

**MASON CONSOLIDATED SCHOOLS**  
Erie, Michigan

ANNUAL FINANCIAL REPORT  
June 30, 2023

MASON CONSOLIDATED SCHOOLS

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June 30, 2023

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# CALKINS HEHL RAFKO

— CERTIFIED PUBLIC ACCOUNTANTS —

## Independent Auditor's Report

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

### Opinions

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

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

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State 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 Mason Consolidated Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal controls 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 Mason Consolidated Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mason Consolidated Schools' ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of Mason Consolidated School'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mason Consolidated School's 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 Mason Consolidated School's internal control over financial reporting and compliance.



Monroe, Michigan  
December 20, 2023



**CALKINS HEHL RAFKO**  
— CERTIFIED PUBLIC ACCOUNTANTS —

Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Mason Consolidated Schools' basic financial statements and have issued our report thereon dated December 20, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mason Consolidated Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mason Consolidated School's internal control. Accordingly, we do not express an opinion on the effectiveness of Mason Consolidated School's internal control.

Our consideration of internal control over was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mason Consolidated Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-002.

## **Mason Consolidated Schools' Response to Findings**

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

## **Purpose of this Report**

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



Monroe, Michigan  
December 20, 2023





**CALKINS HEHL RAFKO**  
— CERTIFIED PUBLIC ACCOUNTANTS —

Independent Auditor's Report on Compliance for  
Each Major Program and on Internal Control  
Over Compliance required by the Uniform Guidance

Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Mason Consolidated Schools' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mason Consolidated Schools' major federal programs for the year ended June 30, 2023. Mason Consolidated Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mason Consolidated Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

## **Report on Internal Control over Compliance**

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

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

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

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

*Collins Hebe Rayko*

Monroe, Michigan  
December 20, 2023

# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

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This section of Mason Consolidated Schools annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Funds, and the Capital Projects Fund.

## **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Mason Consolidated Schools financially as a whole. The ***District-Wide Financial Statements***, which include the Statement of Net Position and the Statement of Activities, provide information about the activities of the School District as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the School District's operations in more detail than the ***District-Wide Financial Statements*** by providing information about the School District's most significant funds - the General Fund and the Sinking Capital Projects Fund with all other funds presented in one column as nonmajor funds. The following summary illustrates how the various parts of this annual report are arranged:

*Management's Discussion and Analysis (MD&A)  
(Required Supplemental Information)*

### Basic Financial Statements

*District-Wide Financial Statements      Fund Financial Statements*

*Notes to the Basic Financial Statements*

*Budgetary Information for Major Funds*

*Pension Schedules*

*OPEB Schedules*

*(Required Supplemental Information)*

*Other Supplemental Information*

# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

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## **District-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the School District's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The Statement of Net Position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, childcare, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

## **Fund Financial Statements**

The School District's Fund Financial Statements provide detailed information about the most significant or "major" funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The School District's uses one accounting approach, as described below:

**Governmental funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation format in the financial section.

## MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

### District–Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2023 and 2022.

**Table 1**

#### Comparative Statement of Net Position

	June 30, 2023	June 30, 2022
Current and other assets	\$6,084,590	\$5,778,855
Capital assets	4,920,134	4,884,808
<b>Total Assets</b>	11,004,724	10,663,663
Deferred outflows of resources	8,073,692	4,310,466
Current and other liabilities	1,796,735	1,924,452
Long-term liabilities	24,775,904	15,986,766
<b>Total Liabilities</b>	26,572,639	17,911,218
Deferred inflows of resources	4,166,903	8,774,641
Net Position		
Net investment in capital assets	4,382,353	4,265,387
Restricted for technology enhancement	527,417	447,517
Restricted for food service	252,653	302,907
Restricted for capital projects	540,663	556,745
Unrestricted (deficit), restated	(17,364,212)	(17,284,286)
<b>Total Net Position</b>	(\$11,661,126)	(\$11,711,730)

As depicted in Table 1, the School District's net position was a deficit of \$11,661,126 at June 30, 2023. Of this amount, a negative \$17,364,212 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The operating results of the General Fund and the changes in the net pension and OPEB liabilities will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2023 and 2022.

**MASON CONSOLIDATED SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

**District–Wide Financial Analysis - Concluded**

**Table 2**

**Comparative Statement of Activities**

	June 30, 2023	June 30, 2022
<b>Revenues</b>		
Program revenues:		
Charges for services	\$214,517	\$91,251
Operating grants and contributions	4,342,683	3,382,651
	4,557,200	3,473,902
General revenues:		
Property taxes	1,723,076	1,540,801
State foundation allowance	7,907,841	7,720,409
Other general revenues	865,390	633,976
	10,496,307	9,895,186
 Total Revenues	 15,053,507	 13,369,088
 <b>Functions/Program Expenses</b>		
Instruction	8,302,763	6,687,028
Support services	5,554,050	3,938,357
Community services	57,083	27,641
Food services	713,569	568,025
Interest on long-term debt	29,672	0
Depreciation	345,766	265,829
	15,002,903	11,486,880
 Total Expenses	 15,002,903	 11,486,880
 <b>Increase (Decrease) in Net Position</b>	 \$50,604	 \$1,882,208

As indicated in Table 2, the cost of *all governmental* activities this year was \$15,002,903. Of this amount, \$4,557,200 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced an increase in net position this year of \$50,604. Revenues increased by \$1,684,419. Expenses increased by \$3,516,023 from the prior year. Approximately \$504,000 of the increased expenses is due to changes in the net pension and OPEB liabilities. The increase in net position differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net position appears on page 22.

## MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

### Fund Financial Analysis

As noted earlier, the School District uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Mason Consolidated Schools is being held accountable for the resources taxpayers and others provide to it and may give more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$4,382,901 which is an increase of \$437,629 from last year. The changes by major and nonmajor funds are as follows:

	<b>General Fund</b>	<b>Sinking Fund</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b>Fund balances - Beginning of year</b>	\$2,444,898	\$556,745	\$943,629	\$3,945,272
Increase (decrease)	418,545	(16,082)	35,166	437,629
<b>Fund balances – End of year</b>	\$2,863,443	\$540,663	\$978,795	\$4,382,901

The School District's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

<b>Revenues</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>Percent Change</b>
Local sources	\$1,589,031	\$1,267,576	25.4%
State sources	11,176,949	9,754,982	14.6%
Federal sources	547,837	663,536	(17.4)%
Interdistrict and other sources	573,826	1,255,798	(54.3)%
Total revenues	\$13,887,643	\$12,941,892	7.3%

The increase in local sources is primarily due to a rise in area property values which resulted in increased property tax collections. The School District has benefited from more attendees at athletic events, as well as higher interest rates. The majority of the increase in revenue from State sources was a result of State restricted grants that the School District took advantage of. Revenue from Federal sources decreased, which is attributable to the phase out of COVID-19 funding during the current fiscal year. The revenue decrease from Interdistrict and other sources is due to the implementation of GASB 87 in FY 2022, which accounts for leases. The following page reflects increases in instructional and support expenditures, which is mainly due to increases in salaries and employee benefits.



# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

## Fund Financial Analysis – Concluded

<b>Expenditures</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>Percent Change</b>
Instruction	\$7,822,472	\$7,658,893	2.1%
Support services	5,483,274	5,199,003	5.5%
Community services	52,040	43,288	20.2%
Debt service	111,312	112,626	(1.2)%
Total expenditures	<u>\$13,469,098</u>	<u>\$13,013,810</u>	3.5%

## General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Board of Education to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. Revisions to the General Fund original budget were as follows:

### Beginning Budget versus Ending Budget:

Revenues: The original budget for revenues was \$12,234,988 versus the final budget of \$14,974,267. Major adjustments were as follows:

- The Foundation Allowance increased from \$8,700 to \$9,150 per student, based on 1031.61 FTE's.
- All grants are budgeted in full; however, revenues are only recognized for corresponding expenditures. Some grant adjustments were:
  - The addition of ESSER Grant Funds in the amount of \$328,468.
  - The addition of Emergency Connectivity Funds in the amount of \$31,160.
  - The addition in the amount of \$2,132, from ORS for Forfeiture funds.
  - Adjustment to allocation for MPSERS rate offset/UAAL/reform in the amount of \$780,155.
  - The addition of Section 97 Security Grant funds in the amount of \$131,847.
  - The addition of the 31aa Mental Health Grant in the amount of \$119,394.

# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2023*

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## **General Fund Budgetary Highlights (Concluded)**

### **Beginning Budget versus Ending Budget (Concluded):**

Expenditures: The original budget for expenditures and transfers was \$12,768,696 versus the final budget of \$14,112,432. Major components of the original budget for expenditures versus final projections are as indicated below:

- The Basic Program and Added Needs budget was increased \$334,074.
- The Operation and Maintenance budget was increased \$56,696.
- The Pupil Transportation budget increased \$688,938.
- The budget was adjusted for the corresponding increases/decreases relating to the grant awards mentioned on the previous page.

### **Final Budget versus Actual Figures:**

Revenues: General Fund actual revenue was \$13,887,643 versus a budget of \$14,974,267. Major components to the adjustments are as follows:

- All state and federal grants are budgeted in full; however, revenues are only recognized for corresponding expenditures.
- The School District budgeted for loan proceeds and capital lease financing in the amount of \$672,626 that was unnecessary.

Expenditures: Actual expenditures were \$13,469,098 versus a budget of \$14,112,432. Major components of final budget versus final actual expenditures are discussed below:

- All state and federal grants are budgeted in full; however not fully expended by fiscal year end.
- Basic Programs reflects a variance of \$190,631.
- General Administration reflects a variance of \$10,609.
- Added Needs reflects a variance of \$253,815.
- Operation and Maintenance reflects a variance of (\$291,264).
- Pupil Transportation reflects a variance of \$690,578, due to budgeting for the capital outlay for an installment purchase agreement that was unnecessary.

# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis*  
*Year Ended June 30, 2023*

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## **Capital Asset and Debt Administration**

### **Capital Assets**

At June 30, 2023, the School District had \$11,683,045 invested in a broad range of capital assets, including land, land improvements, buildings and building improvements, machinery and equipment, buses, other vehicles, and intangible right-to-use assets for leased equipment. Capital asset additions of \$192,336 (net of disposals) consisted of renovations to the natatorium, include the roof and HVAC, bleacher repairs, serving counters, a refrigerator, a dishwasher, 2 freezers, and 1 school bus. The disposals included a van, a forklift, a freezer, a serving station, and network equipment. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

### **Debt Administration**

At June 30, 2023, the School District had \$537,781 in outstanding purchase agreements payable. Other obligations, which include accrued vacation and sick pay, were \$35,542. The School District also had an outstanding lease commitment in the amount of \$29,315. More detailed information about long-term liabilities and lease commitments are presented in Notes 11 and 12 to the Financial Statements.

