



**Livingston and Oakland Counties, Michigan**

Annual Financial Report

For the year ended June 30, 2023

**HURON VALLEY SCHOOLS**  
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For the year ended June 30, 2023

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

October 18, 2023

The Board of Education  
Huron Valley Schools

### 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 Huron Valley Schools as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Huron Valley 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 Huron Valley Schools, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Huron Valley 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Huron Valley 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Huron Valley 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 Huron Valley 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 and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Huron Valley Schools' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Emphasis of Matter**

#### ***Changes in Accounting Principle***

As discussed in Note L to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* and No. 101, *Compensated Absences* for the fiscal year June 30, 2023. Our opinion is not modified in respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023, on our consideration of Huron Valley Schools' 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 Huron Valley Schools' 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 Huron Valley Schools' internal control over financial reporting and compliance.



Certified Public Accountants  
Grand Rapids, Michigan

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Huron Valley Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

### Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
  - ♦ *Fiduciary fund statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

### District-wide Statements

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how it has changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

*Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

### **New Accounting Pronouncements Implemented**

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement enhances the relevance and consistency of information about governments' subscription-based information technology arrangements. In addition, the District implemented GASB Statement No. 101 *Compensated Absences* during the fiscal year ended June 30, 2023. This Statement will provide a more consistent application for recognizing liabilities related to compensated absences, which is expected to potentially eliminate comparability issues between governments that offer different types of leave and enhance the relevance and reliability of information for compensated absences. See Note L for additional information.

### **Condensed District-wide Financial Information**

The Statement of Net Position provides financial information on the District as a whole.

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets	\$ 132,080,231	\$ 96,460,946
Net capital assets	195,586,870	181,786,434
<b>Total Assets</b>	<b>327,667,101</b>	<b>278,247,380</b>
<b>Deferred Outflows of Resources</b>	<b>74,371,677</b>	<b>40,564,647</b>
<b>Liabilities</b>		
Current liabilities	42,449,732	41,831,566
Long-term liabilities	147,308,112	98,913,623
Net pension liability	214,405,925	136,964,046
Net OPEB liability	11,989,001	8,717,334
<b>Total Liabilities</b>	<b>416,152,770</b>	<b>286,426,569</b>
<b>Deferred Inflows of Resources</b>	<b>30,555,284</b>	<b>83,172,408</b>
<b>Net Position</b>		
Net investment in capital assets	113,444,817	118,049,126
Restricted:		
Debt service	3,008,980	1,930,259
Capital projects	6,534,373	3,538,426
Food service	1,715,625	1,659,804
International academy west	-	7,489
Unrestricted (deficit)	(169,373,071)	(175,972,054)
<b>Total Net Position</b>	<b>\$ (44,669,276)</b>	<b>\$ (50,786,950)</b>



The Statement of Activities presents changes in net position for operating results:

	<u>2023</u>	<u>2022</u>
<b>Program Revenues</b>		
Charges for services	\$ 3,629,011	\$ 2,479,656
Operating grants	45,634,702	53,432,270
<b>General Revenues</b>		
Property taxes	35,693,042	33,856,903
State school aid, unrestricted	60,702,591	56,632,003
Interest and investment earnings	2,639,696	145,321
Other	6,371,165	6,155,042
<b>Total Revenues</b>	<u>154,670,207</u>	<u>152,701,195</u>
<b>Expenses</b>		
Instruction	65,717,667	55,768,072
Supporting services	57,594,958	39,667,228
Food service	3,283,998	2,836,160
Community services	2,880,556	2,312,866
Other	332,089	3,301,495
Interest on long-term debt	10,850,333	1,861,166
Depreciation (unallocated)	7,892,932	9,066,969
<b>Total Expenses</b>	<u>148,552,533</u>	<u>114,813,956</u>
<b>Change in Net Position</b>	<u>6,117,674</u>	<u>37,887,239</u>
<b>Net Position (Deficit), Beginning of Year</b>	<u>(50,786,950)</u>	<u>(88,674,189)</u>
<b>Net Position (Deficit), End of Year</b>	<u><u>\$ (44,669,276)</u></u>	<u><u>\$ (50,786,950)</u></u>

#### **Financial Analysis of the District as a Whole**

Total revenues exceeded expenses by \$6,117,674 increasing the total net position from a deficit of \$50,786,950 to a deficit of \$44,669,276. Unrestricted net assets increased by \$6,598,983, from a deficit of \$175,972,054 to a deficit of \$169,373,071 at June 30, 2023. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$3,925,073. The net OPEB liability, including deferred outflows and inflows of resources, increased by \$9,635,681.

