

**MASON CONSOLIDATED SCHOOLS**  
Erie, Michigan

ANNUAL FINANCIAL REPORT  
June 30, 2024

# MASON CONSOLIDATED SCHOOLS

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## Independent Auditor's Report

To the Board of Education  
Mason Consolidated Schools  
Erie, Michigan 48133

### Report on the Audit of the Financial Statements

#### 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, 2024, 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, 2024, 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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 October 29, 2024, 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  
October 29, 2024



**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*

To the 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, 2024, 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 October 29, 2024.

**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 financial reporting 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 to be material weaknesses.

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 2024-004 and 2024-005 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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  
October 29, 2024





# 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

To the 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, 2024. 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, 2024.

#### **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

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, and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-006 to be a material weakness.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Mason Consolidated Schools' response to the internal control over compliance findings identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

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.

*Callins Hebe Raygo*

Monroe, Michigan  
October 29, 2024

# MASON CONSOLIDATED SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2024*

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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, 2024. 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, 2024*

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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, 2024*

#### **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, 2024 and 2023.

**Table 1**

#### **Comparative Statement of Net Position**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Current and other assets	\$7,261,204	\$6,084,590
Capital assets	<u>4,925,588</u>	<u>4,920,134</u>
<b>Total Assets</b>	12,186,792	11,004,724
Deferred outflows of resources	6,586,856	8,073,692
Current and other liabilities	2,283,268	1,796,735
Long-term liabilities	<u>19,783,911</u>	<u>24,775,904</u>
<b>Total Liabilities</b>	<u>22,067,179</u>	<u>26,572,639</u>
Deferred inflows of resources	6,408,121	4,166,903
Net Position		
Net investment in capital assets	4,473,358	4,382,353
Restricted for technology enhancement	600,329	527,417
Restricted for food service	349,621	252,653
Restricted for capital projects	356,621	540,663
Unrestricted (deficit), restated	<u>(15,481,581)</u>	<u>(17,364,212)</u>
<b>Total Net Position</b>	<u><u>(\$9,701,652)</u></u>	<u><u>(\$11,661,126)</u></u>

As depicted in Table 1, the School District's net position was a deficit of \$9,701,652 at June 30, 2024. Of this amount, a negative \$15,481,581 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, 2024 and 2023.

# MASON CONSOLIDATED SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2024*

## District–Wide Financial Analysis - Concluded

**Table 2**

### Comparative Statement of Activities

	June 30, 2024	June 30, 2023
<b>Revenues</b>		
Program revenues:		
Charges for services	\$172,135	\$214,517
Operating grants and contributions	4,337,137	4,342,683
	<u>4,509,272</u>	<u>4,557,200</u>
General revenues:		
Property taxes	1,875,214	1,723,076
State foundation allowance	8,262,508	7,907,841
Other general revenues	741,383	865,390
	<u>10,879,105</u>	<u>10,496,307</u>
Total Revenues	15,388,377	15,053,507
<b>Functions/Program Expenses</b>		
Instruction	6,963,689	8,302,763
Support services	5,342,756	5,554,050
Community services	33,269	57,083
Food services	697,055	713,569
Interest on long-term debt	25,818	29,672
Depreciation	366,316	345,766
Total Expenses	<u>13,428,903</u>	<u>15,002,903</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$1,959,474</u>	<u>\$50,604</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$13,428,904. Of this amount, \$4,509,272 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 \$1,959,462. Revenues increased by \$334,859. Expenses decreased by \$1,573,999 from the prior year. Approximately \$1,425,216 of the decreased expenses is due to changes in the net pension and OPEB (assets)/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, 2024*

#### **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 \$4,837,394 which is an increase of \$454,493 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund balances -</b>				
<b>Beginning of year</b>	\$2,863,443	\$540,663	\$978,795	\$4,382,901
Increase (decrease)	<u>480,873</u>	<u>(184,042)</u>	<u>157,662</u>	<u>454,493</u>
<b>Fund balances -</b>				
<b>End of year</b>	<u><u>\$3,344,316</u></u>	<u><u>\$356,621</u></u>	<u><u>\$1,136,457</u></u>	<u><u>\$4,837,394</u></u>

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>	<u><b>June 30, 2024</b></u>	<u><b>June 30, 2023</b></u>	<u><b>Percent Change</b></u>
Local sources	\$1,711,820	\$1,589,031	7.7%
State sources	11,296,164	11,176,949	1.1%
Federal sources	559,280	547,837	2.1%
Interdistrict and other sources	<u>445,295</u>	<u>573,826</u>	(22.4)%
Total revenues	<u><u>\$14,012,559</u></u>	<u><u>\$13,887,643</u></u>	0.9%

The increase in local sources can be attributed to several factors with the most significant being an increase in property taxes and property tax collections. The School District continued to benefit from increased attendance fees at athletic events and higher interest rates. While the School District continued to take advantage of State restricted grants, the primary driver for the increase in State revenue was an increase in the foundation allowance. Covid-19 funding continues to be phased out, however, this was offset by an increase in Title funding. The revenue decrease from Interdistrict and other sources is due to a decrease in county special education funding.

The following page reflects changes in instructional and support expenditures. The decrease in support services reflects decreases due to vacant positions and their associated expenses.



## MASON CONSOLIDATED SCHOOLS

### *Management's Discussion and Analysis Year Ended June 30, 2024*

#### **Fund Financial Analysis – Concluded**

<b>Expenditures</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Percent Change</b>
Instruction	\$7,892,069	\$7,822,472	0.9%
Support services	5,302,037	5,483,274	(3.3)%
Community services	47,521	52,040	(8.7)%
Prior period adjustments	178,690	0	100.0%
Debt service	111,369	111,312	0.1%
Total expenditures	<u>\$13,531,686</u>	<u>\$13,469,098</u>	0.5%

#### **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 \$13,766,730 versus the final budget of \$14,326,101. Major adjustments were as follows:

- The Foundation Allowance increased from \$9,150 to \$9,608 per student, based on 1,026.65 FTE's.
- All grants are budgeted in full; however, revenues are only recognized for corresponding expenditures. Some grant adjustments were:
  - Increase of At Risk funding in the amount of \$164,013.
  - Increase of Title funding in the amount of \$80,649.
  - Addition of 271 Educator Compensation funding in the amount of \$51,859.22
  - Addition of 221 District Transportation funding in the amount of \$114,380.
  - Increase of ESSER funding in the amount of \$18,477.
  - Increase of CTE Funding in the amount of \$16,100.

# MASON CONSOLIDATED SCHOOLS

## *Management's Discussion and Analysis* *Year Ended June 30, 2024*

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

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

Expenditures: The original budget for expenditures was \$13,802,635 versus the final budget of \$13,906,769. Major components of the original budget for expenditures versus final projections are as indicated below:

- The Basic Program and Added Needs budget was increased \$8,939.
- The Operation and Maintenance budget was increased \$463,796.
- The Athletics budget was increased \$15,936.
- 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 \$14,012,559 versus a budget of \$14,326,101. 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 \$397,758 that was unnecessary. The district opted to purchase a bus currently being leased instead of entering into a new lease in FY24.

Expenditures: Actual expenditures were \$13,531,686 versus a budget of \$13,906,769. 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 \$367,961.
- General Administration reflects a variance of \$10,366.
- Added Needs reflects a variance of \$259,714.
- Pupil Support Services reflects a variance of (\$72,207)
- Operation and Maintenance reflects a variance of \$78,447.
- Pupil Transportation reflects a variance of \$397,758, due to budgeting for the capital outlay for an installment purchase agreement that was unnecessary. The district opted to purchase a bus currently being leased instead of entering into a new lease in FY24.

# **MASON CONSOLIDATED SCHOOLS**

## *Management's Discussion and Analysis* *Year Ended June 30, 2024*

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### **Capital Asset and Debt Administration**

#### **Capital Assets**

At June 30, 2024, the School District had \$12,054,805 invested in a broad range of capital assets, including land, construction in progress, 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 \$371,770 (net of disposals) consisted of sidewalks, mini-splits, the pool bonding project, improvements to the boiler, roof upgrades, a PA system, a water heater, a convection oven, a splicer, a server, and network equipment. Detailed information regarding capital assets is included in Note 6 to the Financial Statements.

#### **Debt Administration**

At June 30, 2024, the School District had \$452,230 in outstanding purchase agreements payable. Other obligations, which include accrued vacation and sick pay, were \$56,277. The School District also had an outstanding lease commitment in the amount of \$19,820. More detailed information about long-term liabilities and lease commitments are presented in Notes 11 and 12 to the Financial Statements.

