ 6,953,030
Contributions in relation to the statutorily required contribution	<u>(12,212,128)</u>	<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>	<u>\$ -</u>
District's covered payroll	\$ 27,392,729	\$ 24,737,501	\$ 23,838,048	\$ 23,821,083	\$ 21,043,362
Contributions as a percentage of covered payroll	44.58%	35.57%	33.39%	30.73%	33.04%

See notes to required supplementary information.

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

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information

MPERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,		
	2023	2022	2021
District's proportionate share of the net OPEB liability	\$ 5,476,593	\$ 4,108,559	\$ 14,508,268
District's proportion of the net OPEB liability	0.25857%	0.26917%	0.27081%
District's covered payroll	\$ 25,134,639	\$ 24,366,821	\$ 24,033,841
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.79%	16.86%	60.37%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%

See notes to required supplementary information.

Year Ended June 30,		
2020	2019	2018
\$ 19,005,006	\$ 20,863,637	\$ 22,742,261
0.26478%	0.26247%	0.25682%
\$ 23,160,721	\$ 22,350,671	\$ 21,844,616
82.06%	93.35%	104.11%
48.46%	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,		
	2023	2022	2021
Statutorily required contributions	\$ 2,153,313	\$ 1,979,501	\$ 1,953,217
Contributions in relation to the statutorily required contributions	<u>(2,153,313)</u>	<u>(1,979,501)</u>	<u>(1,953,217)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,392,729	\$ 24,737,501	\$ 23,838,048
Contributions as a percentage of covered payroll	7.86%	8.00%	8.19%

See notes to required supplementary information.

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Year Ended June 30,		
2020	2019	2018
\$ 1,914,592	\$ 1,961,551	\$ 1,761,556
<u>(1,914,592)</u>	<u>(1,961,551)</u>	<u>(1,761,556)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,821,083	\$ 21,043,362	\$ 22,283,619
8.04%	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:

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 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 data will be presented.

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

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

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 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, 2023

Revenues

Local sources

Property taxes	\$ 5,568,259
Earnings on investments and deposits	504,228
Tuition	108,588
Transportation	109,298
Rentals	159,042
Other local revenues	58,290
Total local sources	<u>6,507,705</u>

State sources

State aid - membership - section 20	25,455,173
At risk	375,618
Special education	2,572,065
Other state grants	9,069,882
Total state sources	<u>37,472,738</u>

Federal sources

Title I	106,667
Title II - Teacher Principal Training	50,524
Title III - Immigrant Students and English Learners	7,604
Elementary and Secondary School Emergency Relief Program	1,891,182
Special Education	780,964
Special Education - Preschool	15,330
Student Support and Academic Enrichment Program	16,329
Total federal sources	<u>2,868,600</u>

Interdistrict sources

5,195,183

Total revenues

52,044,226

Other financing sources

Transfers from other funds	<u>341,079</u>
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Total revenues and other financing sources

\$ 52,385,305

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2023

Instruction

Basic programs

Elementary

Salaries	\$ 6,342,096
Insurances	1,187,049
FICA, retirement, etc.	4,386,136
Purchased services	480,686
Supplies and materials	181,208
Other	1,543
Total elementary	12,578,718

Middle/junior high

Salaries	2,295,449
Insurances	384,997
FICA, retirement, etc.	1,645,608
Purchased services	119,186
Supplies and materials	57,768
Other	2,325
Total middle/junior high	4,505,333

High school

Salaries	4,389,026
Insurances	708,308
FICA, retirement, etc.	3,082,087
Purchased services	435,103
Supplies and materials	94,691
Other	172,528
Total high school	8,881,743

Summer school

Purchased services	159,700
Supplies and materials	7,089
Total summer school	166,789

Total basic programs

26,132,583

Added needs

Special education

Salaries	2,945,826
Insurances	330,976
FICA, retirement, etc.	1,532,990
Purchased services	162,228
Supplies and materials	19,475
Other	178,679
Total special education	5,170,174

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2023

Instruction (concluded)

Added needs (concluded)

Compensatory education

Salaries	\$ 1,322,424
Insurances	61,815
FICA, retirement, etc.	666,259
Purchased services	5,732
Supplies and materials	376