The District's total revenues increased 1.3% to \$154.7 million. Property taxes and state aid accounted for most of the District's revenue, contributing 62% of the total. Another 32% came from state and federal aid for specific programs, and the remainder from fees charged for services, interest earnings and miscellaneous sources.

Per the Statement of Activities, the total cost of all programs and services increased by 29.4% to \$148.6 million. The District's expenses are predominantly related to instruction (44.2%), and supporting services (38.7%) which includes various functions such as caring for (pupil services) and transporting students, and general, operating and maintenance administrative services.

The District continues to monitor the State economy and District budget and demographics in an attempt to protect academic programs and opportunities during challenging economic times. Regular updates on the budget and District finances were provided to the Board of Education, community groups, staff, and parents.

- At monthly Board meetings and at the monthly Board Finance and Operation Committee meetings, budget information was shared. The Board was kept updated on the changing economy and the impact on the current year budget as well as the impact on the following year budget.
- The District fully complies with the State Transparency Reporting requirements and posts on the District web site all budgetary and other financial information.
- The Superintendent and/or designees continue to communicate throughout the year with parents and community members to share information vital to their understanding of the operations of the District.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Custodial Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

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## **Financial Analysis of the District's Funds**

The District uses funds to record and analyze financial information. Huron Valley Schools' funds are described as follows:

### **Major Funds**

#### General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$117,109,344, other financing sources of \$265,000, total expenditures of \$115,846,404, and other financing uses of \$916,400. The ending fund balance totaled \$13,221,170 as of June 30, 2023, up from \$12,609,630 at June 30, 2022.

#### Capital Projects Funds

The District operates two major Capital Projects Funds, the 2020 Construction Fund and the 2023 Construction Fund. Both funds account for bond proceeds to be used for voter approved capital improvement projects. During the fiscal year the funds had total revenues of \$1,602,437, total other financing sources of \$70,078,961 (consisting entirely of proceeds from bond issuance and premium on bond issuance), and total expenditures of \$40,075,437. The ending fund balances totaled \$85,834,790 at June 30, 2023, up from \$54,228,829 at June 30, 2022.

### **Nonmajor Funds**

#### Special Revenue Funds

The District operates four Special Revenue Funds, the International Academy West Fund, the Community Service Fund, the Food Service Fund, and the School/Student Activity Fund. Total revenues were \$10,060,493, total other financing sources were \$438,403 total expenditures of \$9,973,361 and other financing uses of \$287,003. Total ending fund balance totaled \$3,376,307 at June 30, 2023, up from \$3,137,775 at June 30, 2022.

#### Debt Service Funds

The District operates four nonmajor Debt Service Funds. Total revenues for the funds were \$22,892,083 and total expenditures were \$21,407,005. The ending fund balance in the Debt Service Funds totaled \$3,720,337 at June 30, 2023, up from \$2,235,259 at June 30, 2022.

#### Capital Projects Funds

There is two nonmajor Capital Projects Fund incorporated into the financial statements, the Building and Site (Sinking) Fund and Capital Improvement Fund. During the fiscal year the funds had total revenues of \$3,005,850, other financing sources of \$500,000, and total expenditures of \$509,903. The ending fund balance totaled \$6,534,373 at June 30, 2023, up from \$3,538,426 at June 30, 2022.

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### **General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2023. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the basic financial statements.

There were significant revisions made to the 2022-2023 General Fund original budget. Budgeted revenue increased by approximately \$13.6 million, due to a \$1.6 million increase in local source revenue, and a \$12 million increase in state source revenue largely comprised of Section 147c(2) MPSERS One-Time Deposit revenue. There was also a \$0.1 million increase in federal source revenue transferred into the General Fund. Increases to budgeted revenue and transfers in totaled approximately \$13.7 million.

Budgeted expenditures and transfers out of the General Fund increased by approximately \$10.2 million primarily due to Section 147c(2) MPSERS One-Time Deposit expenditures equal to the amount received in state source revenue.