### **Development of the 2023-24 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2023-24 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2024 fiscal year is 90 percent of the October 2023 student count and 10 percent of the February 2023's student count. The School District projected a blended pupil count of 1,026.65 for budgeting purposes. Approximately 67% of total revenue is from the foundation allowance and property tax levy. The foundation allowance used in the projected budget included a projection of \$450 per pupil foundation increase to reflect a foundation of \$9,600 per pupil; the foundation had not been set by the legislature at the time of the budget adoption.

The School District has been actively scrutinizing processes and procedures in an attempt to control costs and keep the budget in line with projected revenues. Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriations to school districts.

The budget for the 2023-24 fiscal year was adopted on June 7, 2023. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly and will continue to do so periodically throughout the fiscal year as changes to the revenue and expenditure budgets are needed.

### **Contacting Mason Consolidated Schools Business Office**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, 2400 Lakeside, Erie, MI 48133.

## BASIC FINANCIAL STATEMENTS

## DISTRICT - WIDE FINANCIAL STATEMENTS

**MASON CONSOLIDATED SCHOOLS**

*Statement of Net Position  
June 30, 2023*

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$3,611,928
Accounts/taxes receivable	4,884
Due from other governmental units	2,334,573
Inventory	5,312
Deposits	7,459
Prepaid	120,434
Capital assets less accumulated depreciation and amortization	<u>4,920,134</u>
Total Assets	<u>11,004,724</u>
<b>Deferred Outflows of Resources</b>	
Deferred amount of pension expense	6,258,564
Deferred amount of OPEB expense	<u>1,815,128</u>
Total Deferred Outflows of Resources	<u>8,073,692</u>
<b>Liabilities</b>	
Accounts payable	227,996
Salaries payable	642,646
Due to other governmental units	451,269
Other liabilities	374,848
Unearned revenue	4,930
Long-term liabilities:	
Lease financing, due in one year	9,495
Lease financing, due in more than one year	19,820
Long-term debt, due in one year	85,551
Long-term debt, due in more than one year	487,772
Net pension liability	22,973,128
Net OPEB liability	<u>1,295,184</u>
Total Liabilities	<u>26,572,639</u>
<b>Deferred Inflows of Resources</b>	
Deferred amount of net pension liability	268,205
Deferred amount of State aid funding for pension	1,046,235
Deferred amount of net OPEB liability	<u>2,852,463</u>
Total Deferred Inflows of Resources	<u>4,166,903</u>
<b>Net Position (Deficit)</b>	
Net investment in capital assets	4,382,353
Restricted for technology enhancement	527,417
Restricted for food service	252,653
Restricted for capital projects	540,663
Unrestricted (deficit)	<u>(17,364,212)</u>
Total Net Position (Deficit)	<u><u>(\$11,661,126)</u></u>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Statement of Activities  
Year Ended June 30, 2023*

	Program Revenues			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Position
<b>Functions/Programs</b>				
Primary government -				
Governmental activities:				
Instruction	\$8,302,763	\$12,967	1,891,693	(\$6,398,103)
Support services	5,554,050	62,379	1,938,814	(3,552,857)
Community services	57,083	0	4,116	(52,967)
Food services	713,569	139,171	508,060	(66,338)
Interest on long-term debt	29,672	0	0	(29,672)
Depreciation and amortization (unallocated)	345,766	0	0	(345,766)
<b>Total Governmental Activities</b>	<b>\$15,002,903</b>	<b>\$214,517</b>	<b>\$4,342,683</b>	<b>(10,445,703)</b>
 General Revenues:				
Taxes:				
Property taxes, levied for general operations				1,381,455
Property taxes, levied for technology				341,621
State of Michigan aid, unrestricted				7,907,841
Interest income				79,996
Other				785,394
				<u>10,496,307</u>
				<b>50,604</b>
<b>Change in Net Position</b>				<b>50,604</b>
Net Position - Beginning of year				<u>(11,711,730)</u>
Net Position - End of year				<u>(\$11,661,126)</u>

See accompanying notes to the basic financial statements.

## FUND FINANCIAL STATEMENTS



**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Balance Sheet  
June 30, 2023*

	General	Capital Projects Fund Sinking	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$2,102,489	\$515,098	\$994,341	\$3,611,928
Accounts/taxes receivable	4,884	0	0	4,884
Due from other governmental units	2,330,815	0	3,758	2,334,573
Due from other funds	101,309	25,565	106,772	233,646
Inventory	0	0	5,312	5,312
Deposits	7,459	0	0	7,459
Prepaid	119,830	0	604	120,434
	<u>\$4,666,786</u>	<u>\$540,663</u>	<u>\$1,110,787</u>	<u>\$6,318,236</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$215,605	\$0	\$12,391	\$227,996
Salaries payable	641,584	0	1,062	642,646
Other liabilities	373,447	0	1,401	374,848
Unearned revenue	0	0	4,930	4,930
Due to other governmental units	440,660	0	10,609	451,269
Due to other funds	132,047	0	101,599	233,646
	<u>1,803,343</u>	<u>0</u>	<u>131,992</u>	<u>1,935,335</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	0	0	5,312	5,312
Prepaid	119,830	0	604	120,434
Restricted for:				
Technology enhancement	0	0	527,417	527,417
Capital projects	0	540,663	0	540,663
Food service	0	0	246,737	246,737
Committed to:				
Building and grounds	111,075	0	0	111,075
Student and school activity	0	0	198,725	198,725
Unassigned	2,632,538	0	0	2,632,538
	<u>2,863,443</u>	<u>540,663</u>	<u>978,795</u>	<u>4,382,901</u>
Total Liabilities and Fund Balances	<u>\$4,666,786</u>	<u>\$540,663</u>	<u>\$1,110,787</u>	<u>\$6,318,236</u>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Year Ended June 30, 2023*

<b>Total Fund Balances - Governmental Funds</b>		\$4,382,901
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>		
Cost of the capital assets	\$11,683,035	
Accumulated depreciation and amortization	(6,762,901)	
		4,920,134
Deferred outflows of resources from subsequent pension expense from measurement date		1,983,584
Deferred outflows of resources from subsequent OPEB expense from measurement date		384,244
Deferred outflows of resources related to pension investment returns, changes in assumptions and changes in experience		4,274,980
Deferred outflows of resources related to OPEB investment returns, changes in assumptions and changes in experience		1,430,884
Deferred inflows of resources resulting from net pension liability		(1,314,440)
Deferred inflows of resources resulting from net OPEB liability		(2,852,463)
<p>Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:</p>		
Net pension liability	(22,973,128)	
Net OPEB liability	(1,295,184)	
Notes payable	(537,781)	
Lease commitments	(29,315)	
Compensated absences	(35,542)	
		(24,870,950)
<b>Total Net Position - Governmental Activities</b>		<b>(\$11,661,126)</b>

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2023*

	General	Capital Projects Fund Sinking	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>				
Local sources	\$1,589,031	\$13,578	\$626,548	\$2,229,157
State sources	11,176,949	0	68,836	11,245,785
Federal sources	547,837	0	456,902	1,004,739
Interdistrict and other sources	573,826	0	0	573,826
<b>Total Revenues</b>	<b>13,887,643</b>	<b>13,578</b>	<b>1,152,286</b>	<b>15,053,507</b>
<b>Expenditures</b>				
Current:				
Instruction	7,822,472	0	127,121	7,949,593
Support services	5,483,274	0	278,461	5,761,735
Community service	52,040	0	0	52,040
Food service	0	0	708,526	708,526
Interdistrict and other uses	0	0	3,012	3,012
Capital outlay	0	29,660	0	29,660
Debt service	111,312	0	0	111,312
<b>Total Expenditures</b>	<b>13,469,098</b>	<b>29,660</b>	<b>1,117,120</b>	<b>14,615,878</b>
<b>Net Change in Fund Balances</b>	<b>418,545</b>	<b>(16,082)</b>	<b>35,166</b>	<b>437,629</b>
Fund Balances - Beginning of year	2,444,898	556,745	943,629	3,945,272
Fund Balances - End of year	\$2,863,443	\$540,663	\$978,795	\$4,382,901

See accompanying notes to the basic financial statements.

**MASON CONSOLIDATED SCHOOLS**

*Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2023*

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$437,629
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:</p>	
Depreciation and amortization expense	(\$345,766)
Capital outlay	381,092
	35,326
<p>Repayments of long-term debt and borrowing of long-term debt are expenditures and other financing sources governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, the amounts consist of:</p>	
Installment purchase agreement reduction	81,640
Lease commitment reduction	9,229
<p>The statement of net position reports the net pension and OPEB liabilities and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.</p>	
Net change in pension liability	(8,489,138)
Net change in OPEB liability	(386,129)
Net change in the deferred inflow of resources related to the net pension liability	3,767,982
Net change in the deferred inflow of resources related to the net OPEB liability	839,756
Net change between actual pension contributions and the cost of benefits earned, net of employer contributions	3,205,400
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions	557,826
<p>Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.</p>	
	(8,917)
<b>Change in Net Position of Governmental Activities</b>	<b>\$50,604</b>

See accompanying notes to the basic financial statements.

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

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**Note 1**      **Description of the School District and Reporting Entity**

The School District operates under a locally elected seven member Board form of government and provides educational and supportive services as mandated by the State of Michigan and/or federal agencies. This Board of Education controls the School District's instructional and support facilities.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Mason Consolidated Schools, this includes general operations, athletics, food service, technology, sinking, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

**Note 2**      **Summary of Significant Accounting Policies**

The financial statements of Mason Consolidated Schools have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following are the more significant of the School District's accounting policies.

**Basis of Presentation**

**A. District-Wide and Fund Financial Statements**

The district-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. As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. All of the School District's district-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Individual major governmental funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**District-Wide Statements** - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

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**Note 2**     **Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

The School District reports the following major governmental funds:

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

The Sinking Fund accounts for property taxes levied for major capital improvements.

The School District reports the following nonmajor governmental funds:

The Food Service Fund, the Student and School Activity Fund, and the Technology Fund are the School District's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

**Economic Dependency** – The School District received approximately 80% of the General Fund revenue from the State of Michigan. Due to the significance of this revenue source to the School District, the School District is considered economically dependent.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Additionally, the School District's external investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice and penalty.

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

**Note 2**      **Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**Property Tax Receivable** - Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent February 15 of the following year. A portion of property taxes assessed are received by the School District from the State of Michigan in the form of a Foundation Allowance. The Foundation Allowance represents the difference between an amount guaranteed by the state and the per pupil tax revenue generated from an 18 mill levy (subject to Headlee rollback) on all non-homestead property. To meet the district per pupil guarantee, the state levies 6 mills on all taxable property on a statewide basis.

**Prepaid Assets** - Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Inventory** - Inventories are valued at lower of cost or net realizable value, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund are recorded as expenditures when received.