### **Development of the 2024-25 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School District's 2024-25 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 2025 fiscal year is 90 percent of the October 2024 student count and 10 percent of the February 2024'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 \$458 per pupil foundation increase to reflect a foundation of \$9,608 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 2024-25 fiscal year was adopted on June 7, 2024. 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 Mason Eagles Drive, Erie, MI 48133.

## BASIC FINANCIAL STATEMENTS

## DISTRICT - WIDE FINANCIAL STATEMENTS

# MASON CONSOLIDATED SCHOOLS

## Statement of Net Position June 30, 2024

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$4,227,724
Accounts/taxes receivable	4,884
Due from other governmental units	2,685,072
Inventory	8,992
Deposits	7,459
Prepaid	48,387
Capital assets less accumulated depreciation and amortization	4,925,588
Net OPEB asset	278,686
<b>Total Assets</b>	<b>12,186,792</b>
<b>Deferred Outflows of Resources</b>	
Deferred amount of pension expense	5,359,835
Deferred amount of OPEB expense	1,227,021
<b>Total Deferred Outflows of Resources</b>	<b>6,586,856</b>
<b>Liabilities</b>	
Accounts payable	209,090
Salaries payable	676,430
Due to other governmental units	244,134
Other liabilities	446,157
Unearned revenue	569,313
Long-term liabilities:	
Lease financing, due in one year	9,769
Lease financing, due in more than one year	10,051
Long-term debt, due in one year	128,375
Long-term debt, due in more than one year	380,132
Net pension liability	19,393,728
<b>Total Liabilities</b>	<b>22,067,179</b>
<b>Deferred Inflows of Resources</b>	
Deferred amount of net pension liability	2,395,107
Deferred amount of State aid funding for pension	1,146,596
Deferred amount of net OPEB liability	2,866,418
<b>Total Deferred Inflows of Resources</b>	<b>6,408,121</b>
<b>Net Position (Deficit)</b>	
Net investment in capital assets	4,473,358
Restricted for technology enhancement	600,329
Restricted for food service	349,621
Restricted for capital projects	356,621
Unrestricted (deficit)	(15,481,581)
<b>Total Net Position (Deficit)</b>	<b>(\$9,701,652)</b>

See accompanying notes to the basic financial statements.

# MASON CONSOLIDATED SCHOOLS

## *Statement of Activities* *Year Ended June 30, 2024*

		Program Revenues		Governmental
		Charges	Operating	Activities
	Expenses	for Services	Grants and	Net (Expense)
			Contributions	Revenue and
				Changes in
				Net Position
<b>Functions/Programs</b>				
Primary government -				
Governmental activities:				
Instruction	\$6,963,689	\$0	2,205,833	(\$4,757,856)
Support services	5,342,756	93,042	1,433,404	(3,816,310)
Community services	33,269	0	5,897	(27,372)
Food services	697,055	79,093	692,003	74,041
Interest on long-term debt	25,818	0	0	(25,818)
Depreciation and amortization (unallocated)	366,316	0	0	(366,316)
Total Governmental Activities	<u>\$13,428,903</u>	<u>\$172,135</u>	<u>\$4,337,137</u>	(8,919,631)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				1,510,592
Property taxes, levied for technology				364,611
Property taxes, levied for sinking fund				11
State of Michigan aid, unrestricted				8,262,508
Interest income				105,975
Other				635,408
Total General Revenues				<u>10,879,105</u>
<b>Change in Net Position</b>				1,959,474
Net Position - Beginning of year				<u>(11,661,126)</u>
Net Positon - End of year				<u><u>(\$9,701,652)</u></u>

See accompanying notes to the basic financial statements.

## FUND FINANCIAL STATEMENTS



# MASON CONSOLIDATED SCHOOLS

## *Governmental Funds Balance Sheet June 30, 2024*

	General	Capital Projects Fund Sinking	Other Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$2,766,762	\$403,171	\$1,057,791	\$4,227,724
Accounts/taxes receivable	4,884	0	0	4,884
Due from other governmental units	2,557,210	0	127,862	2,685,072
Due from other funds	99,381	0	3,214	102,595
Inventory	0	0	8,992	8,992
Deposits	7,459	0	0	7,459
Prepaid	22,784	0	25,603	48,387
Total Assets	<u>\$5,458,480</u>	<u>\$403,171</u>	<u>\$1,223,462</u>	<u>\$7,085,113</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$189,884	\$0	\$19,206	\$209,090
Salaries payable	675,446	0	984	676,430
Other liabilities	445,291	0	866	446,157
Unearned revenue	565,810	0	3,503	569,313
Due to other governmental units	234,809	0	9,325	244,134
Due to other funds	2,924	46,550	53,121	102,595
Total Liabilities	<u>2,114,164</u>	<u>46,550</u>	<u>87,005</u>	<u>2,247,719</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	0	0	8,992	8,992
Prepaid	22,784	0	25,603	48,387
Restricted for:				
Technology enhancement	0	0	600,329	600,329
Capital projects	0	356,621	0	356,621
Food service	0	0	315,026	315,026
Committed to:				
Building and grounds	111,075	0	0	111,075
Student and school activity	0	0	186,507	186,507
Unassigned	3,210,457	0	0	3,210,457
Total Fund Balances	<u>3,344,316</u>	<u>356,621</u>	<u>1,136,457</u>	<u>4,837,394</u>
Total Liabilities and Fund Balances	<u>\$5,458,480</u>	<u>\$403,171</u>	<u>\$1,223,462</u>	<u>\$7,085,113</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, 2024*

<b>Total Fund Balances - Governmental Funds</b>		<b>\$4,837,394</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$12,054,805	
Accumulated depreciation and amortization	(7,129,217)	
	<u>4,925,588</u>	
Deferred outflows of resources from subsequent pension expense from measurement date		2,105,126
Deferred outflows of resources from subsequent OPEB expense from measurement date		362,986
Deferred outflows of resources related to pension investment returns, changes in assumptions and changes in experience		3,254,709
Deferred outflows of resources related to OPEB investment returns, changes in assumptions and changes in experience		864,035
Deferred inflows of resources resulting from net pension liability		(3,541,703)
Deferred inflows of resources resulting from net OPEB liability		(2,866,418)
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:		
Net pension liability	(19,393,728)	
Net OPEB asset	278,686	
Notes payable	(452,230)	
Lease commitments	(19,820)	
Compensated absences	(56,277)	
	<u>(19,643,369)</u>	
<b>Total Net Position - Governmental Activities</b>		<b><u>(\$9,701,652)</u></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, 2024*

	General	Capital Projects Fund Sinking	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>				
Local sources	\$1,711,820	\$9,034	\$622,583	\$2,343,437
State sources	11,296,164	0	231,500	11,527,664
Federal sources	559,280	0	512,701	1,071,981
Interdistrict and other sources	445,295	0	0	445,295
Total Revenues	14,012,559	9,034	1,366,784	15,388,377
<b>Expenditures</b>				
Current:				
Instruction	7,892,069	0	88,925	7,980,994
Support services	5,302,037	159,780	407,652	5,869,469
Community service	47,521	0	0	47,521
Food service	0	0	711,307	711,307
Interdistrict and other uses	0	0	1,238	1,238
Capital outlay	0	33,296	0	33,296
Prior period adjustments	178,690	0	0	178,690
Debt service	111,369	0	0	111,369
Total Expenditures	13,531,686	193,076	1,209,122	14,933,884
<b>Net Change in Fund Balances</b>	480,873	(184,042)	157,662	454,493
Fund Balances - Beginning of year	2,863,443	540,663	978,795	4,382,901
Fund Balances - End of year	\$3,344,316	\$356,621	\$1,136,457	\$4,837,394

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, 2024*

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$454,493
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:

Depreciation and amortization expense	(\$366,316)	
Capital outlay	371,770	
		5,454

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:

Installment purchase agreement reduction	85,551
Lease commitment reduction	9,495

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.

Net change in pension liability	3,579,400
Net change in OPEB asset	1,573,870
Net change in the deferred inflow of resources related to the net pension liability	(2,227,263)
Net change in the deferred inflow of resources related to the net OPEB asset	(13,955)
Net change between actual pension contributions and the cost of benefits earned, net of employer contributions	(898,729)
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions	(588,107)

Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.

(20,735)

**Change in Net Position of Governmental Activities**

\$1,959,474

See accompanying notes to the basic financial statements.

# MASON CONSOLIDATED SCHOOLS

## Notes to Financial Statements

Year Ended June 30, 2024

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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, 2024

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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, 2024

## 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, 2024, 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, 2024

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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)**

**Subscription Based Information Technology Arrangements** – Subscription Based Information Technology Arrangements (SBITAs) are required to be recognized as a subscription liability and right-to-use SBITA asset for arrangements that meet the definition of a SBITA under GASB 96. The initial subscription liability is measured at the present value of the subscription payments expected to be made during the subscription term. Right-to-use SBITA assets are initially measured at the amount equal to the initial measurement of the SBITA liability plus any SBITA payments made prior to the SBITA term, less incentives, and adding any ancillary charges necessary to place the SBITA into service. The School District did not have any material SBITAs that required recognition for the year ended June 30, 2024.