The District's final budget for the General Fund anticipated that expenditures and transfers out would exceed revenue by \$0.8 million, which was \$3.5 million less than the original budget.

Although the District budgeted for and anticipated a deficit for this fiscal year, the allocation of one-time state and federal funding enabled the District to expend grant funds on qualifying expenditures. This resulted in approximately \$0.6 million in revenue over expenditures for the fiscal year.

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

#### **Capital Assets**

By the end of fiscal year 2023, the District had invested \$350.1 million in a broad range of capital assets, including land, construction in progress, buildings and additions, furniture and equipment, vehicles and right of use assets. (More detailed information about capital assets can be found in Note E in the notes to basic financial statements.) Total depreciation expense for the year was \$7.9 million.

At June 30, 2023, the District's investment in capital assets (net of accumulated depreciation), was \$195.6 million. This represents a net increase of \$13.8 million from the previous year end.

Land	\$ 3,969,931
Construction in progress	22,492,591
Buildings and additions	149,422,275
Furniture and equipment	16,758,296
Vehicles	2,594,333
Right-to-use assets	<u>349,444</u>
<b>Total Capital Assets</b>	<b><u>\$ 195,586,870</u></b>



### **Long-term Obligations**

At year end, the District had \$169.7 million in general obligation bonds and other long-term debt outstanding – a net increase of \$49.9 million from last year.

The State limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within a District's boundaries.

The District's other obligations consist of compensated absences and other employee obligations, including accumulated vacation pay, severance pay, longevity pay, early retirement incentive, and post-retirement life insurance benefit. We present more detailed information about our long-term liabilities in Note G in the Notes to Basic Financial Statements.

### **Economic Factors and Next Year's Budget Rates**

Our elected officials and administration consider many factors when setting the District's 2023-2024 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 2023-2024 budget was adopted in June 2023 based on an estimate of students who will enroll in September 2023. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2023 school year, we anticipate that the fall student count will be above the estimates used in creating the 2023-2024 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

The District's 2023-2024 General Fund budget, as adopted on June 19, 2023, shows a projected increase to fund balance in the amount of \$1.8 million. Following the adoption of the original budget, the District finalized negotiations with its largest union, the Huron Valley Education Association (HVEA). The financial impact of those negotiations will be incorporated with budget adjustments for the first and second quarters.

The District is continuing major bond and sinking fund work in the 2023-2024 school year through safety and security, program enhancements, infrastructure and operational efficiencies, and technology, as a result of passage of the \$182 million bond approved by the community in November of 2019. The first series of bonds (\$112 million) was sold in March of 2020 and the second series of bonds (including proceeds of \$61.1 million and premium of \$8.9 million) was sold in May of 2023.

In November of 2021, the voters within the District approved the renewal and restoration of the operating Non-Homestead Millage back to 18.0 mills. This helps fund daily operations, safety and security programs, infrastructure improvements, student programs and technology.

Enrollment projections continue to indicate declining student enrollment. Student enrollment is being monitored closely to determine the impact this has on the District as a whole.



Employee retirement costs paid into the Michigan Public Schools Employee Retirement System (MPERS), controlled by the State, continue to be a cause for concern into the future. Prior year legislative groups have begun to address this unfunded liability, the fact remains there are less people paying into this system and more people receiving benefits each year, as state-wide decline in students have dictated retirees are not replaced locally on a one-to-one basis. For every dollar paid to employees throughout the year, the District pays a percentage into MPERS. Addressing the unfunded MPERS liability is necessary; however, it does reduce the overall available funds to all districts, as this funding dedicates a portion of school aid directly to this item.

Employment recruitment and retention has risen to a slight concern. Maintaining quality staff at all positions is becoming difficult due to the economic growth within the State. The District increased its total employment wage/benefit package to recruit and retain staff. If the economy turns, the increased wage/benefit packages may put pressure on future budgets.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Huron Valley Schools, 2390 S. Milford Rd., Highland, MI 48357.