**Capital Assets** - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities' column of the district-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and building improvements	50 years
Machinery and equipment	5-20 years
Vehicles	8 years

**Interfund Balances** - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/due from." These amounts are eliminated in the governmental activities' column of the statement of net position.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

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**Note 2**     **Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**Compensated Absences** - Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's employment contracts. The entire compensated absence liability is reported on the district-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is to be paid using expendable available financial resources. These amounts are recorded in the account "other liabilities" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension and OPEB contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

**Unavailable/Unearned Revenue** - Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned.

**Deferred Outflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has items that qualify for reporting in this category. They are deferred outflows of resources related to pension and deferred outflows of resources related to OPEB reported in the government-wide statement of net position. The School District reports deferred outflows of resources related to the deferred pension and OPEB plan costs.

**Deferred Inflows of Resources** - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The district reports deferred inflows of resources related to unavailable revenue, revenue in support of pension contributions made subsequent to the measurement date, and deferred pension and OPEB plan costs.



MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

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**Note 2**     **Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Concluded)**

**Net Position** - Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or is restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

**Pension and Other Post-Employment Benefits** – For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public Schools Employees Retirement System (MPSERS), and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (included refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are stated at fair value.

**Interfund Transactions** - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

**Fund Balance Non-Spendable, Restricted, Committed, Assigned, and Unassigned** - The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed category. The Superintendent and his/her designee has the authority to place funds under the assigned category. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain, in stable economic times, a fund balance of at least 12% of the District General Fund annual operating expenditures.

**D. Estimates** - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

**E. Extraordinary and Special Items** - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2023.

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

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## **Note 2** **Summary of Significant Accounting Policies (Concluded)**

### **Basis of Presentation (Concluded)**

**F. Budgetary Policies** - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

### **G. Restricted Assets**

The cash and investments for food service, technology enhancement, and capital projects are restricted for the specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent the cash that can only be used for the purpose for which the revenue was received.

### **H. Reclassifications**

Certain prior year amounts have been reclassified to conform with current year presentation.

### **I. Subsequent Events**

The School District's management evaluated subsequent events from June 30, 2023 through December 20, 2023, the date the financial statements were available to be issued.

## **Note 3** **Stewardship, Accountability and Compliance**

The School District shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State law for the General and Special Revenue Funds. In the required supplemental information, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

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**Note 3**      **Stewardship, Accountability and Compliance (Concluded)**

During the year ended June 30, 2023, the School District incurred expenditures in certain budgetary functions which were in excess of the amounts appropriated. There were no deficit fund balances for any of the School District's funds required to be budgeted. For the year ended June 30, 2023, expenditures exceeded final budgeted amounts in the following funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Food Service Fund	\$617,786	\$708,526	(\$90,740)
Student and School Activity Fund	98,240	122,203	(23,963)

**Note 4**      **Deposits and Investments**

As of June 30, 2023, the School District's deposits and investments are all on deposit with First Merchants Bank, Flagstar Bank, and Huntington Bank.

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

**Credit risk.** The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.

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

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$4,103,720 invested in checking accounts and money markets. The School District's deposits are insured by the FDIC in the amount of \$363,428. Uninsured deposits are \$3,740,292.

**Custodial credit risk - investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the School 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 School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Schools District's investment policy, and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance to the School District's investment policy.

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

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

**Note 5**      **Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Assets not being depreciated:				
Land	\$8,484	\$0	\$0	\$8,484
Construction in progress	846,389	0	846,389	0
	854,873	0	846,389	8,484
Capital assets being depreciated:				
Land improvements	1,502,452	0	0	1,502,452
Buildings and building improvements	7,229,037	1,089,491	0	8,318,528
Machinery and equipment	1,034,221	91,740	170,251	955,710
Buses	781,457	46,250	0	827,707
Vehicles	41,033	0	18,505	22,528
	10,588,200	1,227,481	188,756	11,626,925
Total capital assets	11,443,073	1,227,481	188,756	11,635,409
Less accumulated depreciation:				
Land improvements	(1,139,353)	(39,561)	0	(1,178,914)
Buildings and building improvements	(4,617,681)	(169,355)	0	(4,787,036)
Machinery and equipment	(707,374)	(65,089)	(170,251)	(602,212)
Buses	(105,005)	(59,420)	0	(164,425)
Vehicles	(26,953)	(2,816)	(18,505)	(11,264)
	(6,596,366)	(336,241)	(188,756)	(6,743,851)
Total accumulated depreciation	(6,596,366)	(336,241)	(188,756)	(6,743,851)
Intangible right-to-use assets				
Right-to-use asset - leased equipment	47,626	0	0	47,626
Less accumulated amortization	(9,525)	(9,525)	0	(19,050)
	38,101	(9,525)	0	28,576
Net intangible right-to-use assets	38,101	(9,525)	0	28,576
Net capital assets	\$4,884,808	\$881,715	\$0	\$4,920,134

Depreciation and amortization expense were charged to governmental functions as an unallocated expense.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

**Note 6**      **Interfund Payables, Receivables, and Transfers**

Interfund balances at June 30, 2023, consisted of the following individual fund receivables and payables:

	Interfund Receivables	Interfund Payables
General:		
Sinking	\$0	\$25,565
Food Service	76,175	0
Student and School Activity	25,134	0
Technology	0	106,482
Sinking:		
General	25,565	0
Food Service Fund:		
General Fund	0	76,175
Student and School Activity	0	290
Technology Fund		
General Fund	106,482	0
Student and School Activity:		
General	0	25,134
Food Service	290	0
	\$233,646	\$233,646

The interfund balances resulted 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.

There were no interfund transfers during the 2022-23 fiscal year.

**Note 7**      **Defined Benefit Pension Plans and Postemployment Benefits**

**Plan Description** - The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employers, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. 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, and 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 on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

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**Note 7**     **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

**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 percent to 1.50 percent. 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 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.

**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.

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 a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year 2023.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	20.14%
Member Investment Plan	3.0 - 7.0%	20.14%
Pension Plus	3.0 - 6.4%	17.22%
Pension Plus 2	6.2%	19.93%
Defined Contribution	0.0%	13.73%

Required contributions to the pension plan from the School District were \$2,079,066 for the year ended September 30, 2023.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

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**Note 7 Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

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

At June 30, 2023, the School District reported a liability of \$22,973,128 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 School 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 School District's proportion was 0.06108458 percent, which was a decrease of 0.000093 percent from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$2,687,764. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	\$229,811	(\$51,365)
Changes of assumptions	3,947,607	0
Net differences between projected and actual earnings on pension plan investments	53,872	0
Changes in proportion and differences between school district contributions and proportionate share of contributions	43,690	(216,840)
School district's contributions subsequent to the measurement date	1,983,584	0
	\$6,258,564	(\$268,205)

MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

**Note 7** **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)** - \$1,983,584 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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:

Deferred (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future Pension Expenses)

	<u>Amount</u>
2023	\$1,124,538
2024	835,429
2025	730,016
2026	<u>1,316,792</u>
	<u>\$4,006,775</u>

**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.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date: September 30, 2021

Actuarial Cost Method: Entry Age, Normal

Wage Inflation Rate: 2.75%

Investment Rate of Return:

- MIP and Basic Plans 6.00%, net of investment expenses
- Pension Plus Plan 6.00%, net of investment expenses
- Pension Plus 2 Plan 6.00%, net of investment expenses

Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%

Cost-of-Living Pension

Adjustments: 3% Annual Non-Compounded for MIP Members

Mortality:

- Retirees RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Active Members RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.



**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

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**Note 7**     **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**  
**Actuarial Assumptions (Concluded)**

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2018 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is 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.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.3922.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**The long-term expected rate of return on plan assets** - The long-term 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*
Domestic Equity Pools	25.00%	5.1%
Private Equity Pools	16.00	8.7
International Equity Pools	15.00	6.7
Fixed Income Pools	13.00	(0.2)
Real Estate and Infrastructure Pools	10.00	5.3
Absolute Return Pools	9.00	2.7
Real Return/Opportunistic Pools	10.00	5.8
Short Term Investment Pools	2.00	(0.5)
	100.00%	

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

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

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

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**Note 7**      **Defined Benefit Pension Plans and Postemployment Benefits (Concluded)**

**Discount rate** - A discount rate of 6.0% was used to measure the total pension liability (6.0% for Pension Plus plan, 6.00% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0% (6.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate 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 plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School District’s proportionate share of the net pension liability to changes in the discount rate** - The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 6.0% (6.0% for Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School 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 (5.0%)	Current Single Discount Rate Assumption (6.0%)	1% Increase (7.0%)
\$30,315,995	\$22,973,128	\$16,922,276

\*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

**MPSERS Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPSERS ACFR, available on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**Payable to the Pension Plan** – At June 30, 2023, the School District reported a payable of approximately \$318,561 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

**Note 8**      **Postemployment Benefits Other Than Pensions (OPEB)**

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

## MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

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### **Note 8** **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

**Plan Description (Concluded)** - 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 on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**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.

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.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

**Note 8**    **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

**Contributions (Concluded)** – The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2022.

OPEB Contribution Rates

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

Required contributions to the OPEB plan from School District were \$465,796 for the year ended September 30, 2022.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - At June 30, 2023, the School District reported a liability of \$1,295,184 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 School District’s proportion of the net OPEB liability was determined by dividing each employers’ 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 School District’s proportion was .06114948 percent, which was an increase of 0.0015931 percent from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, the School District recognized OPEB income of \$531,986. At June 30, 2023, the School 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
Differences between actual and expected experience	\$0	(\$2,536,770)
Changes of assumptions	1,154,439	(94,001)
Net differences between projected and actual earnings on OPEB plan investments	101,229	0
Changes in proportion and differences between school district contributions and proportionate share of contributions	175,216	(221,692)
School district's contributions subsequent to the measurement date	384,244	0
	\$1,815,128	(\$2,852,463)

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

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**Note 8**      **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

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

\$384,244 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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:

Deferred (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future Pension Expenses)

	Amount
2023	(\$516,201)
2024	(451,601)
2025	(387,335)
2026	(56,225)
2027	(13,830)
Thereafter	3,613
	(\$1,421,579)

**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.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Health 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:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Active Members	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

**Note 8**     **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**  
**Actuarial Assumptions (Concluded)**

**Summary of Actuarial Assumptions (Concluded)**

Other 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.