**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.

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.



## MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2024

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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)**

**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 School District has items that qualify for reporting in this category. They are pension and other post-employment benefits (OPEB) related items reported in the government-wide statement of net position. Deferred outflows are recognized for pension and OPEB related items. These items are expensed in the plan year in which they apply.

**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 items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting. Unavailable revenue is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. The second is future resources yet to be recognized in relation to the pension and OPEB actuarial calculation. These future resources arise from the differences in the estimates used by the actuary to calculate the pension and OPEB liability and the actual results. The amounts are amortized over a period determined by the actuary. The third is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period.

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

## MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2024

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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)**

**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 2024.

**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.

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2024

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

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

#### **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, 2024 through October 29, 2024, 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.

During the year ended June 30, 2024, 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, 2024, expenditures exceeded final budgeted amounts in the following fund:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Student and School Activity Fund	\$110,000	\$181,936	(\$71,936)

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

As of June 30, 2024, 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.

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2024

## **Note 4**      **Deposits and Investments (Concluded)**

**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 \$4,276,497 invested in checking accounts and money markets. The School District's deposits are insured by the FDIC in the amount of \$365,935. Uninsured deposits are \$3,910,562.

**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.

## **Note 5**      **Interfund Payables, Receivables, and Transfers**

Interfund balances at June 30, 2024, consisted of the following individual fund receivables and payables:

	Interfund Receivables	Interfund Payables
General:		
Sinking	\$46,550	\$0
Food Service	18,444	0
Student and School Activity	34,387	0
Technology	0	2,924
Sinking:		
General	0	46,550
Food Service Fund:		
General Fund	0	18,444
Student and School Activity	0	290
Technology Fund:		
General Fund	2,924	0
Student and School Activity:		
General	0	34,387
Food Service	290	0
	<u>\$102,595</u>	<u>\$102,595</u>

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 2023-24 fiscal year.

# MASON CONSOLIDATED SCHOOLS

## Notes to Financial Statements

Year Ended June 30, 2024

### **Note 6** Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Assets not being depreciated:				
Land	\$8,484	\$0	\$0	\$8,484
Construction in progress	0	49,300	0	49,300
	8,484	49,300	0	57,784
Capital assets being depreciated:				
Land improvements	1,502,452	27,130	0	1,529,582
Buildings and building improvements	8,318,528	199,796	0	8,518,324
Machinery and equipment	955,710	95,544	0	1,051,254
Buses	827,707	0	0	827,707
Vehicles	22,528	0	0	22,528
	11,626,925	322,470	0	11,949,395
Total capital assets	11,635,409	371,770	0	12,007,179
Less accumulated depreciation:				
Land improvements	(1,178,914)	(40,918)	0	(1,219,832)
Buildings and building improvements	(4,787,036)	(181,757)	0	(4,968,793)
Machinery and equipment	(602,212)	(71,880)	0	(674,092)
Buses	(164,425)	(59,420)	0	(223,845)
Vehicles	(11,264)	(2,816)	0	(14,080)
Total accumulated depreciation	(6,743,851)	(356,791)	0	(7,100,642)
Intangible right-to-use assets				
Right-to-use asset - leased equipment	47,626	0	0	47,626
Less accumulated amortization	(19,050)	(9,525)	0	(28,575)
Net intangible right-to-use assets	28,576	(9,525)	0	19,051
Net capital assets	\$4,920,134	\$5,454	\$0	\$4,925,588

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

### **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.

## MASON CONSOLIDATED SCHOOLS

### Notes to Financial Statements

Year Ended June 30, 2024

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

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).

**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, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year 2024.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2024

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

**Contributions (Concluded)** - Required contributions to the pension plan from the School District were \$2,159,581 for the year ended September 30, 2024.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2024, the School District reported a liability of \$19,393,728 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2022. 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, 2023, the School District's proportion was 0.05991994 percent, which was a decrease of 0.00116464 percent from its proportion measured as of September 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$2,244,954. At June 30, 2024, 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	\$612,201	(\$29,708)
Changes of assumptions	2,627,938	(1,515,210)
Net differences between projected and actual earnings on pension plan investments	0	(396,858)
Changes in proportion and differences between school district contributions and proportionate share of contributions	14,570	(453,331)
School district's contributions subsequent to the measurement date	2,105,126	0
	<u>\$5,359,835</u>	<u>(\$2,395,107)</u>

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2024

## 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)** - \$2,105,126 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)

	Amount
2024	\$271,678
2025	168,742
2026	744,902
2027	(325,720)
	<u>\$859,602</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, 2022

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 PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
- Active Members RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.



# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2024

## **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 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, 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: 4.4406.
- 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).

**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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.8%
Private Equity Pools	16.00	9.6
International Equity Pools	15.00	6.8
Fixed Income Pools	13.00	1.3
Real Estate and Infrastructure Pools	10.00	6.4
Absolute Return Pools	9.00	4.8
Real Return/Opportunistic Pools	10.00	7.3
Short-term Investment Pools	2.00	0.3
	100.00%	

\* Long-term rates of return are net of administrative expenses and 2.7% inflation.

**Rate of return** – For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.29%. 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, 2024

### **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%)
<u>\$26,200,869</u>	<u>\$19,393,728</u>	<u>\$13,726,536</u>

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

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

**Payable to the Pension Plan** – At June 30, 2024, the School District owned \$352,176 related to required pension plan payments. Amounts accrued at year end for accounting purposes are reported in the financial statements as accrued expenses. These amounts represent current payments for June paid in July, accruals for summary pay (primarily for teacher), and contributions due funded from state aid revenue section 147c restricted to fund the MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization rate contributions.

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

**Plan Description** - The Michigan Public School Employees' Retirement System (System or MPERS) 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, 2024*

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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, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

# MASON CONSOLIDATED SCHOOLS

## Notes to Financial Statements

Year Ended June 30, 2024

### **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, 2023.

#### OPEB Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.00%	8.07%
Personal Healthcare Fund (PHF)	0.00%	7.21%

Required contributions to the OPEB plan from School District were \$454,635 for the year ended September 30, 2023.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - At June 30, 2024, the School District reported an asset of \$278,686 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2022. 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, 2023, the School District's proportion was .05836165 percent, which was a decrease of 0.00278783 percent from its proportion measured as of October 1, 2022.

For the year ending June 30, 2024, the School District recognized OPEB income of \$627,729. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between actual and expected experience	\$0	(\$2,494,790)
Changes of assumptions	734,974	(88,505)
Net differences between projected and actual earnings on OPEB plan investments	1,007	0
Changes in proportion and differences between school district contributions and proportionate share of contributions	128,054	(283,123)
School district's contributions subsequent to the measurement date	362,986	0
	<u>\$1,227,021</u>	<u>(\$2,866,418)</u>

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2024

## **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)**

\$362,986 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
2024	(\$645,006)
2025	(582,581)
2026	(267,888)
2027	(225,943)
2028	(184,868)
Thereafter	(96,097)
	<u>(\$2,002,383)</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, 2022
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: 7.50% Year 1 graded to 3.5% Year 15 Post-65: 5.25% Year 1 graded to 3.5% Year 15
Mortality:	
- Retirees	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
- Active Members	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

# MASON CONSOLIDATED SCHOOLS

Notes to Financial Statements

Year Ended June 30, 2024

## **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 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, 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: 6.5099
- 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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.8%
Private Equity Pools	16.00	9.6
International Equity Pools	15.00	6.8
Fixed Income Pools	13.00	1.3
Real Estate and Infrastructure Pools	10.00	6.4
Absolute Return Pools	9.00	4.8
Real Return/Opportunistic Pools	10.00	7.3
Short-term Investment Pools	2.00	0.3
	100.00%	

\* Long-term rates of return are net of administrative expenses and 2.7% inflation.

# MASON CONSOLIDATED SCHOOLS

## Notes to Financial Statements

Year Ended June 30, 2024

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

**Rate of Return** - For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. 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	Current Discount Rate	1% Increase
5.0%	6.0%	7.0%
\$342,267	(\$330,151)	(\$908,028)

### **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	1% Increase
	Cost Trend Rate	
(\$909,469)	(\$303,151)	\$296,861

**OPEB Plan Fiduciary Net Position** - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS ACFR, available on the ORS website at [michigan.gov/orsschools](http://michigan.gov/orsschools).