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## **BASIC FINANCIAL STATEMENTS**

**HURON VALLEY SCHOOLS**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities
<b>Assets</b>	
Cash equivalents, deposits, and investments (Note B)	\$111,799,999
Accounts receivable	28,893
Due from other governmental units (Note C)	19,648,338
Inventory	416,453
Prepaid expenses	186,548
Capital assets not being depreciated (Note E)	26,462,522
Capital assets being depreciated, net (Note E)	<u>169,124,348</u>
<b>Total Assets</b>	<u>327,667,101</u>
<b>Deferred Outflows of Resources</b>	
Deferred pension amounts	58,701,072
Deferred OPEB amounts	<u>15,670,605</u>
<b>Total Deferred Outflows of Resources</b>	<u>74,371,677</u>
<b>Liabilities</b>	
Accounts payable	4,619,651
Due to other governmental units	5,223,529
Accrued interest payable	711,357
Payroll withholdings payable	1,205,098
Salaries payable	5,999,085
Unearned revenue	2,133,943
Other current liabilities	211,948
Long-term liabilities (Note G):	
Due within one year	22,345,121
Due in more than one year	147,308,112
Net pension liability	214,405,925
Net OPEB liability	<u>11,989,001</u>
<b>Total Liabilities</b>	<u>416,152,770</u>
<b>Deferred Inflows of Resources</b>	
Deferred pension amounts	4,664,903
Deferred OPEB amounts	<u>25,890,381</u>
<b>Total Deferred Inflows of Resources</b>	<u>30,555,284</u>
<b>Net Position</b>	
Net investment in capital assets	113,444,817
Restricted:	
Capital projects	6,534,373
Debt service	3,008,980
Food service	1,715,625
Unrestricted (deficit)	<u>(169,373,071)</u>
<b>Total Net Position</b>	<u><u>\$ (44,669,276)</u></u>

See accompanying notes to basic financial statements.

**HURON VALLEY SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 65,717,667	\$ 25,943	\$ 35,062,271	\$ (30,629,453)
Supporting services	57,594,958	549,802	7,313,875	(49,731,281)
Food service	3,283,998	1,088,214	2,645,259	449,475
Community services	2,880,556	1,965,052	-	(915,504)
Other	332,089	-	-	(332,089)
Interest on long-term debt	10,850,333	-	613,297	(10,237,036)
Depreciation/amortization, unallocated	7,892,932	-	-	(7,892,932)
<b>Total Governmental Activities</b>	<b>\$ 148,552,533</b>	<b>\$ 3,629,011</b>	<b>\$ 45,634,702</b>	<b>(99,288,820)</b>
<b>General Revenues</b>				
Taxes:				
Property taxes, levied for general operations				11,061,062
Property taxes, levied for debt service				21,852,143
Property taxes, levied for capital improvements				2,779,837
State school aid, unrestricted				60,702,591
Interest and investment earnings				2,639,696
Other				6,371,165
<b>Total General Revenues</b>				<b>105,406,494</b>
<b>Change in Net Position</b>				<b>6,117,674</b>
<b>Net Position - Beginning of Year</b>				<b>(50,786,950)</b>
<b>Net Position - End of Year</b>				<b>\$ (44,669,276)</b>

See accompanying notes to basic financial statements.

**HURON VALLEY SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	2020 Capital Projects	2023 Capital Projects
<b>Assets</b>			
Cash equivalents and investments (Note B)	\$ 9,033,133	\$ 18,827,216	\$ 70,213,908
Accounts receivable	28,893	-	-
Due from other funds	53,107	891,767	-
Due from other governmental units	19,305,109	-	-
Inventory	358,472	-	-
Prepaid expenditures	180,006	-	-
<b>Total Assets</b>	<u><u>\$28,958,720</u></u>	<u><u>\$ 19,718,983</u></u>	<u><u>\$ 70,213,908</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 537,364	\$ 3,748,249	\$ 184,059
Due to other funds	1,431,446	-	-
Due to other governmental units	4,795,198	-	-
Payroll deductions withholding payable	1,162,228	-	-
Salaries payable	5,772,142	-	-
Unearned revenue	2,039,172	-	-
Other current liabilities	-	165,793	-
<b>Total Liabilities</b>	<u><u>15,737,550</u></u>	<u><u>3,914,042</u></u>	<u><u>184,059</u></u>
<b>Fund Balances</b>			
Nonspendable:			
Inventory	358,472	-	-
Prepaid expenditures	180,006	-	-
Restricted:			
Capital projects	-	15,804,941	70,029,849
Debt service	-	-	-
Food service	-	-	-
Committed:			
Community service	-	-	-
Student activities	-	-	-
Assigned	936,119	-	-
Unassigned	11,746,573	-	-
<b>Total Fund Balances</b>	<u><u>13,221,170</u></u>	<u><u>15,804,941</u></u>	<u><u>70,029,849</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$28,958,720</u></u>	<u><u>\$ 19,718,983</u></u>	<u><u>\$ 70,213,908</u></u>

See accompanying notes to basic financial statements.