Notes:

- 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 OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is 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.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2250
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**Long-Term Expected Return on 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.00%	5.1%
Private Equity Pools	16.00	8.7
International Equity Pools	15.00	6.7
Fixed Income Pools	13.00	(0.2)
Real Estate and Infrastructure Pools	10.00	5.3
Absolute Return Pools	9.00	2.7
Real Return/Opportunistic Pools	10.00	5.8
Short Term Investment Pools	2.00	(0.5)
	<u>100.00%</u>	

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

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

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**Note 8 Postemployment Benefits Other Than Pensions (OPEB) (Concluded)**

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

**Discount Rate** - A discount rate of 6.0% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.0%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the School District’s proportionate share of the net OPEB liability to changes in the discount rate** - The following presents the School District’s proportionate share of the net OPEB liability calculated using the discount rate of 6.0%, as well as what the School 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 higher:

1% Decrease 5.0%	Current Discount Rate 6.0%	1% Increase 7.0%
\$2,172,547	\$1,295,184	\$556,336

**Sensitivity of the School District’s proportionate share of the net OPEB liability to Healthcare Cost Trend Rate** - The following presents the School District’s proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District’s proportionate share of 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
\$542,361	\$1,295,184	\$2,140,243

**OPEB Plan Fiduciary Net Position** - Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2022 MPSERS ACFR, available on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**Payable to the OPEB Plan** – At June 30, 2023, the School District reported a payable of approximately \$58,834 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

**Note 9**      **Enhancement Millage for Technology**

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 4, 2021, at 0.9866 mill for an additional five years, 2021 to 2026. The intermediate school district will distribute the tax collections to the local school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.

**Note 10**      **Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2023, the various components of unearned revenue are as follows:

	<u>Unearned Revenue</u>
Food Service Fund:	
Prepaid student balances	\$4,930

**Note 11**      **Long-Term Debt**

Following is a summary of changes in long-term debt:

	<u>Balance</u>				<u>Balance</u>	<u>Amounts</u>
	<u>July 1, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2023</u>	<u>Due in</u>	<u>One Year</u>
Direct Borrowings and Direct Placements:						
Intallment Purchase Agreements:						
Tax Exempt Leasing Corp A	\$533,275	\$0	\$66,567	\$466,708	\$69,755	
Tax Exempt Leasing Corp B	86,146	0	15,073	71,073	15,796	
Total Direct Borrowings and Direct Placements:	619,421	0	81,640	537,781	85,551	
Other Liabilities:						
Compensated absences	26,625	8,917	0	35,542	0	
Total Long-Term Debt	\$646,046	\$8,917	\$81,640	\$573,323	\$85,551	

The School District entered into an installment purchase agreement on July 15, 2021 with Tax Exempt Leasing Corp. for the use of seven general education buses and one special education bus. The lease term is six years, ending July 15, 2027, with payments of \$92,112 for the five years, and a balloon payment of \$259,100 in the sixth year, with an interest rate of 4.79%. This agreement contains a provision that in the event of failure by the School District to pay any of the obligation for 15 days after the principal and interest are due, the lender may, at its option, to obtain a judgment in an amount not less than the sum of all contract payments due, or require the School District to redeliver any or all of the equipment to a location specified by the lender.



**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

**Note 11 Long-Term Debt (Concluded)**

Annual principal and interest requirements to maturity for the above purchase agreement are as follows:

<u>Fiscal Year</u>	2021 Tax-Exempt Leasing Corp A		
	Principal	Interest	Total
2024	\$69,755	\$22,357	\$92,112
2025	73,097	19,015	92,112
2026	76,599	15,513	92,112
2027	247,257	11,844	259,101
Totals	\$466,708	\$68,729	\$535,437

The School District entered into an installment purchase agreement on July 15, 2021 with Tax Exempt Leasing Corp. for the use of one general education bus. The lease term is four years, ending July 15, 2025, with payments of \$13,328 for the first three years, and a balloon payment of \$57,925 in the fourth year, with an interest rate of 4.79%. This agreement contains a provision that in the event of failure by the School District to pay any of the obligation for 15 days after the principal and interest are due, the lender may, at its option, to obtain a judgment in an amount not less than the sum of all contract payments due, or require the School District to redeliver any or all of the equipment to a location specified by the lender.

Annual principal and interest requirements to maturity for the above purchase agreement are as follows:

<u>Fiscal Year</u>	2021 Tax-Exempt Leasing Corp B		
	Principal	Interest	Total
2024	\$15,796	\$3,404	\$19,200
2025	55,277	2,649	57,926
Totals	\$71,073	\$6,053	\$77,126

Annual debt service requirements to maturity for the above purchase agreements are as follows:

<u>Fiscal Year</u>	Principal	Interest	Total
2024	\$85,551	\$25,761	\$111,312
2025	128,374	21,664	150,038
2026	76,599	15,513	92,112
2027	247,257	11,844	259,101
Totals	\$537,781	\$74,782	\$612,563

Compensated absences payable represents vested benefits for unused vacation and sick pay under formulas and conditions specified in various employment contracts. The amounts in the “payments” column represent the net change during the year.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

**Note 12**    **Lease Commitments**

The following is a summary of changes in lease commitments:

	Balance July 1, 2022	Additions	Payments	Balance June 30, 2023	Amounts Due in One Year
MT Business Technologies	\$38,544	\$0	\$9,229	\$29,315	\$9,495

The School District entered into a lease agreement with MT Business Technologies for the use a copy machine. The lease term is sixty months, ending July 12, 2026, with payments of \$851 per month. For purposes of discounting the future payments of the lease, the School District used an interest rate of 2.85%. The leased equipment and the related accumulated amortization of the right-to-use assets are outlined in Note 5.

Obligations of governmental activities under operating leases at June 30, 2023 were as follows:

<u>Fiscal Year</u>	MT Business Technologies		
	Principal	Interest	Total
2024	\$9,495	\$712	\$10,207
2025	9,769	438	10,207
2026	10,051	156	10,207
Totals	\$29,315	\$1,306	\$30,621

**Note 13**    **Property Taxes**

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2022 property taxes were levied on December 1, 2022 on assessed valuations as of December 31, 2021. Taxes were collected beginning December 1, 2022 and payments were due by February 14, 2023. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2022 property tax levy:

	Taxable Value	Mills Levied	Taxes Levied
General Fund:			
Non-Homestead	\$75,753,397	17.9532	\$1,360,016
Commercial Personal Property	4,111,702	5.9532	24,474
			\$1,384,490

**Note 14**    **Michigan Unemployment Tax**

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2023, the District was refunded in the amount of \$0.

## MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2023

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### **Note 15**    **Cafeteria Contract**

During the fiscal year ended June 30, 2023, the School District contracted with The Nutrition Group, Inc. to cover all cafeterias within the School District. Pursuant to this agreement, The Nutrition Group, Inc. manages the food service operations of the School District. All costs of The Nutrition Group, Inc. have been reflected in the financial statements of the Food Service Fund.

### **Note 16**    **Contingencies**

#### **A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2023.

#### **B. Litigation**

There are currently no matters in litigation with the School District as defendant.

### **Note 17**    **Risk Management and Insurance Pool**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims, self-funds worker's compensation claims subject to stop loss insurance, and participates in the SET-SEG risk pool for general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

The SET-SEG shared risk pool program in which the School District participates operates as a common risk sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

### **Note 19**    **Governmental Regulation**

Substantially all of the School District's facilities are subject to federal, state, and local provisions regulating the discharge of material into the environment. Compliance with these provisions has not had, nor does the School District expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

### **Note 20**    **Sinking Fund**

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Financial Statements*

*Year Ended June 30, 2023*

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**Note 21**    **Accounting Pronouncement**

In May 2020, the Governmental Accounting Standards Board issued GASB Statement Number 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA’s are based on the standards established in Statement No. 87, *Leases*, as amended. The School District implemented this standard effective July 1, 2022; however, there was no material effect to the financial statements as a whole.

## REQUIRED SUPPLEMENTAL INFORMATION

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$1,447,011	\$1,410,104	\$1,589,031	\$178,927
State sources	9,892,702	11,606,358	11,176,949	(429,409)
Federal sources	440,350	849,548	547,837	(301,711)
Interdistrict and other sources	454,925	1,108,257	573,826	(534,431)
Total Revenues	12,234,988	14,974,267	13,887,643	(1,086,624)
<b>Expenditures</b>				
Instruction:				
Basic programs	6,424,989	6,436,373	6,245,742	190,631
Added needs	1,507,855	1,830,545	1,576,730	253,815
Support services:				
Pupil	791,388	718,090	959,355	(241,265)
Instructional staff	87,102	79,711	47,897	31,814
General administration	381,605	460,430	469,737	(9,307)
School administration	729,819	802,926	792,317	10,609
Business administration	277,167	336,344	306,022	30,322
Operation and maintenance	1,403,735	1,460,431	1,751,695	(291,264)
Pupil transportation	623,629	1,312,567	621,989	690,578
Athletics	357,941	398,345	328,112	70,233
Central services	122,850	224,410	192,877	31,533
Other support services	0	0	13,273	(13,273)
Community service:				
Community recreation	2,965	3,600	0	3,600
Welfare activities	0	0	400	(400)
Non-public school pupils	57,651	48,660	51,640	(2,980)
Debt service	0	0	111,312	(111,312)
Total Expenditures	12,768,696	14,112,432	13,469,098	643,334
<b>Net Change in Fund Balances</b>	(533,708)	861,835	418,545	(443,290)
Fund Balances - Beginning of year	1,964,029	2,444,898	2,444,898	0
Fund Balances - End of year	\$1,430,321	\$3,306,733	\$2,863,443	(\$443,290)

**MASON CONSOLIDATED SCHOOLS**

*Schedule of the School District's Proportionate Share of the Net Pension Liability  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
A. School District's proportion of net pension liability (%)	0.06106%	0.06118%	0.06202%	0.06155%	0.06273%	0.06266%	0.06207%	0.06010%	0.06586%
B. School District's proportion proportionate share of net pension liability	\$22,973,128	\$14,483,990	\$21,304,912	\$20,383,830	\$18,858,612	\$16,238,349	\$15,485,431	\$14,899,149	\$14,507,391
C. School District's covered-employee payroll	\$5,914,347	\$5,363,537	\$5,546,564	\$5,275,927	\$5,324,533	\$5,241,982	\$5,277,599	\$5,068,692	\$5,593,990
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	25.74%	37.03%	26.03%	25.88%	28.23%	32.28%	34.08%	34.02%	38.56%
E. Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.

**MASON CONSOLIDATED SCHOOLS**

*Schedule of the School District's Pension Contributions  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
A. Statutorily required contributions	\$2,079,066	\$1,836,925	\$1,704,420	\$1,635,143	\$1,708,228	\$1,469,753	\$1,393,767	\$1,176,760	\$1,854,149
B. Contributions in relation to statutorily required contributions*	\$2,079,066	\$1,836,925	\$1,704,420	\$1,635,143	\$1,708,228	\$1,469,753	\$1,393,767	\$1,176,760	\$1,854,149
C. Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D. School District's covered-employee payroll	\$5,551,202	\$5,789,849	\$5,337,911	\$5,493,307	\$5,416,862	\$5,304,596	\$5,187,202	\$5,111,459	\$5,291,727
E. Contributions as a percentage of covered-employee payroll	37.45%	31.73%	31.93%	29.77%	31.54%	27.71%	26.87%	23.02%	35.04%

\*Contributions in relation to statutorily required contributions are the contributions a school district actually made to the system, as distinct from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.