**Payable to the OPEB Plan** - At June 30, 2024, the School District owed \$62,067 related to required OPEB plan payments. Amounts accrued at year end for accounting purposes are reported in the financial statements as accrued expenses. These amounts represent current payments for June paid in July and accruals for summer pay (primarily for teachers).

# MASON CONSOLIDATED SCHOOLS

*Notes to Financial Statements*

*Year Ended June 30, 2024*

**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, 2024, the various components of unearned revenue are as follows:

	<u>Unearned Revenue</u>
General Fund:	
31aa Mental Health	\$283,138
23(g)2 MI Kids Back on Track	113,000
97 School Safety	56,755
27k Student Loan Repayment	17,800
First Robotics	1,129
97j Early Student Behavior Intervention	1,920
35(a)5 Early Literacy	22,651
35j Literacy PD, Curriculum, Supports	65,950
97d Critical Incident Mapping	2,500
Building Healthy Communities	967
Food Service Fund:	
Prepaid student balances	3,503
	<u>\$569,313</u>

**Note 11**      **Long-Term Debt**

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

	Balance			Balance	Amounts
	July 1, 2023	Additions	Payments	June 30, 2024	Due in
					One Year
Direct Borrowings and Direct Placements:					
Intallment Purchase Agreements:					
Tax Exempt Leasing Corp A	\$466,708	\$0	\$69,756	\$396,952	\$73,097
Tax Exempt Leasing Corp B	71,073	0	15,795	55,278	55,278
Total Direct Borrowings and					
Direct Placements:	537,781	0	85,551	452,230	128,375
Other Liabilities:					
Compensated absences	35,542	20,735	0	56,277	0
Total Long-Term Debt	<u>\$573,323</u>	<u>\$20,735</u>	<u>\$85,551</u>	<u>\$508,507</u>	<u>\$128,375</u>



**MASON CONSOLIDATED SCHOOLS***Notes to Financial Statements**Year Ended June 30, 2024***Note 11    Long-Term Debt (Concluded)**

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.

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

Fiscal Year	2021 Tax-Exempt Leasing Corp A		
	Principal	Interest	Total
2025	\$73,097	\$19,015	\$92,112
2026	76,599	15,513	92,112
2027	247,256	11,844	259,100
Totals	\$396,952	\$46,372	\$443,324

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:

Fiscal Year	2021 Tax-Exempt Leasing Corp B		
	Principal	Interest	Total
2025	\$55,278	\$2,648	\$57,926

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

Fiscal Year	Principal	Interest	Total
2025	\$128,375	\$21,663	\$150,038
2026	76,599	15,513	92,112
2027	247,256	11,844	259,100
Totals	\$452,230	\$49,020	\$501,250

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, 2024***Note 12**   **Lease Commitments**

The following is a summary of changes in lease commitments:

	Balance			Balance	Amounts
	July 1, 2023	Additions	Payments	June 30, 2024	Due in
					One Year
MT Business Technologies	\$29,315	\$0	\$9,495	\$19,820	\$9,769

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, 2024 were as follows:

Fiscal Year	MT Business Technologies		
	Principal	Interest	Total
2025	\$9,769	\$438	\$10,207
2026	10,051	156	10,207
Totals	\$19,820	\$594	\$20,414

**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 2023 property taxes were levied on December 1, 2023 on assessed valuations as of December 31, 2022. Taxes were collected beginning December 1, 2023 and payments were due by February 14, 2024. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2023 property tax levy:

	Taxable Value	Mills Levied	Taxes Levied
General Fund:			
Non-Homestead	\$84,764,431	18.0000	\$1,525,760
Commercial Personal Property	1,027,955	6.0000	6,168
			<u>\$1,531,928</u>

**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, 2024, the District was refunded in the amount of \$0.

## MASON CONSOLIDATED SCHOOLS

### Notes to Financial Statements

Year Ended June 30, 2024

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

During the fiscal year ended June 30, 2024, 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, 2024.

##### **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 18**      **Short-Term Debt Activity**

The School District has various options for short-term financing including tax anticipation notes, state aid anticipation notes, and lines of credit. During the fiscal year ended June 30, 2024, the School District entered into a short-term financing arrangement. This arrangement was for a state aid anticipation note, secured against the state aid fund allowance, through the Michigan Municipal Bond Authority.

Short-term debt activity for the year ended June 30, 2024, was as follows:

	Balance			Balance
	July 1, 2023	Issued	Redeemed	June 30, 2024
State aid anticipation	\$0	\$1,500,000	\$1,500,000	\$0

The short-term financing was utilized for cash-flow purposes based on the timing of School District revenues through state aid allowances.

## MASON CONSOLIDATED SCHOOLS

### *Notes to Financial Statements*

*Year Ended June 30, 2024*

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**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.

**Note 21**      **Prior Period Adjustments**

During the current fiscal year, the School District had prior period adjustments in the General Fund of \$178,690 due to unspent grants being recorded as revenue. This caused an overstatement of net position and fund balance by \$178,690 for the year ended June 30, 2023.

**Note 22**      **Accounting Pronouncement**

In June 2022, the Governmental Accounting Standards Board issued GASB Statement Number 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The School District is required to implement this standard effective July 1, 2024; however, there will be 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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$1,625,020	\$1,699,912	\$1,711,820	\$11,908
State sources	10,532,870	11,499,111	11,296,164	(202,947)
Federal sources	626,214	677,357	559,280	(118,077)
Interdistrict and other sources	982,626	449,721	445,295	(4,426)
Total Revenues	13,766,730	14,326,101	14,012,559	(313,542)
<b>Expenditures</b>				
Instruction:				
Basic programs	6,398,078	6,295,603	6,187,356	108,247
Added needs	1,735,066	1,964,427	1,704,713	259,714
Support services:				
Pupil	748,752	638,123	710,330	(72,207)
Instructional staff	88,427	111,935	104,008	7,927
General administration	405,928	396,273	385,907	10,366
School administration	876,873	889,756	878,196	11,560
Business administration	248,301	311,450	308,183	3,267
Operation and maintenance	1,466,779	1,930,575	1,852,128	78,447
Pupil transportation	1,253,173	674,376	576,405	97,971
Athletics	356,939	372,872	370,133	2,739
Central services	137,638	93,703	101,472	(7,769)
Other support services	0	15,472	15,275	197
Community service:				
Community recreation	2,965	0	0	0
Welfare activities	0	0	125	(125)
Non-public school pupils	83,716	51,469	47,396	4,073
Facilities improvements	0	4,798	0	4,798
Prior period adjustments	0	0	178,690	(178,690)
Debt service	0	155,937	111,369	44,568
Total Expenditures	13,802,635	13,906,769	13,531,686	375,083
<b>Net Change in Fund Balances</b>	(35,905)	419,332	480,873	61,541
Fund Balances - Beginning of year	1,911,190	2,863,443	2,863,443	0
Fund Balances - End of year	\$1,875,285	\$3,282,775	\$3,344,316	\$61,541

**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>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>	<b>2014</b>
A. School District's proportion of net pension liability (%)	0.05992%	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	\$19,393,728	\$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	\$5,813,897	\$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 (%)	29.98%	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	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**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>2024</b>	<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	\$2,159,581	\$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*	\$2,159,581	\$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	\$0
D. School District's covered-employee payroll	\$5,900,677	\$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	36.60%	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.



# MASON CONSOLIDATED SCHOOLS

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

	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of net OPEB (asset)/liability (%)	0.05836%	0.06115%	0.05956%	0.06264%	0.06044%	0.06257%	0.06253%
B. School District's proportion proportionate share of net OPEB (asset)/liability	(\$330,151)	\$1,295,184	\$909,055	\$3,356,027	\$4,338,120	\$4,973,527	\$5,537,462
C. School District's covered-employee payroll	\$5,813,897	\$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 (asset)/liability as a percentage of its covered-employee payroll (%)	-1760.98%	456.64%	590.01%	165.27%	121.62%	107.06%	94.66%
E. Plan fiduciary net position as a percentage of total OPEB (asset)/liability	105.04%	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)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
A. Statutorily required contributions	\$454,635	\$465,796	\$442,114	\$442,598	\$414,975	\$406,129	\$486,834
B. Contributions in relation to statutorily required contributions*	\$454,635	\$465,796	\$442,114	\$442,598	\$414,975	\$406,129	\$486,834
C. Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D. School District's covered-employee payroll	\$5,900,677	\$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	7.70%	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, 2024*

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**Pension Information**

**Benefit Changes**

There were no changes of benefit terms for the pension plan year ended 2023.

**Assumption Changes**

There were no changes of assumptions for the pension plan year ended 2023, except for the following:

- **2023 - Mortality:**
  - Retirees – PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active Members – PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
- **2022 - 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.