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Nonmajor	Total
\$ 13,725,742	\$111,799,999
-	28,893
539,679	1,484,553
343,229	19,648,338
57,981	416,453
6,542	186,548
<u>\$ 14,673,173</u>	<u>\$133,564,784</u>

\$ 149,979	\$ 4,619,651
53,107	1,484,553
428,331	5,223,529
42,870	1,205,098
226,943	5,999,085
94,771	2,133,943
46,155	211,948
<u>1,042,156</u>	<u>20,877,807</u>

57,981	416,453
6,542	186,548
6,534,373	92,369,163
3,720,337	3,720,337
1,657,644	1,657,644
36,533	36,533
1,617,607	1,617,607
-	936,119
-	11,746,573
<u>13,631,017</u>	<u>112,686,977</u>
<u>\$ 14,673,173</u>	<u>\$133,564,784</u>

**HURON VALLEY SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2023**

<b>Total governmental fund balances</b>		\$ 112,686,977
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$350,057,941 and accumulated depreciation/amortization is \$154,471,071.		195,586,870
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$ (158,280,000)	
Bond premium, unamortized	(9,355,807)	
Lease liabilities	(341,036)	
Compensated absences	(1,387,857)	
Self-insurance and other obligations	<u>(288,533)</u>	(169,653,233)
Accrued interest is not included as a liability in governmental funds.		(711,357)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(214,405,925)	
Deferred outflows of resources	58,701,072	
Deferred inflows of resources	<u>(4,664,903)</u>	(160,369,756)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(11,989,001)	
Deferred outflows of resources	15,670,605	
Deferred inflows of resources	<u>(25,890,381)</u>	<u>(22,208,777)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u><u>\$ (44,669,276)</u></u></b>

See accompanying notes to basic financial statements.



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**HURON VALLEY SCHOOLS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2023**

	General Fund	2020 Capital Projects	2023 Capital Projects
<b>Revenues</b>			
Local sources	\$ 14,030,607	\$ 1,319,460	\$ 282,977
State sources	89,297,213	-	-
Federal sources	6,263,176	-	-
Interdistrict sources	7,518,348	-	-
<b>Total Revenues</b>	<u>117,109,344</u>	<u>1,319,460</u>	<u>282,977</u>
<b>Expenditures</b>			
Current:			
Instruction	66,266,008	-	-
Supporting services	47,305,630	783,616	-
Community services	2,173,501	-	-
Food service	-	-	-
Facilities acquisition, construction, and improvements	-	38,959,732	-
Debt service:			
Principal repayment	79,749	-	-
Interest and fiscal charges	21,516	-	-
Bond issuance costs	-	-	248,964
Underwriter's discount	-	-	83,125
<b>Total Expenditures</b>	<u>115,846,404</u>	<u>39,743,348</u>	<u>332,089</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,262,940</u>	<u>(38,423,888)</u>	<u>(49,112)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from issuance of bonds	-	-	61,075,000
Premium on issuance of bonds	-	-	9,003,961
Transfers in	265,000	-	-
Transfers out	(916,400)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(651,400)</u>	<u>-</u>	<u>70,078,961</u>
<b>Net Change in Fund Balances</b>	611,540	(38,423,888)	70,029,849
<b>Fund Balances, Beginning of Year</b>	<u>12,609,630</u>	<u>54,228,829</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 13,221,170</u></u>	<u><u>\$ 15,804,941</u></u>	<u><u>\$ 70,029,849</u></u>

See accompanying notes to basic financial statements.