**MASON CONSOLIDATED SCHOOLS**

*Schedule of the School District's Proportionate Share of the Net OPEB Liability  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
A. School District's proportion of net OPEB liability (%)	0.06115%	0.05956%	0.06264%	0.06044%	0.06257%	0.06253%
B. School District's proportionate share of net OPEB liability	\$1,295,184	\$909,055	\$3,356,027	\$4,338,120	\$4,973,527	\$5,537,462
C. School District's covered-employee payroll	\$5,914,347	\$5,363,537	\$5,546,564	\$5,275,927	\$5,324,533	\$5,241,982
D. School District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	456.64%	590.01%	165.27%	121.62%	107.06%	94.66%
E. Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

## MASON CONSOLIDATED SCHOOLS

*Schedule of the School District's OPEB Contributions  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Statutorily required contributions	\$465,796	\$442,114	\$442,598	\$414,975	\$406,129	\$486,834
B. Contributions in relation to statutorily required contributions*	\$465,796	\$442,114	\$442,598	\$414,975	\$406,129	\$486,834
C. Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
D. School District's covered-employee payroll	\$5,551,202	\$5,789,849	\$5,337,911	\$5,493,307	\$5,416,862	\$5,304,596
E. Contributions as a percentage of covered-employee payroll	8.39%	7.64%	8.29%	7.55%	7.50%	9.18%

\*Contributions in relation to statutorily required OPEB contributions are the contributions a school district actually made to the OPEB plan, as distinct from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

**MASON CONSOLIDATED SCHOOLS**  
*Notes to Required Supplemental Information*  
*Year Ended June 30, 2023*

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**Pension Information**

**Benefit Changes**

There were no changes of benefit terms for the pension plan year ended 2022.

**Assumption Changes**

There were no changes of assumptions for the pension plan year ended 2022, except for the following:

- 2022 - The investments rates of return were as follows:
  - o MIP and Basic Plans – 6.0%, net of investment expenses
  - o Pension Plus Plan - 6.0%, net of investment expenses
  - o Pension Plus 2 Plan - 6.0%, net of investment expenses
  
- 2021 - The investments rates of return were as follows:
  - o MIP and Basic Plans – 6.8%, net of investment expenses
  - o Pension Plus Plan - 6.8%, net of investment expenses
  - o Pension Plus 2 Plan - 6.8%, net of investment expenses

**OPEB Information**

**Benefit Changes**

There were no changes of benefit terms for the OPEB plan year ended 2022.

**Assumption Changes**

There were no changes of assumptions for the OPEB plan year ended 2022, except for the following:

- 2022 – The investment rate of return: 6.00%, net of investment expenses.
  
- 2021 – The investment rate of return: 6.95%, net of investment expenses.

## OTHER SUPPLEMENTAL INFORMATION

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2023*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$1,322,234	\$1,381,455	\$59,221
Tuition	9,150	12,967	3,817
Athletics	51,445	62,379	10,934
Interest income	24,025	48,405	24,380
Reimbursements and donations	0	30,267	30,267
Other revenue	3,250	53,558	50,308
Total Local Sources	1,410,104	1,589,031	178,927
<b>State Sources</b>			
Unrestricted grants:			
State school aid	8,010,286	7,907,841	(102,445)
Restricted grants:			
Special education-Headlee obligation	771,468	494,723	(276,745)
Early literacy	16,639	16,639	0
At Risk	478,774	474,224	(4,550)
Great Start Readiness Preschool	144,313	119,987	(24,326)
Career and technical	33,967	26,590	(7,377)
Headlee obligation for data collection	27,500	27,783	283
MPERS rate offset/UAAL/reform	1,858,272	1,840,748	(17,524)
Section 97 security grants	131,025	131,847	822
Other state grants	134,114	136,567	2,453
Total State Sources	11,606,358	11,176,949	(429,409)
<b>Federal Sources</b>			
Title I	132,813	117,555	(15,258)
Title II	65,582	9,300	(56,282)
Title IV	15,293	(1,013)	(16,306)
ESSER II/ESSER III	599,572	383,414	(216,158)
Emergency Connectivity Fund	31,160	31,160	0
Indian education	4,000	4,000	0
P-EBT	628	628	0
Transfer from intermediate school district:			
Homeless students' assistance	500	0	(500)
Medicaid outreach	0	2,793	2,793
Total Federal Sources	849,548	547,837	(301,711)
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school district:			
County special education tax	419,706	526,244	106,538
Insurance reimbursements	12,500	11,651	(849)
Lease financing	672,626	0	(672,626)
Other revenue	3,425	35,931	32,506
Total Interdistrict and Other Sources	1,108,257	573,826	(534,431)
Total Revenues	\$14,974,267	\$13,887,643	(\$1,086,624)

**MASON CONSOLIDATED SCHOOLS**

*General Fund*

*Schedule of Expenditures - Budget and Actual*

*Year Ended June 30, 2023*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$1,395,094	\$1,111,716	\$36,103
Middle School	640,234	599,195	32,998
High School	984,215	809,363	135,182
Pre-School	65,579	44,205	955
Summer School	37,144	13,377	0
	3,122,266	2,577,856	205,238
Added Needs:			
Special education	546,345	448,619	4,523
Compensatory education	285,413	190,975	1,169
Career and technical education	22,428	17,931	5,754
	854,186	657,525	11,446
<b>Total Instruction</b>	3,976,452	3,235,381	216,684
<b>Support Services</b>			
Pupil:			
Truancy	24,113	15,476	0
Guidance	69,545	52,421	27
Health	0	0	0
Speech	69,407	60,102	0
Social work services	145,409	133,930	0
Teacher Consultant	46,408	32,135	250
Other pupil services	109,412	171,064	23,301
	464,294	465,128	23,578
Instructional Staff:			
Improvement of instruction	219	1,626	15,575
Educational media services	15,823	12,964	0
	16,042	14,590	15,575
General Administration:			
Board of education	0	3	65,291
Executive administration	186,107	205,342	1,412
	186,107	205,345	66,703
School Administration:			
Office of the principal	418,822	360,866	1,008
Other school administration	0	0	360
	418,822	360,866	1,368
Business Administration:			
Fiscal services	116,933	166,487	7,896
Internal services	0	0	359
Other business services	0	0	6,604
	116,933	166,487	14,859

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$33,502	\$0	\$0	\$2,576,415	\$2,696,486	\$120,071
16,347	18,672	0	1,307,446	1,416,368	108,922
64,445	17,266	186,229	2,196,700	2,139,342	(57,358)
3,921	0	0	114,660	136,198	21,538
0	0	0	50,521	47,979	(2,542)
<u>118,215</u>	<u>35,938</u>	<u>186,229</u>	<u>6,245,742</u>	<u>6,436,373</u>	<u>190,631</u>
2,136	0	0	1,001,623	1,219,375	217,752
691	0	0	478,248	524,737	46,489
4,610	46,136	0	96,859	86,433	(10,426)
<u>7,437</u>	<u>46,136</u>	<u>0</u>	<u>1,576,730</u>	<u>1,830,545</u>	<u>253,815</u>
<u>125,652</u>	<u>82,074</u>	<u>186,229</u>	<u>7,822,472</u>	<u>8,266,918</u>	<u>444,446</u>
0	0	0	39,589	38,084	(1,505)
0	0	0	121,993	121,999	6
0	0	0	0	350	350
308	0	0	129,817	131,073	1,256
142	0	5,905	285,386	192,825	(92,561)
0	0	0	78,793	0	(78,793)
0	0	0	303,777	233,759	(70,018)
<u>450</u>	<u>0</u>	<u>5,905</u>	<u>959,355</u>	<u>718,090</u>	<u>(241,265)</u>
1,429	0	0	18,849	43,636	24,787
261	0	0	29,048	36,075	7,027
<u>1,690</u>	<u>0</u>	<u>0</u>	<u>47,897</u>	<u>79,711</u>	<u>31,814</u>
583	0	4,580	70,457	64,100	(6,357)
1,302	1,295	3,822	399,280	396,330	(2,950)
<u>1,885</u>	<u>1,295</u>	<u>8,402</u>	<u>469,737</u>	<u>460,430</u>	<u>(9,307)</u>
2,264	1,418	2,989	787,367	795,726	8,359
4,590	0	0	4,950	7,200	2,250
<u>6,854</u>	<u>1,418</u>	<u>2,989</u>	<u>792,317</u>	<u>802,926</u>	<u>10,609</u>
2,109	2,417	3,078	298,920	328,782	29,862
139	0	0	498	623	125
0	0	0	6,604	6,940	336
<u>2,248</u>	<u>2,417</u>	<u>3,078</u>	<u>306,022</u>	<u>336,345</u>	<u>30,323</u>

**MASON CONSOLIDATED SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2023*

	Salaries	Employee Benefits	Purchased Services
<b>(Concluded)</b>			
<b>Support Services</b>			
Operation and Maintenance:			
Buildings and grounds	\$153,510	\$131,530	\$654,916
Security services	0	0	119,335
	<u>153,510</u>	<u>131,530</u>	<u>774,251</u>
Pupil Transportation	246,008	158,089	28,973
Athletics	76,741	53,600	163,928
Central Services:			
Communication services	28,695	26,710	509
Staff services	0	60,925	50,022
Technology	0	0	6,106
Pupil accounting	5,489	3,165	0
	<u>34,184</u>	<u>90,800</u>	<u>56,637</u>
Other Support Services:			
Other student/school activity	448	524	1,000
Total Support Services	<u>1,713,089</u>	<u>1,646,959</u>	<u>1,146,872</u>
<b>Community Service</b>			
Welfare activities	0	0	0
Non-public school pupils	28,930	14,044	2,164
Total Community Service	<u>28,930</u>	<u>14,044</u>	<u>2,164</u>
<b>Debt Service</b>			
Principal	0	0	0
Interest	0	0	0
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u><u>\$5,718,471</u></u>	<u><u>\$4,896,384</u></u>	<u><u>\$1,365,720</u></u>