**OPEB Information**

**Benefit Changes**

There were no changes of benefit terms for the OPEB plan year ended 2023.

**Assumption Changes**

There were no changes of assumptions for the OPEB plan year ended 2023, except for the following:

- **2023 – Health Cost Trend Rate**
  - Pre-65: 7.50% Year 1 graded to 3.50% Year 15
  - Post-65: 6.25% Year 1 graded to 3.50% Year 15
- **2022 – Health Cost Trend Rate**
  - Pre-65: 7.75% Year 1 graded to 3.50% Year 15; 3.0% Year 120
  - Post-65: 5.25% Year 1 graded to 3.50% Year 15; 3.0% Year 120
- **2023 - Mortality:**
  - Retirees – PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active Members – PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
- **2022 - 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.

## OTHER SUPPLEMENTAL INFORMATION

# MASON CONSOLIDATED SCHOOLS

## *General Fund* *Schedule of Revenues-Budget and Actual* *Year Ended June 30, 2024*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$1,514,662	\$1,510,592	(\$4,070)
Athletics	90,130	93,042	2,912
Interest income	82,750	88,146	5,396
Reimbursements and donations	8,000	9,633	1,633
Other revenue	4,370	10,407	6,037
Total Local Sources	1,699,912	1,711,820	11,908
<b>State Sources</b>			
Unrestricted grants:			
State school aid	8,344,724	8,262,508	(82,216)
Restricted grants:			
Special education-Headlee obligation	423,447	423,447	0
At Risk	637,437	637,437	0
Great Start Readiness Preschool	162,092	144,447	(17,645)
Career and technical	36,573	36,573	0
Headlee obligation for data collection	29,448	29,440	(8)
MPERS rate offset/UAAL/reform	1,411,673	1,482,326	70,653
Section 97 security grants	0	0	0
Other state grants	453,717	279,986	(173,731)
Total State Sources	11,499,111	11,296,164	(202,947)
<b>Federal Sources</b>			
Title I	123,886	123,458	(428)
Title II	37,518	4,459	(33,059)
Title IV	24,277	24,277	0
ESSER II/ESSER III	480,787	393,030	(87,757)
Grow your Own (ARPA)	8,861	8,861	0
Indian education	0	991	991
Transfer from intermediate school district:			
Medicaid outreach	2,028	4,204	2,176
Total Federal Sources	677,357	559,280	(118,077)
<b>Interdistrict and Other Sources</b>			
Transfer from intermediate school district:			
County special education tax	429,843	429,843	0
Insurance reimbursements	11,257	11,257	0
Other revenue	8,621	4,195	(4,426)
Total Interdistrict and Other Sources	449,721	445,295	(4,426)
Total Revenues	\$14,326,101	\$14,012,559	(\$313,542)

# MASON CONSOLIDATED SCHOOLS

## General Fund Schedule of Expenditures - Budget and Actual Year Ended June 30, 2024

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$1,332,521	\$1,122,820	\$45,591
Middle School	695,348	581,919	25,462
High School	986,190	759,622	116,105
Pre-School	75,385	48,989	422
Summer School	28,542	10,261	0
	3,117,986	2,523,611	187,580
Added Needs:			
Special education	558,635	420,590	18,653
Compensatory education	316,882	266,788	5,605
Career and technical education	22,275	18,050	2,459
	897,792	705,428	26,717
 Total Instruction	4,015,778	3,229,039	214,297
<b>Support Services</b>			
Pupil:			
Truancy	20,229	15,232	0
Guidance	71,798	54,239	0
Speech	70,448	62,232	0
Social work services	62,053	47,427	0
Teacher Consultant	47,236	33,860	0
Other pupil services	121,767	103,040	0
	393,531	316,030	0
Instructional Staff:			
Improvement of instruction	0	3,759	38,543
Educational media services	25,716	34,704	0
	25,716	38,463	38,543
General Administration:			
Board of education	0	0	61,904
Executive administration	174,545	133,220	3,404
	174,545	133,220	65,308
School Administration:			
Office of the principal	497,622	367,478	1,859
Other school administration	0	0	488
	497,622	367,478	2,347
Business Administration:			
Fiscal services	149,538	114,308	5,041
Internal services	0	0	359
Other business services	0	0	8,754
	149,538	114,308	14,154

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$109,891	\$32,856	\$0	\$2,643,679	\$2,700,281	\$56,602
18,254	8,212	427	1,329,622	1,297,075	(32,547)
29,583	7,814	149,750	2,049,064	2,135,379	86,315
1,392	0	0	126,188	124,062	(2,126)
0	0	0	38,803	38,806	3
159,120	48,882	150,177	6,187,356	6,295,603	108,247
1,394	0	0	999,272	1,101,777	102,505
0	0	0	589,275	744,703	155,428
1,359	72,023	0	116,166	117,947	1,781
2,753	72,023	0	1,704,713	1,964,427	259,714
161,873	120,905	150,177	7,892,069	8,260,030	367,961
0	0	0	35,461	44,111	8,650
0	0	0	126,037	135,114	9,077
518	0	0	133,198	134,525	1,327
251	0	0	109,731	120,049	10,318
0	0	0	81,096	8,862	(72,234)
0	0	0	224,807	195,462	(29,345)
769	0	0	710,330	638,123	(72,207)
1,286	0	0	43,588	48,867	5,279
0	0	0	60,420	63,068	2,648
1,286	0	0	104,008	111,935	7,927
826	0	4,327	67,057	67,605	548
562	2,926	4,193	318,850	328,668	9,818
1,388	2,926	8,520	385,907	396,273	10,366
2,134	1,811	2,823	873,727	885,156	11,429
3,981	0	0	4,469	4,600	131
6,115	1,811	2,823	878,196	889,756	11,560
910	829	5,477	276,103	278,982	2,879
0	0	0	359	373	14
0	0	22,967	31,721	32,095	374
910	829	28,444	308,183	311,450	3,267

# MASON CONSOLIDATED SCHOOLS

*General Fund*  
*Schedule of Expenditures - Budget and Actual*  
*Year Ended June 30, 2024*

	Salaries	Employee Benefits	Purchased Services
<b>(Concluded)</b>			
<b>Support Services</b>			
Operation and Maintenance:			
Buildings and grounds	\$137,389	\$115,554	\$814,222
Security services	0	0	115,191
	<u>137,389</u>	<u>115,554</u>	<u>929,413</u>
Pupil Transportation	259,080	175,603	25,911
Athletics	68,906	54,439	208,842
Central Services:			
Communication services	26,209	25,252	360
Staff services	0	0	20,825
Technology	0	0	4,108
Pupil accounting	5,601	5,829	0
	<u>31,810</u>	<u>31,081</u>	<u>25,293</u>
Other Support Services:			
Other student/school activity	3,500	1,320	1,000
	<u>3,500</u>	<u>1,320</u>	<u>1,000</u>
Total Support Services	<u>1,741,637</u>	<u>1,347,496</u>	<u>1,310,811</u>
<b>Community Service</b>			
Welfare activities	0	0	0
Non-public school pupils	24,962	17,177	459
	<u>24,962</u>	<u>17,177</u>	<u>459</u>
Total Community Service	24,962	17,177	459
<b>Facilities Improvements</b>	0	0	0
<b>Prior Period Adjustments</b>	0	0	0
<b>Debt Service</b>			
Principal	0	0	0
Interest	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service	0	0	0
Total Expenditures	<u>\$5,782,377</u>	<u>\$4,593,712</u>	<u>\$1,525,567</u>



Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$385,198	\$147,203	\$2,863	\$1,602,429	\$1,601,831	(\$598)
100,064	34,444	0	249,699	328,744	79,045
485,262	181,647	2,863	1,852,128	1,930,575	78,447
102,912	10,179	2,720	576,405	674,376	97,971
20,287	8,361	9,298	370,133	372,872	2,739
0	0	0	51,821	56,114	4,293
358	186	0	21,369	16,359	(5,010)
0	0	12,654	16,762	8,830	(7,932)
0	0	90	11,520	12,400	880
358	186	12,744	101,472	93,703	(7,769)
2,983	0	6,472	15,275	15,472	197
622,270	205,939	73,884	5,302,037	5,434,535	132,498
125	0	0	125	0	(125)
0	4,798	0	47,396	51,469	4,073
125	4,798	0	47,521	51,469	3,948
0	0	0	0	4,798	4,798
0	0	178,690	178,690	0	(178,690)
0	0	85,551	85,551	128,374	42,823
0	0	25,818	25,818	27,563	1,745
0	0	111,369	111,369	155,937	44,568
\$784,268	\$331,642	\$514,120	\$13,531,686	\$13,906,769	\$375,083