Nonmajor	Total
\$ 32,711,339	\$ 48,344,383
786,255	90,083,468
2,460,832	8,724,008
-	7,518,348
35,958,426	154,670,207
2,605,069	68,871,077
3,084,907	51,174,153
838,366	3,011,867
3,445,019	3,445,019
509,903	39,469,635
19,575,000	19,654,749
1,832,005	1,853,521
-	248,964
-	83,125
31,890,269	187,812,110
4,068,157	(33,141,903)
-	61,075,000
-	9,003,961
938,403	1,203,403
(287,003)	(1,203,403)
651,400	70,078,961
4,719,557	36,937,058
8,911,460	75,749,919
\$ 13,631,017	\$ 112,686,977

**HURON VALLEY SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2023**

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**Net change in fund balances - total governmental funds** **\$ 36,937,058**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period:

Capital outlays	\$ 39,201,895	
Depreciation/amortization expense	<u>(7,892,932)</u>	31,308,963

In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired. (17,508,527)

Bond premium is amortized over the life of the new bond issue in the Statement of Activities. 277,082

Proceeds from the sale of bonds are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position:

Proceeds from general obligation bonds	(61,075,000)	
Premium on general obligation bonds	<u>(9,003,961)</u>	(70,078,961)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities:

General obligation bonds	19,575,000	
Lease liabilities	<u>79,749</u>	19,654,749

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. (406,357)

In the Statement of Net Position, compensated absences and other fringe benefit obligations, such as self-insurance, are measured by amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amounts of benefits used/paid exceeded the amounts earned by \$86,635. 86,635

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. (3,925,073)

The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. 9,635,681

**Total change in net position - governmental activities** **\$ 5,981,250**

See accompanying notes to basic financial statements.

**HURON VALLEY SCHOOLS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 12,000,000	\$ 13,600,000	\$ 13,948,070	\$ 348,070
State sources	72,456,000	84,513,000	85,207,476	694,476
Federal sources	20,000	20,000	31,319	11,319
Interdistrict sources	7,100,000	7,100,000	7,356,187	256,187
<b>Total Revenues</b>	<u>91,576,000</u>	<u>105,233,000</u>	<u>106,543,052</u>	<u>1,310,052</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	46,177,429	49,947,035	49,077,001	870,034
Added needs	11,128,514	11,668,747	11,654,669	14,078
Adult continuing education	11,640	8,075	75	8,000
Supporting services:				
Pupil services	6,049,527	6,482,431	6,492,710	(10,279)
Instructional staff services	4,107,816	4,356,891	4,260,254	96,637
General administrative services	755,763	826,189	827,994	(1,805)
School administrative services	6,427,387	6,780,013	6,865,767	(85,754)
Business services	1,323,161	1,468,190	1,467,896	294
Operation and maintenance services	8,906,943	10,728,043	10,998,084	(270,041)
Pupil transportation services	4,906,990	6,429,315	6,547,921	(118,606)
Central services	3,361,208	3,374,539	3,390,113	(15,574)
Other supporting services	1,598,354	1,820,624	1,961,540	(140,916)
Community services	1,038,663	1,686,471	1,884,711	(198,240)
Debt Service:				
Principal repayment	25,317	79,749	79,749	-
Interest and fiscal charges	-	21,516	21,516	-
<b>Total Expenditures</b>	<u>95,818,712</u>	<u>105,677,828</u>	<u>105,530,000</u>	<u>147,828</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(4,242,712)</u>	<u>(444,828)</u>	<u>1,013,052</u>	<u>1,457,880</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	82,549	347,262	264,713
Transfers out	<u>(10,460)</u>	<u>(396,460)</u>	<u>(748,774)</u>	<u>(352,314)</u>
<b>Total Other Financing Sources</b>	<u>(10,460)</u>	<u>(313,911)</u>	<u>(401,512)</u>	<u>(87,601)</u>
<b>Net Change in Fund Balances</b>	<u>(4,253,172)</u>	<u>(758,739)</u>	<u>611,540</u>	<u>1,370,279</u>
<b>Fund Balances, Beginning of Year</b>	<u>12,609,630</u>	<u>12,609,630</u>	<u>12,609,630</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 8,356,458</u>	<u>\$ 11,850,891</u>	<u>\$ 13,221,170</u>	<u>\$ 1,370,279</u>

See accompanying notes to basic financial statements.