Total compensatory education	2,056,606
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Vocational education

Salaries	87,226
Insurances	17,330
FICA, retirement, etc.	47,649
Purchased services	7,391
Supplies and materials	40,336
Other	192,833

Total vocational education	392,765
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Total added needs	7,619,545
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Total instruction	33,752,128
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Supporting services

Student services

Salaries	3,379,017
Insurances	455,872
FICA, retirement, etc.	1,685,886
Purchased services	162,219
Supplies and materials	11,444
Other	1,496

Total student services	5,695,934
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Instructional staff

Salaries	1,314,637
Insurances	193,552
FICA, retirement, etc.	649,804
Other benefits	22,579
Purchased services	452,446
Supplies and materials	113,227
Other	70,956

Total instructional staff	2,817,201
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continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2023

Supporting services (continued)

General administration

Salaries	\$ 308,869
Insurances	32,186
FICA, retirement, etc.	177,789
Other benefits	55,073
Purchased services	172,639
Supplies and materials	13,956
Other	12,693
Total general administration	773,205

School administration

Salaries	1,543,878
Insurances	231,974
FICA, retirement, etc.	823,255
Other benefits	45,168
Purchased services	35,031
Supplies and materials	11,060
Other	8,100
Total school administration	2,698,466

Business administration

Salaries	335,995
Insurances	51,286
FICA, retirement, etc.	208,472
Other benefits	73,418
Purchased services	30,195
Supplies and materials	1,287
Other	28,843
Total business administration	729,496

Operation and maintenance of plant

Salaries	1,442,218
Insurances	280,136
FICA, retirement, etc.	788,047
Other benefits	2,234
Purchased services	911,553
Supplies and materials	1,278,528
Other	1,044
Total operation and maintenance of plant	4,703,760

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2023

Supporting services (concluded)

Transportation

Salaries	\$ 803,096
Insurances	147,375
FICA, retirement, etc.	433,217
Other benefits	3,780
Purchased services	99,452
Supplies and materials	194,172
Other	3,215
Total transportation	1,684,307

Other supporting services

Salaries	219,241
Insurances	44,269
FICA, retirement, etc.	114,348
Other benefits	11,009
Purchased services	140,397
Supplies and materials	1,117
Other	16,257
Total other supporting services	546,638

Total supporting services 19,649,007

Community services

Salaries	8,512
Insurances	684
FICA, retirement, etc.	3,118
Purchased services	80,152
Supplies and materials	178,995
Total community services	271,461

Payments to not-for-profit entities 9,600

Debt service

Principal	12,591
Interest	409
Total debt service	13,000

Other adjustments 29,640

Total expenditures \$ 53,724,836

concluded

DEXTER COMMUNITY SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2023

	Special Revenue			
	Food Service	Community Service	Student/ School Activity	Total
Assets				
Cash and cash equivalents	\$ 1,241,336	\$ 2,673,943	\$ 1,375,866	\$ 5,291,145
Accounts receivable	85	-	20,778	20,863
Due from other governments	24,447	24,968	-	49,415
Due from other funds	2,179	-	179	2,358
Inventory	20,856	-	-	20,856
Prepaid items	4,455	600	550	5,605
Total assets	<u>\$ 1,293,358</u>	<u>\$ 2,699,511</u>	<u>\$ 1,397,373</u>	<u>\$ 5,390,242</u>
Liabilities				
Accounts payable	\$ 3,285	\$ 26,816	\$ 52,071	\$ 82,172
Accrued liabilities	4,466	-	-	4,466
Due to other governments	24	-	-	24
Due to other funds	55	46,100	55,970	102,125
Unearned revenue	67,629	174,140	-	241,769
Total liabilities	<u>75,459</u>	<u>247,056</u>	<u>108,041</u>	<u>430,556</u>
Fund balances				
Nonspendable	25,311	600	550	26,461
Restricted	1,192,588	-	-	1,192,588
Committed	-	290,386	1,288,782	1,579,168
Assigned	-	2,161,469	-	2,161,469
Total fund balances	<u>1,217,899</u>	<u>2,452,455</u>	<u>1,289,332</u>	<u>4,959,686</u>
Total liabilities and fund balances	<u>\$ 1,293,358</u>	<u>\$ 2,699,511</u>	<u>\$ 1,397,373</u>	<u>\$ 5,390,242</u>