<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Expenses</u>	<u>Totals</u>	<u>Final Budget</u>	<u>Positive (Negative) Budget</u>
\$345,921	\$278,398	\$1,746	\$1,566,021	\$1,174,695	(\$391,326)
66,339	0	0	185,674	285,736	100,062
<u>412,260</u>	<u>278,398</u>	<u>1,746</u>	<u>1,751,695</u>	<u>1,460,431</u>	<u>(291,264)</u>
103,272	46,250	39,397	621,989	1,312,567	690,578
26,699	275	6,869	328,112	398,345	70,233
0	0	0	55,914	114,961	59,047
213	10	0	111,170	55,254	(55,916)
0	0	10,948	17,054	27,440	10,386
0	0	85	8,739	9,095	356
<u>213</u>	<u>10</u>	<u>11,033</u>	<u>192,877</u>	<u>206,750</u>	<u>13,873</u>
5,793	0	5,508	13,273	17,660	4,387
<u>561,364</u>	<u>330,063</u>	<u>84,927</u>	<u>5,483,274</u>	<u>5,793,255</u>	<u>309,981</u>
400	0	0	400	400	0
0	6,502	0	51,640	51,860	220
400	6,502	0	52,040	52,260	220
0	0	81,640	81,640	0	(81,640)
0	0	29,672	29,672	0	(29,672)
0	0	111,312	111,312	0	(111,312)
<u>\$687,416</u>	<u>\$418,639</u>	<u>\$382,468</u>	<u>\$13,469,098</u>	<u>\$14,112,433</u>	<u>\$643,335</u>

**MASON CONSOLIDATED SCHOOLS**

*Sinking Capital Projects Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2023*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Interest income	\$2,500	\$0	\$13,578	\$13,578
<b>Expenditures</b>				
Support services:				
Fiscal				
Other expenses	100	100	0	100
Operating building services				
Purchased services	500	500	0	500
Capital outlay	9,500	9,500	0	9,500
	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Facilities acquisition, construction, and improvements:				
Site improvement services				
Capital outlay	2,500	0	0	0
Building improvement services				
Purchased services	34,500	34,500	12,320	22,180
Capital outlay	213,000	177,520	17,340	160,180
	<u>247,500</u>	<u>212,020</u>	<u>29,660</u>	<u>182,360</u>
Total Expenditures	<u>260,100</u>	<u>222,120</u>	<u>29,660</u>	<u>192,460</u>
<b>Net Change in Fund Balances</b>	(257,600)	(222,120)	(16,082)	206,038
Fund Balance - Beginning of year	<u>277,320</u>	<u>279,425</u>	<u>556,745</u>	<u>277,320</u>
Fund Balance - End of year	<u>\$19,720</u>	<u>\$57,305</u>	<u>\$540,663</u>	<u>\$483,358</u>

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
Year Ended June 30, 2023*

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food Service	Student and School Activity	Technology	
<b>Assets</b>				
Cash and cash equivalents	\$343,727	\$223,569	\$427,045	\$994,341
Due from other governmental units	3,758	0	0	3,758
Due from other funds	0	290	106,482	106,772
Inventory	5,312	0	0	5,312
Prepaid	604	0	0	604
	<u>\$353,401</u>	<u>\$223,859</u>	<u>\$533,527</u>	<u>\$1,110,787</u>
<b>Liabilities</b>				
Accounts payable	\$10,946	\$0	\$1,445	\$12,391
Salaries payable	0	0	1,062	1,062
Other liabilities	1,000	0	401	1,401
Unearned revenue	4,930	0	0	4,930
Due to other governmental units	7,407	0	3,202	10,609
Due to other funds	76,465	25,134	0	101,599
	<u>100,748</u>	<u>25,134</u>	<u>6,110</u>	<u>131,992</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	5,312	0	0	5,312
Prepaid	604	0	0	604
Restricted for:				
Technology enhancement	0	0	527,417	527,417
Food service	246,737	0	0	246,737
Committed to:				
Student and school activity	0	198,725	0	198,725
	<u>252,653</u>	<u>198,725</u>	<u>527,417</u>	<u>978,795</u>
Total Fund Balances	<u>252,653</u>	<u>198,725</u>	<u>527,417</u>	<u>978,795</u>
Total Liabilities and Fund Balances	<u>\$353,401</u>	<u>\$223,859</u>	<u>\$533,527</u>	<u>\$1,110,787</u>

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2023*

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food Service	Student and School Activity	Technology	
<b>Revenues</b>				
Local sources	\$145,662	\$127,723	\$353,163	\$626,548
State sources	55,708	0	13,128	68,836
Federal sources	456,902	0	0	456,902
<b>Total Revenues</b>	<b>658,272</b>	<b>127,723</b>	<b>366,291</b>	<b>1,152,286</b>
<b>Expenditures</b>				
Support services	0	122,203	0	122,203
Food service	708,526	0	0	708,526
Technology	0	0	286,391	286,391
<b>Total Expenditures</b>	<b>708,526</b>	<b>122,203</b>	<b>286,391</b>	<b>1,117,120</b>
<b>Net Change in Fund Balances</b>	<b>(50,254)</b>	<b>5,520</b>	<b>79,900</b>	<b>35,166</b>
Fund Balances - Beginning of year	302,907	193,205	447,517	943,629
Fund Balances - End of year	<u>\$252,653</u>	<u>\$198,725</u>	<u>\$527,417</u>	<u>\$978,795</u>

**MASON CONSOLIDATED SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Food sales	\$157,975	\$129,225	\$139,171	\$9,946
Interest income	0	6,250	6,491	241
	<u>157,975</u>	<u>135,475</u>	<u>145,662</u>	<u>10,187</u>
State Sources:				
Restricted grants	44,600	46,775	55,708	8,933
Federal Sources:				
Restricted grants	288,040	367,790	422,330	54,540
Commodities	32,100	35,000	34,572	(428)
	<u>320,140</u>	<u>402,790</u>	<u>456,902</u>	<u>54,112</u>
Total Revenues	522,715	585,040	658,272	73,232
<b>Expenditures</b>				
Operating building services:				
Purchased services	0	0	12,662	(12,662)
Support services:				
Staff services	200	450	0	450
Food service:				
Salaries	134,725	134,725	126,914	7,811
Employee benefits	82,915	69,115	78,340	(9,225)
Purchased services	116,432	116,432	122,403	(5,971)
Supplies and materials	277,014	277,014	251,489	25,525
Capital outlay	14,000	14,000	111,284	(97,284)
Other	6,050	6,050	5,434	616
	<u>631,136</u>	<u>617,336</u>	<u>695,864</u>	<u>(78,528)</u>
Total Expenditures	631,336	617,786	708,526	(90,740)
<b>Net Change in Fund Balances</b>	(108,621)	(32,746)	(50,254)	(17,508)
Fund Balance - Beginning of year	<u>234,237</u>	<u>302,907</u>	<u>302,907</u>	<u>0</u>
Fund Balance - End of year	<u>\$125,616</u>	<u>\$270,161</u>	<u>\$252,653</u>	<u>(\$17,508)</u>

**MASON CONSOLIDATED SCHOOLS**

*Student and School Activity Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Student and school activities	\$110,000	\$126,400	\$127,723	\$1,323
<b>Expenditures</b>				
Student and School Activities:				
Student and school activities	110,000	98,240	122,203	(23,963)
<b>Net Change in Fund Balance</b>	0	28,160	5,520	(22,640)
Fund Balance - Beginning of year	181,575	193,205	193,205	0
Fund Balance - End of year	\$181,575	\$221,365	\$198,725	(\$22,640)

**MASON CONSOLIDATED SCHOOLS**

*Technology Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2023*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local sources:				
Property taxes	\$310,000	\$331,800	\$341,621	\$9,821
Interest income	2,400	10,900	11,522	622
Other revenue	0	0	20	20
	<u>312,400</u>	<u>342,700</u>	<u>353,163</u>	<u>10,463</u>
State sources:				
Restricted grants:				
MPSERS UAAL	12,400	11,750	13,128	1,378
	<u>12,400</u>	<u>11,750</u>	<u>13,128</u>	<u>1,378</u>
Total Revenues	324,800	354,450	366,291	11,841
<b>Expenditures</b>				
Instruction:				
Purchased services	42,850	42,850	46,270	(3,420)
Supplies and materials	5,500	5,500	4,002	1,498
Capital outlay	70,550	81,219	76,849	4,370
	<u>118,900</u>	<u>129,569</u>	<u>127,121</u>	<u>2,448</u>
Support services:				
Salaries	83,532	83,532	69,343	14,189
Employee benefits	66,860	66,860	59,956	6,904
Purchased services	27,775	27,775	22,976	4,799
Supplies and materials	1,550	1,550	199	1,351
Capital outlay	5,975	5,975	3,784	2,191
	<u>185,692</u>	<u>185,692</u>	<u>156,258</u>	<u>29,434</u>
Interdistrict and other uses:				
Payments to other governmental units	3,050	3,050	3,012	38
	<u>3,050</u>	<u>3,050</u>	<u>3,012</u>	<u>38</u>
Total Expenditures	307,642	318,311	286,391	31,920
<b>Net Change in Fund Balances</b>	17,158	36,139	79,900	43,761
Fund Balance - Beginning of year	415,340	447,517	447,517	0
Fund Balance - End of year	<u>\$432,498</u>	<u>\$483,656</u>	<u>\$527,417</u>	<u>\$43,761</u>

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Athletics  
Budget and Actual  
Year Ended June 30, 2023*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Admissions	\$32,095	\$33,595	\$40,818	\$7,223
Participation fees	17,850	17,850	21,561	3,711
Interest income	200	275	287	12
Other revenue	300	300	6,452	6,152
Total local sources	<u>50,445</u>	<u>52,020</u>	<u>69,118</u>	<u>17,098</u>
State Sources:				
Restricted grants	<u>16,105</u>	<u>13,870</u>	<u>15,944</u>	<u>2,074</u>
Total Revenues	<u><u>\$66,550</u></u>	<u><u>\$65,890</u></u>	<u><u>\$85,062</u></u>	<u><u>\$19,172</u></u>
<b>Expenditures</b>				
Pupil Transportation:				
Salaries	\$21,199	\$21,199	\$23,230	(\$2,031)
Employee benefits	11,953	19,205	13,138	6,067
Staff Services:				
Purchased services	1,275	1,275	550	725
Athletics:				
Salaries	75,508	75,508	76,741	(1,233)
Employee benefits	62,743	62,743	53,600	9,143
Purchased services	188,975	188,975	163,928	25,047
Supplies and materials	26,500	26,500	26,699	(199)
Capital outlay	50	50	275	(225)
Other expenses	2,890	2,890	6,869	(3,979)
Total Expenditures	<u><u>\$391,093</u></u>	<u><u>\$398,345</u></u>	<u><u>\$365,030</u></u>	<u><u>\$33,315</u></u>



## FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year ended June 30, 2023*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>		
Indian Education	S060A190275	\$7,468
Indian Education	S060A210275	6,456
Indian Education	S060A220275	4,000
		11,468
Passed Through State of Michigan Department of Education:		
Title I, Part A - Improving Basic Programs	201530-1920	124,940
Title I, Part A - Improving Basic Programs	221530-2122	122,669
Title I, Part A - Improving Basic Programs	231530-2223	132,813
		380,422
Title II, Part A - Supporting Effective Instruction	200520-1920	64,558
Title II, Part A - Supporting Effective Instruction	210520-2021	64,147
Title II, Part A - Supporting Effective Instruction	220520-2122	58,589
Title II, Part A - Supporting Effective Instruction	230520-2223	55,171
		242,465
Title IV, Part A - SSAE	210750-2021	10,000
Title IV, Part A - SSAE	220750-2122	10,180
Title IV, Part A - SSAE	230750-2223	15,293
		35,473
Education Stabilization Program:		
COVID 19 - Governor's Emergency Education Relief (GEER) II Funds	201201-21-22	84.425C 25,730
COVID 19 - ESSER Formula II Funds	213712-20-21	84.425D 445,232
COVID 19 - ESSER II Benchmark Assessments	213762-2022	84.425D 8,600
COVID 19 - Section 98c Learning Loss	213782-2223	84.425D 53,995
COVID 19 - American Rescue Plan (ARP) ESSER III	213713-2122	84.425U 666,617
COVID 19 - Section 11t Equalization Funds	213723-2122	84.425U 161,199
Total Education Stabilization Program		1,361,373
Total Passed Through State of Michigan Department of Education		2,019,733
Total U.S. Department of Education		2,031,201
<u>U.S. Federal Communications Commission (FCC)</u>		
Passed Through the Universal Service Administrative Company:		
COVID 19 -Emergency Connectivity Program	32.009	31,160
Total U.S. Federal Communications Commission		31,160

The accompanying notes are an integral part of this schedule.