# MASON CONSOLIDATED SCHOOLS

*Sinking Capital Projects Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2024*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Property taxes	\$0	\$11	\$11	\$0
Interest income	8,000	8,000	9,023	1,023
Total Revenues	8,000	8,011	9,034	1,023
<b>Expenditures</b>				
Support services:				
Fiscal				
Other expenses	100	100	30	70
Operating building services				
Purchased services	500	500	0	500
Capital outlay	9,500	120,000	159,750	(39,750)
	10,000	120,500	159,750	(39,250)
Building improvement services				
Purchased services	15,000	6,300	6,296	4
Capital outlay	72,500	66,750	27,000	39,750
	87,500	73,050	33,296	39,754
Total Expenditures	97,600	193,650	193,076	574
<b>Net Change in Fund Balances</b>	(89,600)	(185,639)	(184,042)	1,597
Fund Balance - Beginning of year	308,645	540,663	540,663	0
Fund Balance - End of year	\$219,045	\$355,024	\$356,621	\$1,597

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
Year Ended June 30, 2024*

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food Service	Student and School Activity	Technology	
<b>Assets</b>				
Cash and cash equivalents	\$226,752	\$224,557	\$606,482	\$1,057,791
Due from other governmental units	127,862	0	0	127,862
Due from other funds	0	290	2,924	3,214
Inventory	8,992	0	0	8,992
Prepaid	25,603	0	0	25,603
Total Assets	\$389,209	\$224,847	\$609,406	\$1,223,462
<b>Liabilities</b>				
Accounts payable	\$10,363	\$3,953	\$4,890	\$19,206
Salaries payable	70	0	914	984
Other liabilities	521	0	345	866
Unearned revenue	3,503	0	0	3,503
Due to other governmental units	6,397	0	2,928	9,325
Due to other funds	18,734	34,387	0	53,121
Total Liabilities	39,588	38,340	9,077	87,005
<b>Fund Balances</b>				
Nonspendable:				
Inventory	8,992	0	0	8,992
Prepaid	25,603	0	0	25,603
Restricted for:				
Technology enhancement	0	0	600,329	600,329
Food service	315,026	0	0	315,026
Committed to:				
Student and school activity	0	186,507	0	186,507
Total Fund Balances	349,621	186,507	600,329	1,136,457
Total Liabilities and Fund Balances	\$389,209	\$224,847	\$609,406	\$1,223,462

**MASON CONSOLIDATED SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2024*

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food Service	Student and School Activity	Technology	
<b>Revenues</b>				
Local sources	\$80,650	\$169,718	\$372,215	\$622,583
State sources	214,924	0	16,576	231,500
Federal sources	512,701	0	0	512,701
Total Revenues	808,275	169,718	388,791	1,366,784
<b>Expenditures</b>				
Support services	0	181,936	0	181,936
Food service	711,307	0	0	711,307
Technology	0	0	315,879	315,879
Total Expenditures	711,307	181,936	315,879	1,209,122
<b>Net Change in Fund Balances</b>	96,968	(12,218)	72,912	157,662
Fund Balances - Beginning of year	252,653	198,725	527,417	978,795
Fund Balances - End of year	<u>\$349,621</u>	<u>\$186,507</u>	<u>\$600,329</u>	<u>\$1,136,457</u>

# MASON CONSOLIDATED SCHOOLS

*Food Service Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2024*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Food sales	\$152,300	\$79,020	\$79,093	\$73
Interest income	6,000	1,745	1,557	(188)
	<u>158,300</u>	<u>80,765</u>	<u>80,650</u>	<u>(115)</u>
State Sources:				
Restricted grants	53,275	224,631	214,924	(9,707)
Federal Sources:				
Restricted grants	395,200	457,031	482,644	25,613
Commodities	35,000	29,000	30,057	1,057
	<u>430,200</u>	<u>486,031</u>	<u>512,701</u>	<u>26,670</u>
Total Revenues	641,775	791,427	808,275	16,848
<b>Expenditures</b>				
Operating building services:				
Purchased services	0	0	3,445	(3,445)
Support services:				
Staff services	0	4,500	0	4,500
Food service:				
Salaries	148,462	158,217	145,764	12,453
Employee benefits	95,907	101,792	97,447	4,345
Purchased services	120,192	123,392	123,993	(601)
Supplies and materials	281,000	314,750	318,681	(3,931)
Capital outlay	2,000	57,000	15,013	41,987
Other	6,050	1,150	6,964	(5,814)
	<u>653,611</u>	<u>756,301</u>	<u>707,862</u>	<u>48,439</u>
Total Expenditures	<u>653,611</u>	<u>760,801</u>	<u>711,307</u>	<u>49,494</u>
<b>Net Change in Fund Balances</b>	(11,836)	30,626	96,968	66,342
Fund Balance - Beginning of year	<u>273,311</u>	<u>252,653</u>	<u>252,653</u>	<u>0</u>
Fund Balance - End of year	<u>\$261,475</u>	<u>\$283,279</u>	<u>\$349,621</u>	<u>\$66,342</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, 2024*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Local Sources:				
Student and school activities	\$110,000	\$110,000	\$169,718	\$59,718
<b>Expenditures</b>				
Student and School Activities:				
Student and school activities	110,000	110,000	181,936	(71,936)
<b>Net Change in Fund Balance</b>	0	0	(12,218)	(12,218)
Fund Balance - Beginning of year	203,205	203,205	198,725	(4,480)
Fund Balance - End of year	\$203,205	\$203,205	\$186,507	(\$16,698)

# MASON CONSOLIDATED SCHOOLS

*Technology Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2024*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local sources:				
Property taxes	\$325,000	\$363,750	\$364,611	\$861
Interest income	10,000	7,250	7,249	(1)
Other revenue	0	300	355	55
	<u>335,000</u>	<u>371,300</u>	<u>372,215</u>	<u>915</u>
State sources:				
Restricted grants:				
MPERS UAAL	<u>11,750</u>	<u>16,576</u>	<u>16,576</u>	<u>0</u>
Total Revenues	346,750	387,876	388,791	915
<b>Expenditures</b>				
Instruction:				
Purchased services	36,300	37,300	38,391	(1,091)
Supplies and materials	6,000	6,000	1,682	4,318
Capital outlay	88,500	88,500	48,852	39,648
	<u>130,800</u>	<u>131,800</u>	<u>88,925</u>	<u>42,875</u>
Support services:				
Salaries	86,390	86,390	85,378	1,012
Employee benefits	71,505	75,631	66,962	8,669
Purchased services	29,450	33,150	29,970	3,180
Supplies and materials	1,300	78,075	176	77,899
Capital outlay	17,000	17,000	43,230	(26,230)
	<u>205,645</u>	<u>290,246</u>	<u>225,716</u>	<u>64,530</u>
Interdistrict and other uses:				
Payments to other governmental units	<u>3,550</u>	<u>3,500</u>	<u>1,238</u>	<u>2,262</u>
Total Expenditures	<u>339,995</u>	<u>425,546</u>	<u>315,879</u>	<u>109,667</u>
<b>Net Change in Fund Balances</b>	6,755	(37,670)	72,912	110,582
Fund Balance - Beginning of year	<u>494,325</u>	<u>527,417</u>	<u>527,417</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$501,080</u></u>	<u><u>\$489,747</u></u>	<u><u>\$600,329</u></u>	<u><u>\$110,582</u></u>

# MASON CONSOLIDATED SCHOOLS

## *Schedule of Athletics Budget and Actual Year Ended June 30, 2024*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Admissions	\$32,050	\$56,225	\$63,582	\$7,357
Participation fees	15,850	31,450	29,460	(1,990)
Interest income	0	3	4	1
Other revenue	500	2,451	1,301	(1,150)
Total local sources	48,400	90,129	94,347	4,218
State Sources:				
Restricted grants	13,870	21,945	21,945	0
Total Revenues	\$62,270	\$112,074	\$116,292	\$4,218
<b>Expenditures</b>				
Pupil Transportation:				
Salaries	\$19,250	\$22,160	\$23,852	(\$1,692)
Employee benefits	11,916	15,275	15,532	(257)
Staff Services:				
Purchased services	775	1,500	2,054	(554)
Athletics:				
Salaries	75,108	75,183	68,906	6,277
Employee benefits	62,358	71,126	54,439	16,687
Purchased services	188,270	202,236	208,842	(6,606)
Supplies and materials	24,500	16,547	20,287	(3,740)
Capital outlay	50	1,125	8,361	(7,236)
Other expenses	2,725	6,305	9,298	(2,993)
Total Expenditures	\$384,952	\$411,457	\$411,571	(\$114)



## FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year ended June 30, 2024*

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	84.060	\$7,468
Indian Education S060A220275	84.060	4,000
Indian Education S060A230275	84.060	0
		<u>11,468</u>
Passed Through State of Michigan Department of Education:		
Title I, Part A - Improving Basic Programs 201530-1920	84.010	124,940
Title I, Part A - Improving Basic Programs 231530-2223	84.010	132,813
Title I, Part A - Improving Basic Programs 241530-2324	84.010	215,508
		<u>473,261</u>
Title II, Part A - Supporting Effective Instruction 200520-1920	84.367	64,558
Title II, Part A - Supporting Effective Instruction 210520-2021	84.367	64,147
Title II, Part A - Supporting Effective Instruction 220520-2122	84.367	58,589
Title II, Part A - Supporting Effective Instruction 230520-2223	84.367	55,171
Title II, Part A - Supporting Effective Instruction 240520-2324	84.367	48,172
		<u>290,637</u>
Title IV, Part A - SSAE 210750-2021	84.424	10,000
Title IV, Part A - SSAE 230750-2223	84.424	15,293
Title IV, Part A - SSAE 240750-2324	84.424	20,247
		<u>45,540</u>
Education Stabilization Program:		
COVID 19 - ESSER Formula II Funds 213712-20-21	84.425D	445,232
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
COVID 19 - MV ARP Homeless II 211012-2122	84.425W	5,730
Total Education Stabilization Program		<u>1,332,773</u>
Total Passed Through State of Michigan Department of Education		<u>2,142,211</u>
Total U.S. Department of Education		<u>2,153,679</u>
<u>U.S. Department of Treasury</u>		
Passed Through State of Michigan Department of Education:		
COVID 19 -ARP Grow Your Own 232423-20231	21.027	<u>84,274</u>

The accompanying notes are an integral part of this schedule.

Accrued (Deferred) Revenue July 1, 2023	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2024
\$1,187	\$6,281	\$0	\$0	\$1,187
4,000	4,000	0	0	4,000
0	0	991	0	991
5,187	10,281	991	0	6,178
(3,003)	2,462	0	0	(3,003)
117,555	117,555	5,567	131,358	(8,236)
0	0	117,891	0	117,891
114,552	120,017	123,458	131,358	106,652
(1,154)	(571)	0	0	(1,154)
710	19,580	0	0	710
(1,083)	12,799	0	0	(1,083)
0	7,212	411	41,188	(40,777)
0	0	4,048	0	4,048
(1,527)	39,020	4,459	41,188	(38,256)
(737)	9,082	0	0	(737)
0	0	4,717	4,717	0
0	0	19,560	0	19,560
(737)	9,082	24,277	4,717	18,823
144,461	229,163	224,298	369,129	(370)
33,929	33,929	20,066	53,995	0
23,410	515,957	138,698	0	162,108
0	0	9,968	0	9,968
0	0	0	0	0
201,800	779,049	393,030	423,124	171,706
314,088	947,168	545,224	600,387	258,925
319,275	957,449	546,215	600,387	265,103
0	0	8,861	8,861	0

**MASON CONSOLIDATED SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year ended June 30, 2024*

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	\$4,204
<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 231970	10.553	83,793
Seamless Summer Option - School Breakfast Program 241970	10.553	122,562
		206,355
National School Lunch Program (NSLP):		
Supply Chain Assistance Funds 230910	10.555	13,805
Supply Chain Assistance Funds 240910	10.555	28,979
National School Lunch Program 231960	10.555	240,420
National School Lunch Program 241960	10.555	329,885
		613,089
Total Cash Assistance		819,444
Noncash Assistance:		
National School Lunch Program:		
Entitlement Commodities	10.555	29,816
Bonus Commodities	10.555	241
Total Noncash Assistance		30,057
Total Child Nutrition Cluster		849,501
Child and Adult Care Food Program:		
Child and Adult Care Food Program Meals 231920	10.558	795
Child and Adult Care Food Program Meals 241920	10.558	1,218
		2,013
Total Passed Through State of Michigan Department of Education		851,514
Total U.S. Department of Agriculture		851,514
Total Federal Financial Assistance		\$3,093,671

The accompanying notes are an integral part of this schedule.

Accrued (Deferred) Revenue July 1, 2023	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2024
\$0	\$0	\$4,204	\$4,204	\$0
0	83,793	0	0	0
0	0	122,562	93,581	28,981
0	83,793	122,562	93,581	28,981
0	13,805	0	0	0
0	0	28,979	28,979	0
0	240,420	0	0	0
0	0	329,885	253,532	76,353
0	254,225	358,864	282,511	76,353
0	338,018	481,426	376,092	105,334
0	0	29,816	29,816	0
0	0	241	241	0
0	0	30,057	30,057	0
0	338,018	511,483	406,149	105,334
0	795	0	0	0
0	0	1,218	1,218	0
0	795	1,218	1,218	0
0	338,813	512,701	407,367	105,334
0	338,813	512,701	407,367	105,334
\$319,275	\$1,296,262	\$1,071,981	\$1,020,819	\$370,437

## MASON CONSOLIDATED SCHOOLS

### *Notes to Schedule of Expenditures of Federal Awards* *Year Ended June 30, 2024*

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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, 2024. 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	\$986,558
Additonal items not on NexSys report:	
Non-cash assistance USDA Commodities - Entitlement	29,816
Non-cash assistance USDA Commodities - Bonus	241
Passed through Monroe County Intermediate School District:	
Medicaid Outreach	4,204
Total current year receipts (cash basis) per the schedule of	
expenditures of federal awards (SEFA)	<u>\$1,020,819</u>

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.
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.

## MASON CONSOLIDATED SCHOOLS

### *Notes to Schedule of Expenditures of Federal Awards* *Year Ended June 30, 2024*

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9. Revenues from federal sources are reported in the School District's financial statements as follows:

General Fund	\$559,280
Food Service Fund	<u>512,701</u>
Schedule of Expenditure of Federal Awards	<u><u>\$1,071,981</u></u>

## MASON CONSOLIDATED SCHOOLS

### *Schedule of Findings and Questioned Costs Year Ended June 30, 2024*

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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, 2024*

#### **FINDINGS - FINANCIAL STATEMENTS AUDIT:**

##### **2024-001 Material Audit Adjustments**

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

*Repeat Finding:* Yes - 2023-001

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

*Condition:* During the audit, 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. Year-end 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:

	Revenues	Expenses	Net Income
<b>General Fund:</b>			
Final balances	\$14,012,559	\$13,531,686	\$480,873
Original balances	14,152,597	13,598,479	554,118
Adjustments needed	(140,038)	(66,793)	(73,245)
<b>Sinking Fund:</b>			
Final	9,034	193,076	(184,042)
Original balances	9,034	153,326	(144,292)
Difference	-	39,750	(39,750)
<b>Food Service Fund:</b>			
Final balances	808,275	711,307	96,968
Original balances	638,426	706,249	(67,823)
Adjustments needed	169,849	5,058	164,791
<b>Student and School Activity Fund:</b>			
Final balances	169,718	181,936	(12,218)
Original balances	-	-	-
Adjustments needed	169,718	181,936	(12,218)
<b>Technology Millage Fund:</b>			
Final balances	388,791	315,879	72,912
Original balances	372,215	315,879	56,336
Adjustments needed	16,576	-	16,576

## MASON CONSOLIDATED SCHOOLS

### *Schedule of Findings and Questioned Costs Year Ended June 30, 2024*

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#### **FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued):**

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

**General Fund:**

- Adjust State grant funding from revenue to unearned revenue in the amount of \$375,116.
- Adjust Federal grants and GSRP funding to account for amounts requested but not received in the amount of \$318,488.
- Adjust MPSERS UAAL stabilization for revenue that should have been recorded in other funds in the amount of \$52,198.
- Adjust Federal and state grants in order to balance in the amount of \$15,428.
- Move an expense from the General Fund to the Sinking Fund in the amount of \$39,750.

**Sinking Fund:**

- Record an expense originally reported in the General Fund in the amount of \$39,750.

**Food Service Fund:**

- Adjust MPSERS UAAL stabilization for revenue that was originally recorded in the General Fund in the amount of \$35,622.
- Adjust expense for a project not yet completed in the amount of \$24,999.
- Adjust Federal grants for September 2023, May and June 2024 meal claims that were not recorded in the amount of \$105,333.

**Student and School Activity Fund:**

- Revenues and expenses were not recorded in the special revenue fund in accordance with (GAAP). Net effect was a decrease in fund balance/net position in the amount of \$12,218.

**Technology Millage Fund:**

- Adjust MPSERS UAAL stabilization for revenue that was originally recorded in the General Fund in the amount of \$16,576.

*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.

#### **2024-002 Financial Statement Preparation**

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

*Repeat Finding:* No.