DEXTER COMMUNITY SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Special Revenue			
	Food Service	Community Service	Student/ School Activity	Total
Revenues				
Local sources	\$ 1,081,829	\$ 2,836,379	\$ 1,078,832	\$ 4,997,040
State sources	132,385	67,750	-	200,135
Federal sources	635,263	494,610	-	1,129,873
Interdistrict sources	172,397	-	-	172,397
Total revenues	<u>2,021,874</u>	<u>3,398,739</u>	<u>1,078,832</u>	<u>6,499,445</u>
Expenditures				
Current:				
Community services	-	3,454,262	894,338	4,348,600
Food services	1,641,714	-	-	1,641,714
Total expenditures	<u>1,641,714</u>	<u>3,454,262</u>	<u>894,338</u>	<u>5,990,314</u>
Revenues over (under) expenditures	<u>380,160</u>	<u>(55,523)</u>	<u>184,494</u>	<u>509,131</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(129,458)	(211,621)	-	(341,079)
Total other financing sources (uses)	<u>(129,458)</u>	<u>(211,621)</u>	<u>-</u>	<u>(341,079)</u>
Net changes in fund balances	<u>250,702</u>	<u>(267,144)</u>	<u>184,494</u>	<u>168,052</u>
Fund balances, beginning of year	<u>967,197</u>	<u>2,719,599</u>	<u>1,104,838</u>	<u>4,791,634</u>
Fund balances, end of year	<u>\$ 1,217,899</u>	<u>\$ 2,452,455</u>	<u>\$ 1,289,332</u>	<u>\$ 4,959,686</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, 2023

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

Less:

Bonds paid in prior years 53,850,000

Bonds due and paid May 1, 2023 2,625,000

Balance outstanding - June 30, 2023 \$ 13,125,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
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>\$ 13,125,000</u>	<u>\$ 1,004,063</u>	<u>\$ 1,004,062</u>	<u>\$ 15,133,125</u>

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DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2017 School Building and Site Bonds

June 30, 2023

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

Less:

Bonds paid in prior years 2,400,000

Bonds due and paid May 1, 2023 1,505,000

Balance outstanding - June 30, 2023 \$ 46,700,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
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>\$ 46,700,000</u>	<u>\$ 6,096,895</u>	<u>\$ 6,096,896</u>	<u>\$ 58,893,791</u>

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DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2017 Refunding Bonds

June 30, 2023

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

Less:

Bonds paid in prior years 2,465,000

Bonds due and paid May 1, 2023 2,925,000

Balance outstanding - June 30, 2023 \$ 14,620,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
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>\$ 14,620,000</u>	<u>\$ 721,300</u>	<u>\$ 721,300</u>	<u>\$ 16,062,600</u>

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DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2021 Refunding Bonds

June 30, 2023

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

Less:

Bonds paid in prior years 1,505,000

Bonds due and paid May 1, 2023 3,660,000

Balance outstanding - June 30, 2023 \$ 10,275,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
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>\$ 10,275,000</u>	<u>\$ 57,991</u>	<u>\$ 57,989</u>	<u>\$ 10,390,980</u>

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DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2023 School Building and Site Bonds

June 30, 2023

Issue dated March 23, 2023 in the amount of \$ 16,470,000

Less:

Bonds paid in prior years -

Bonds due and paid May 1, 2023 -

Balance outstanding - June 30, 2023 \$ 16,470,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2023 - 2024		\$ -	\$ -	\$ 910,425	\$ 910,425
2024 - 2025		-	411,750	411,750	823,500
2025 - 2026	5.00	3,185,000	411,750	411,750	4,008,500
2026 - 2027	5.00	6,730,000	332,125	332,125	7,394,250
2027 - 2028	5.00	<u>6,555,000</u>	<u>163,875</u>	<u>163,875</u>	<u>6,882,750</u>
		<u>\$ 16,470,000</u>	<u>\$ 1,319,500</u>	<u>\$ 2,229,925</u>	<u>\$ 20,019,425</u>

concluded