Accrued (Deferred) Revenue July 1, 2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2023
\$1,187	\$6,281	\$0	\$0	\$1,187
0	6,325	0	0	0
0	0	4,000	0	4,000
<u>1,187</u>	<u>6,281</u>	<u>4,000</u>	<u>0</u>	<u>5,187</u>
(3,003)	2,462	0	0	(3,003)
40,549	122,669	0	40,549	0
0	0	117,555	0	117,555
<u>37,546</u>	<u>125,131</u>	<u>117,555</u>	<u>40,549</u>	<u>114,552</u>
(1,154)	(571)	0	0	(1,154)
710	19,580	0	0	710
8,985	10,711	2,088	12,156	(1,083)
0	0	7,212	7,212	0
<u>8,541</u>	<u>29,720</u>	<u>9,300</u>	<u>19,368</u>	<u>(1,527)</u>
(737)	9,082	0	0	(737)
5,432	5,899	(1,012)	4,420	0
0	0	0	0	0
<u>4,695</u>	<u>14,981</u>	<u>(1,012)</u>	<u>4,420</u>	<u>(737)</u>
25,730	25,730	0	25,730	0
66,067	89,956	139,207	60,813	144,461
8,600	8,600	0	8,600	0
0	0	33,929	0	33,929
305,679	305,679	210,278	492,547	23,410
0	0	0	0	0
<u>406,076</u>	<u>429,965</u>	<u>383,414</u>	<u>587,690</u>	<u>201,800</u>
<u>456,858</u>	<u>599,797</u>	<u>509,257</u>	<u>652,027</u>	<u>314,088</u>
<u>458,045</u>	<u>606,078</u>	<u>513,257</u>	<u>652,027</u>	<u>319,275</u>
0	64,680	31,160	31,160	0
<u>0</u>	<u>64,680</u>	<u>31,160</u>	<u>31,160</u>	<u>0</u>

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year ended June 30, 2023*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Approved Grant Award Amount
<u>U.S. Department of Health and Human Services</u>		
Passed Through Monroe County Intermediate School District:		
Medicaid Outreach	93.778	\$2,793
 <u>U.S. Department of Agriculture</u>		
Passed Through State of Michigan Department of Education:		
Child Nutrition Cluster:		
Cash Assistance:		
School Breakfast Program:		
Seamless Summer Option - School Breakfast Program	221970	7,214
Seamless Summer Option - School Breakfast Program	231970	83,793
		91,007
National School Lunch Program (NSLP):		
Supply Chain Assistance Funds	220910	23,385
Supply Chain Assistance Funds	230910	13,805
National School Lunch Program	221960	68,051
National School Lunch Program	231960	240,420
		345,661
Total Cash Assistance		436,668
Noncash Assistance:		
National School Lunch Program:		
Entitlement Commodities	10.555	33,371
Bonus Commodities	10.555	1,201
Total Noncash Assistance		34,572
Total Child Nutrition Cluster		471,240
Child and Adult Care Food Program:		
Child and Adult Care Food Program Meals	221920	1,702
Child and Adult Care Food Program Meals	231920	0
		1,702
Pandemic EBT Local Level Costs	220980	628
Total Passed Through State of Michigan Department of Education		473,570
Total U.S. Department of Agriculture		473,570
Total Federal Financial Assistance		\$2,538,724

The accompanying notes are an integral part of this schedule.

Accrued (Deferred) Revenue July 1, 2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2023
\$0	\$0	\$2,793	\$2,793	\$0
0	0	7,214	7,214	0
0	0	83,793	83,793	0
0	0	91,007	91,007	0
(23,040)	0	46,425	23,385	0
0	0	13,805	13,805	0
0	0	29,804	29,804	0
0	0	240,420	240,420	0
(23,040)	0	330,454	307,414	0
(23,040)	0	421,461	398,421	0
0	0	33,371	33,371	0
0	0	1,201	1,201	0
0	0	34,572	34,572	0
(23,040)	0	456,033	432,993	0
0	1,629	73	73	0
0	0	795	795	0
0	1,629	868	868	0
0	0	628	628	0
(23,040)	1,629	457,529	434,489	0
(23,040)	1,629	457,529	434,489	0
\$435,005	\$672,387	\$1,004,739	\$1,120,469	\$319,275

**MASON CONSOLIDATED SCHOOLS**

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023*

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1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mason Consolidated Schools under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mason Consolidated Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Mason Consolidated Schools.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement. Cash received is recorded on a cash basis. Revenues are recognized when qualifying expenditures have been incurred and all grant requirements have been met.
3. Mason Consolidated Schools has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards (“SEFA”). The following shows a reconciliation of current year receipts per the SEFA to current payments per the GAR:

Agency total current payments per Michigan Department of Education Grant Auditor Report - (GAR) NexSys	\$911,393
Items on prior year NexSys report received in current year:	
Title I Part A	40,549
Title II, Part A	8,956
Title IV, Part A	5,433
COVID 19 - GEER II Funds	25,730
COVID 19 - ESSER Formula II Funds	45,984
COVID 19 - ESSER III Funds	13,899
Additional items not on NexSys report:	
Non-cash assistance USDA Commodities - Entitlement	33,371
Non-cash assistance USDA Commodities - Bonus	1,201
Passed through US Federal Communications Commission:	
COVID 19 - Emergency Connectivity Program	31,160
Passed through Monroe County Intermediate School District:	
Medicaid Outreach	2,793
Total current year receipts (cash basis) per the schedule of expenditures of federal awards (SEFA)	\$1,120,469

5. The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with this schedule for USDA donated food commodities and are reported in the cash receipts column.

**MASON CONSOLIDATED SCHOOLS**

*Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023*

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- 6. Certain federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.
- 7. There were no federal awards expended for loan or loan guarantee programs.
- 8. Mason Consolidated Schools does not have any subrecipients.
- 9. Revenues from federal sources are reported in the School District's financial statements as follows:

General Fund	\$547,837
Food Service Fund	<u>456,902</u>
Schedule of Expenditure of Federal Awards	<u><u>\$1,004,739</u></u>

## MASON CONSOLIDATED SCHOOLS

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023*

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### SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Mason Consolidated Schools were prepared in accordance with GAAP.
2. One material weakness and two significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of Mason Consolidated Schools, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No material weaknesses in internal control over major federal award programs are disclosed in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Mason Consolidated Schools expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were the Education Stabilization Programs – COVID 19 (Assistance Listing #84.425C, 84.425D, and 84.425U).
8. The dollar threshold for distinguishing Type A and B Programs was \$750,000.
9. Mason Consolidated Schools was determined to be a low-risk auditee.



**MASON CONSOLIDATED SCHOOLS**

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023*

**FINDINGS - FINANCIAL STATEMENTS AUDIT:**

**2023-001 Material Audit Adjustments**

*Finding Type:* Material Weakness in internal controls over financial reporting.

*Repeat Finding:* Yes - 2022-001

*Criteria:* Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles (GAAP).

*Condition:* During the audit, a new trial balance was necessary and numerous adjustments were posted in order to reach proper year-end balances. Many of the adjustments to the trial balance were identified by the auditors, while others were provided by the School District as accounts were reconciled.

*Cause:* This condition was the result of a lack of management oversight. Bank reconciliations were not prepared on a timely basis. Internal controls did not detect all adjustments necessary to properly record year-end balances.

*Effect:* As a result of this condition, the School District’s accounting records were initially misstated by amounts material to the financial statements. Specifically, the following areas were misstated:

	Cash - General			
	Checking	Revenues	Expenses	Net Income
<b>General Fund:</b>				
Final balances	\$1,966,253	\$13,885,511	\$13,459,489	\$426,022
Original balances	2,239,179	12,439,485	13,351,241	(911,756)
Adjustments needed	(272,927)	1,446,026	108,248	1,337,778
<b>Food Service Fund:</b>				
Final balances		658,272	708,526	(50,254)
Original balances		686,384	703,224	(16,840)
Adjustments needed		(28,112)	5,302	(33,414)
<b>Technology Millage Fund:</b>				
Final balances		366,291	296,000	70,291
Original balances		331,679	295,966	35,713
Adjustments needed		34,612	34	34,578

The following is a listing of the material adjustments that were posted:

General Fund Cash:

- MPERS 147(c) accrual that was recorded as paid in June 2023 but not paid until July 2023, understating cash by \$95,103.
- July 2023 health insurance was paid in June 2023 but not recorded on the general ledger, overstating cash by \$69,676.
- December 2022 manual payroll entry that was not adjusted out of accounts payable when it was paid in December 2022, overstating cash by \$101,798.

# MASON CONSOLIDATED SCHOOLS

## *Schedule of Findings and Questioned Costs Year Ended June 30, 2023*

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### **2023-001 Material Audit Adjustments (Concluded)**

General Fund Revenue:

- July 2023 State aid payment was not recorded as a receivable, understating revenues by approximately \$993,000.
- Federal grants were recorded on the cash basis, understating revenues by \$12,609.

*Recommendation:* We recommend that the School District review its account procedures to make certain that account reconciliations are completed accurately, prior to the commencement of the annual audit. The necessary adjustments have been made to the School District's records and appropriately presented in the financial statements. Accordingly, no further corrective action is required at this time.

*View of Responsible Officials:* Management will conduct a review of the general ledger on an ongoing basis.