*Criteria:* The preparation of financial statements in accordance with GAAP is the responsibility of the School District's management and requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting financial statements including the related footnotes (i.e., external financial reporting).

## MASON CONSOLIDATED SCHOOLS

### *Schedule of Findings and Questioned Costs Year Ended June 30, 2024*

---

#### **FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued):**

*Condition:* As is the case with many smaller and medium-sized entities, the School District is relying on its independent external auditors to assist in the preparation of the financial statements and footnotes as part of the external financial reporting process. Accordingly, the School District's ability to prepare financial statements in accordance with GAAP is based, in part, on its external auditors, who cannot by definition be considered a part of the School District's internal controls. In addition, we proposed material adjustments in the School District's funds, and made modifications to the capital asset schedule.

*Cause:* The condition was caused by management's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the School District to perform this task internally.

*Effect:* As a result of this condition, the School District lacks internal controls over the preparation of the financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

*Recommendation:* The School District has evaluated the cost vs. benefit of establishing internal controls over the preparation of the financial statements in accordance with GAAP, and determined that it is in the best interests of the Township to outsource this task to the external auditors, and carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

*View of Responsible Officials:* Management agrees with the finding. The School District has employees with adequate skills, knowledge and experience to oversee the assistance with financial statements and assistance with financial statement disclosures by its external auditors.

#### **2024-003 Timeliness of Bank Reconciliations**

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

*Repeat Finding:* Yes - 2023-001

*Criteria:* Management is responsible for reconciling bank accounts on a monthly basis.

*Condition:* During the audit, it was noted that bank reconciliations are not being prepared timely.

*Cause:* Management's negligence in fulfilling its responsibilities.

*Effect:* Failure to reconcile bank statements create an incomplete general ledger and can lead to an over or understatement of cash balances and a corresponding over or understatement of revenues or expenditures. The School Board may not have been able to make sound financial decisions because of a lack of financial data on which to make decisions.

*Recommendation:* We recommend that the School District prepare, approve, and institute a reconciliation process that ensures bank reconciliations are prepared monthly and reviewed by a Board member.

*View of Responsible Officials:* Management agrees with the finding and will implement procedures to ensure bank reconciliations are prepared timely in the future.

## MASON CONSOLIDATED SCHOOLS

### *Schedule of Findings and Questioned Costs Year Ended June 30, 2024*

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#### **FINDINGS - FINANCIAL STATEMENTS AUDIT (Concluded):**

##### **2024-004 Expenditures in Excess of Amounts Appropriated**

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

*Repeat Finding:* Yes - 2023-002

*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, 2024, expenditures incurred were in excess of amounts appropriated in the 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.

##### **2024-005 Federal Grant Requests**

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

*Repeat Finding:* No

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

*Condition:* During the audit, it was noted that the School District submitted cash requests in excess of the grant expenditures.

*Cause:* This condition was the result of a lack of management oversight.

*Effect:* The School District will need to pay back Title II funds in the amount of \$30,763.33 and ESSER II funds in the amount of \$5,623.95, for a total of \$36,387.28.

*Recommendation:* We recommend that the School District implement procedures to ensure that all cash requests have supporting documentation. Proper grant codes should be utilized when recording grant expenditures, and expenditure status reports should be used as supporting documentation for all cash requests.

*View of Responsible Officials:* Management agrees with the finding and will ensure supporting documentation is reviewed and documented with all cash requests.

## MASON CONSOLIDATED SCHOOLS

### *Schedule of Findings and Questioned Costs Year Ended June 30, 2024*

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

##### **2024-006 Schedule of Expenditures of Federal Awards**

*Assistance Listing Number:* 10.553, 10.555, 10.559 – Child Nutrition Cluster

*Pass-through Entity:* Michigan Department of Education

*Finding Type:* Material weakness in internal controls over compliance.

*Repeat Finding:* No

*Criteria:* 2CFR 200.510(b) requires organizations to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements, which must include the total of federal awards as determined in accordance with 2 CFR 200.502.

*Condition:* The original SEFA provided by the School District was not complete and accurate. The audit team identified numerous errors throughout the course of our procedures which were brought to management's attention.

*Questioned Costs:* None

*Cause:* Controls and processes in place to prepare the SEFA did not ensure that the SEFA was complete and accurate.

*Effect:* The School District accumulates the financial data and other required information to complete the SEFA. The original SEFA provided by the School District to the audit team included several inaccuracies, including missing or incomplete expenditure amounts. The SEFA most significantly included the following inaccuracies:

- \$18,063 spent under ALN 10.553 (National School Breakfast Program) was improperly excluded from the SEFA.
- \$41,653 spent under ALN 10.555 (National School Lunch Program) was improperly excluded from the SEFA.

*Recommendation:* The School District's process for preparing the SEFA should be adjusted to ensure that accounting records are closed timely, internal accounts are reconciled (the SEFA should reconcile to the federal revenues recorded), and appropriate workpapers are prepared to support the SEFA balances.

*View of Responsible Officials:* Management agrees with the finding and will implement procedures to ensure the SEFA is prepared accurately in the future.

## MASON CONSOLIDATED SCHOOLS

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

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#### **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.

*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.

*Current Status:* The finding is not corrected. While improvements were made to many general ledger items, adjustments were still necessary in order to reconcile account balances. See current year finding 2024-001.

#### **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.

## MASON CONSOLIDATED SCHOOLS

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

---

*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.

*Current Status:* The finding is corrected. The fiscal year 2024 audit will be filed timely.

#### **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.

*Current Status:* The finding is not corrected. See current year finding 2024-004.



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October 29, 2024

Mason Consolidated Schools  
Corrective Action Plan  
Finding as of June 30, 2024

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

**Finding Number:** 2024-001

**Corrective Action Planned:** Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. During the audit, there were 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:** 2024-002

**Corrective Action Planned:** Financial statements are required to be prepared on a basis that is consistent with generally accepted accounting principles (GAAP). Procedures are not in place to prepare financial statements in accordance with accounting principles generally accepted in the United States of America, including procedures to record accruals for revenues and expenditures, to track changes in capital assets, and to present the required financial statement disclosures. The School District has evaluated the cost vs. benefit of establishing internal controls over the preparation of the financial statements in accordance with GAAP, and determined that it is in the best interest of the School District to outsource this task to the external auditors, and carefully review the draft financial statements and disclosures prior to approving them and accept responsibility for their content and presentation.





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Anticipated Completion Date:

October 29, 2024 – Management relies on its external auditors to assist in the preparation of financial statements and related financial statement disclosures. The School District will retain employees with adequate skills, knowledge, and experience to oversee the assistance with financial statement disclosures by its external auditors and carefully review the draft financial statements and notes prior to approving them and accept responsibility for their content and presentation. The financial statements were reviewed at a meeting with the auditors on October 29, 2024.

Finding Number:

2024-003

Corrective Action Planned:

Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. During the audit it was noted that bank reconciliations were not being prepared timely.

Anticipated Completion Date:

The School District will implement procedures to prepare, approve, and institute a reconciliation process that ensures bank reconciliations are prepared by the 15<sup>th</sup> of each month and reviewed by an independent business office official.

Finding Number:

2024-004

Corrective Action Planned:

Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. The Student and School Activity Fund was over budget due to an error in estimated actual expenditures. Management will implement a process to record the student activities from the Fund 61 ledger in Fund 26. The Student and School Activity Fund will be presented to the Board of Education for final budget amendment in June.

Anticipated Completion Date:

The School District will implement these procedures beginning January 1, 2025.



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**Finding Number:**

**2024-005**

**Corrective Action Planned:**

Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. During the audit, it was noted that the School District submitted cash requests in excess of grant expenditures. The School District will implement procedures to ensure all cash requests are accurate and include supporting documentation. Proper grant codes should be utilized when recording grant expenditures, and expenditure status reports should be used as supporting documentation.

**Anticipated Completion Date:**

The School District will implement these procedures beginning November 1, 2024.

**Finding Number:**

**2024-006**

**Corrective Action Planned:**

2CFR 200.510(b) requires organizations to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements, which must include the total of federal awards as determined in accordance with 2 CFR 200.502. The original SEFA prepared by the School District was not complete and accurate. The School District will implement a procedure to ensure that accounting records are closed timely, internal accounts are reconciled, and appropriate workpapers are prepared to support SEFA balances.

**Anticipated Completion Date:**

The School District will implement these procedures for the 2025 fiscal year end.

Sincerely,

Kelli Tuller  
Superintendent

Dawn Nieuwkoop  
Director of Business Services



October 29, 2024

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, 2024. 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 June 18, 2024. 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. No new accounting policies were adopted, and the application of existing policies was not changed during the year. 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.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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 October 29, 2024.

*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.

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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,