### **2023-002 Audit Preparation and Filing Deadline**

*Finding Type:* Significant deficiency in internal controls over financial reporting; Material noncompliance

*Repeat Finding:* No

*Criteria:* The State of Michigan requires that School District audits be filed with the State by November 1<sup>st</sup> each year.

*Condition:* The timely preparation and issuance of audited financial statements in accordance with generally accepted accounting principles requires a coordinated effort between management and the external auditors. This places the burden on the School District to properly prepare for the audit, including the timely preparation of bank reconciliations and closing of the accounting records, preparation of workpapers to support the significant audit balances, and obtaining the necessary documents needed to perform audit procedures. As noted in finding 2023-001, we identified and proposed multiple material audit adjustments (which were approved and posted by management) to adjust the School District's general ledger to appropriate balances, which caused the School District to miss the November 1<sup>st</sup> filing deadline.

*Cause:* At the time of the audit, bank reconciliations were not finalized, and reconciliations for many other balance sheet accounts were not prepared. This was due to a staffing shortage in the business office, and the inexperience of the Director of Business Services, as this was her first full year in this position.

*Effect:* The audit was not filed timely with the State of Michigan.

*Recommendation:* We recommend that the School District develop procedures to ensure that all bank accounts are reconciled monthly, and that the audit preparation is completed in a manner to ensure timely filing of the audit.

*View of Responsible Officials:* Management agrees with the finding.

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023*

---

**2023-003 Expenditures in Excess of Amounts Appropriated**

*Finding Type:* Significant deficiency in internal controls over financial reporting.

*Repeat Finding:* Yes - 2022-002

*Criteria:* In accordance with MCL 141.421, the School District is prohibited from expending funds that are not authorized or approved in their budget.

*Condition:* As of June 30, 2023, expenditures incurred were in excess of amounts appropriated in the Food Service Fund and the Student and School Activity Fund.

*Cause:* The School District failed to amend the budget to account for additional expenditures.

*Effect:* The School District is not in compliance with State statute.

*Recommendation:* We recommend that the School District amend the budget to ensure that expenditures do not exceed amounts authorized. No further action is required at this time.

*View of Responsible Officials:* Management agrees with the finding and will conduct a review of budgets on an ongoing basis.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:**

There were no findings or questioned costs related to the major federal award program audit for the year ended June 30, 2023.

## MASON CONSOLIDATED SCHOOLS

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023

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### 2022-001 Significant Audit Adjustments

*Finding Type:* Significant deficiency in internal controls over financial reporting.

*Criteria:* Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles (GAAP).

*Condition:* During the audit, we identified and proposed adjustments (which were approved and posted by management) in the General Fund.

*Cause:* The District's failure to reconcile accounts resulted in the following changes:

- General Fund – Expenditures and other financing sources were understated by approximately \$778,359.

*Effect:* The net financial statement effect of the journal entries to fund balance was \$0.

*Recommendation:* We recommend that the School District review its account procedures to make certain that account reconciliations are completed accurately, prior to the commencement of the annual audit. The necessary adjustments have been made to the School District's records and appropriately presented in the financial statements. Accordingly, no further corrective action is required at this time.

*Current Status:* The finding is not corrected. See current year finding 2023-001.

### 2022-002 Expenditures in Excess of Amounts Appropriated

*Finding Type:* Significant deficiency in internal controls over financial reporting.

*Criteria:* In accordance with MCL 141.421, the School District is prohibited from expending funds that are not authorized or approved in their budget.

*Condition:* As of June 30, 2022, expenditures incurred were in excess of amounts appropriated in the General Fund and the Student and School Activity Fund. The General Fund had final budgeted expenditures of \$12,819,758, while actual expenditures were \$13,017,934, causing a budget variance of \$198,476. The Student and School Activity Fund had final budgeted expenditures of \$100,000, while actual expenditures were \$103,262, causing a budget variance of \$3,262.

*Cause:* The final budget amendment was not updated to reflect the actual expenditures for the fiscal year ended June 30, 2022, resulting in expenditures in excess of amounts appropriated.

*Effect:* The School District is not in compliance with State statute.

*Recommendation:* We recommend that the School District develop budgetary control procedures, including passing budget adjustments, which will ensure that expenditures do not exceed amounts authorized.

*Current Status:* The finding is not corrected. See current year finding 2023-003.

## MASON CONSOLIDATED SCHOOLS

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023

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### 2022-003 Timeliness of Annual On-Site Review

*Finding Type:* Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests and Provisions).

*Program:* Child Nutrition Cluster: National School Breakfast Program (AL #10.553), the National School Lunch Program (AL #10.555), the U.S.D.A. Donated Commodities (AL #10.555), and the Summer Food Service Program Operation (AL #10.559) passed through the Michigan Department of Education.

*Criteria:* Grant recipients are required to identify compliance requirements specific to each grant award and to develop internal controls to prevent or detect noncompliance. The Child Nutrition Cluster requires that on-site reviews/inspections of each location where meals are served be conducted by the District prior to February 1 of each year.

*Condition:* On-site reviews/inspections were not completed during the 2021/2022 fiscal year.

*Cause:* The condition was caused by a turnover of staff that was responsible for completing the reports.

*Effect:* As a result of this condition, the School District failed to maintain adequate internal controls over the food service operations to ensure the School District fully complies with the compliance requirements of this grant.

*Questioned Costs:* There were no costs that were required to be questioned and no unallowable expenditures that were noted as a result of this finding.

*Recommendation:* We recommend that the School District perform on-site reviews of the food service department in accordance with the State of Michigan's administrative policy. The School District should develop a process whereby management is reminded of the programmatic deadlines. A supervisor or administrator should also be aware of the deadline in order to ensure timely completion.

*Current Status:* Corrective action has been taken and this matter is resolved.



**CALKINS HEHL RAFKO**  
— CERTIFIED PUBLIC ACCOUNTANTS —

Board of Education  
Mason Consolidated Schools  
Monroe County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Mason Consolidated Schools' internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mason Consolidated Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Mason Consolidated Schools' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

Material Audit Adjustments

During the audit, a new trial balance was necessary, and numerous adjustments were posted (which were approved and posted by management), in order to reach proper year end balances. Some of these adjustments were material to the School District's financial statements. The adjustments were largely due to the bank statements not being reconciled on a timely basis. We recommend that the School District review its account procedures to make certain that account reconciliations are completed accurately and timely.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

Audit Preparation and Filing Deadline

The State of Michigan requires that audits be filed with the Michigan Department of Treasury by November 1<sup>st</sup> each year. The completion of our audit was delayed due to numerous errors in the general ledger that were discovered during audit fieldwork. We recommend the School District ensure the timely filing of the audit by having all accounts reconciled before audit fieldwork is set to begin.

### Annual Budgets

Annual budgets are required to be adopted on a basis that is consistent with generally accepted accounting principles (GAAP) and State law for the General Fund and Special Revenue Funds. During the audit, we noted that expenditures exceeded amounts appropriated in the Food Service Fund and the Student and School Activity Fund (both Special Revenue Funds). We recommend that the School District amend budgets as necessary to ensure that expenditures do not exceed amounts appropriated.


The following is not a material weakness or a significant deficiency, but a suggestion to improve your existing accounting policies:

### Food Service Fund - Excess Fund Balance

The USDA requires that the ending fund balance does not exceed three months' average of operating expenditures. During the audit, we noted the Food Service Fund has an excess fund balance of \$59,639 at June 30, 2023. The School District has an approved plan of action with the Michigan Department of Education to spend down the excess fund balance. We recommend that the School District monitors the plan of action, and spend the excess funds no later than June 30, 2024.

This communication is intended solely for the information and use of the Board of Education, management, others within the School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



December 20, 2023



CALKINS HEHL RAFKO  
— CERTIFIED PUBLIC ACCOUNTANTS —

December 20, 2023

To the Board of Education  
Mason Consolidated Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mason Consolidated Schools are described in Note 2 to the financial statements. During the fiscal year ended June 30, 2023, the School District implemented GASB 96, *Subscription-Based Information Technology Arrangements*. We noted no transactions entered into by Mason Consolidated Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of depreciable capital assets is based on the length of time those assets will provide economic benefit in the future.

Management's estimate of the accrued compensated absences is based on formulas and conditions specified in various contracts regarding vacation and sick leave benefits.

Managements' estimates of the net pension and OPEB liabilities are based on actuarial valuations and other financial data. We have evaluated key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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



To the Board of Education  
Mason Consolidated Schools

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### *Difficulties Encountered in Performing the Audit*

The completion of our audit was delayed due to numerous errors in the general ledger that were discovered during our audit fieldwork. A new trial balances and multiple additional journal entries were necessary in order to accurately report general ledger balances.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, some of which were material to the financial statements.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 20, 2023.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### *Other Matters*

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

To the Board of Education  
Mason Consolidated Schools

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

*Restriction on Use*

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

Very truly yours,

*Callins Hehl Rayfo*



2400 MASON EAGLES DR.  
ERIE, MI 48133  
ERIE.MASON.K12.MI.US

December 20, 2023

Mason Consolidated Schools  
Corrective Action Plan  
Finding as of June 30, 2023

Contact Person Responsible: Kelli Tuller, Superintendent  
Dawn Nieuwkoop, Director of Business Services

**Finding Number:** **2023-001**

Corrective Action Planned: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. During the audit, there were numerous proposed adjustments that were material to the financial statements. The entries were approved and posted by management. Management will conduct a review of the general ledger on an ongoing basis.

Anticipated Completion Date: The necessary adjustments have been made to the School District's records and are appropriately presented in the financial statements. Accordingly, no further corrective action is deemed necessary.

**Finding Number:** **2023-002**

Corrective Action Planned: The School District is required to file the annual audit by November 1<sup>st</sup> each year. The School District will put in place procedures to ensure the audit is filed timely, which includes monthly bank reconciliations being prepared timely, and other reconciliations for accounts with material balances being prepared before the start of the annual audit.

Anticipated Completion Date: January 31<sup>st</sup>, 2024



2400 MASON EAGLES DR.  
ERIE, MI 48133  
ERIE.MASON.K12.MI.US

**Finding Number:**

**2023-003**

**Corrective Action Planned:**

Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. The Food Service Fund was over budget due to capital outlay expenditures not being properly budgeted. The Student and School Activity Fund was over budget due to an error in estimated actual expenditures. Management will conduct a review of the general ledger on an ongoing basis and adjust the budget accordingly.

**Anticipated Completion Date:**

The School District will make the necessary adjustments to budgeting procedures to ensure expenditures are appropriately presented in the financial statements and not in excess of amounts authorized.

Sincerely,

*Kelli A. Tuller*

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Kelli Tuller  
Superintendent

*Dawn Nieuwkoop*

---

Dawn Nieuwkoop  
Director of Business Services