**HURON VALLEY SCHOOLS**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

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	<u>Trust Fund Scholarships</u>
<b>Assets</b>	
Cash equivalents (Note B)	<u>\$ 68,824</u>
<b>Liabilities</b>	
Accounts payable	250
Due to other governmental units	<u>1,500</u>
<b>Total Liabilities</b>	<u>1,750</u>
<b>Net Position</b>	
Restricted for:	
Individuals and organizations	<u><u>\$ 67,074</u></u>

See accompanying notes to basic financial statements.

**HURON VALLEY SCHOOLS**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the year ended June 30, 2023**

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	<u>Trust Fund Scholarships</u>
<b>Additions</b>	
Contributions	<u>\$          2,660</u>
<b>Deductions</b>	
Distributions to students	<u>22,654</u>
<b>Change in Net Position</b>	(19,994)
<b>Net Position, Beginning of Year</b>	<u>87,068</u>
<b>Net Position, End of Year</b>	<u><u>\$         67,074</u></u>

See accompanying notes to basic financial statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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## **Note A – Summary of Significant Accounting Policies**

Huron Valley Schools (“the District”) was organized under the School Code of the State of Michigan, and services a population of approximately 7,893 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

### **1. Reporting Entity**

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

### **2. District-wide and Fund Financial Statements**

**District-wide Financial Statements** - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resources basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net position is reported in three parts: invested in capital assets, net of related debt; restricted net position, and unrestricted net position.

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

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund, the 2020 Construction Capital Projects Fund, and the 2023 Construction Capital Projects Fund are the District's major funds. Nonmajor funds are aggregated and presented in a single column.

**Fund Financial Statements** – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided separately.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

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

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

#### **Governmental Funds**

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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*General Fund*—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

*Special Revenue Funds*—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

*School Service Funds*—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service Special Revenue Funds, the Student/School Activity Special Revenue Funds, the Community Service Special Revenue Funds, and the International Academy West Special Revenue Funds.

*Debt Service Funds*—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

*Capital Projects Funds*—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities with bonds issued after May 1, 1994. For these projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

#### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

*Custodial Funds* – The Custodial Fund accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The District presently maintains funds held for the benefit of scholarship recipients.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

#### **4. Budgets and Budgetary Accounting**

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Huron Valley Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Huron Valley Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Chief Financial Officer to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Fund budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

## **5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

## **6. Investments**

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

## **7. Inventories and Prepaid Items**

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food and other nonperishable supplies. Inventories of the General Fund consist of fuel and transportation related parts and supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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**8. Capital Assets**

Capital assets, which include land, buildings and improvements, vehicles, furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Buildings and improvements, furniture and equipment, and vehicles are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 - 50 years
Furniture and equipment	5 - 20 years
Right-to-use asset - leases	5 - 10 years
Vehicles	8 years

**9. Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**10. Compensated absences**

Compensated absences at June 30, 2023 have been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused balances. At June 30, 2023, the compensated absences (expected to be financed by General Fund revenues), amounted to \$1,387,857.

**HURON VALLEY SCHOOLS**  
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## **11. Retirement Plan**

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

## **12. Postemployment Benefits Other Than Pensions**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.



**HURON VALLEY SCHOOLS**  
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### **13. Deferred Outflows/Inflows 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 period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two such items that qualify for reporting in this category: the deferred outflows of resources relating to the recognition of net pension liability on the financial statements, and the deferred outflows of resources relating to the recognition of the net OPEB liability on the financial statements.

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 period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

### **14. Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

### **15. Fund Balance**

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.



**HURON VALLEY SCHOOLS**  
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- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes. The District has, by resolution, authorized the Board of Education to assign fund balance.

At June 30, 2023, \$936,119 of the General Fund balance has been assigned as follows:

Employee Compensated Absences	\$ 836,119
Litigation Reserve	50,000
Wastewater Treatment Plant Reserve	<u>50,000</u>
	<u>\$ 936,119</u>

- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

Prioritization of fund balance use: When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that the funds are to be spent in the following order: Committed Fund Balance, Assigned Fund Balance and lastly, Unassigned Fund Balance.

The fund balance policy of the District prescribes the minimum fund balance of at least 10% of the District general fund annual operating expenditures. This is the amount deemed to be prudent to maintain the District’s ability to meet obligations as they come due through the year.

## **16. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

## **17. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
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## **Note B – Cash Equivalents and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

### **Cash Equivalents**

Balances at June 30, 2023 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	\$ 111,799,999
Fiduciary funds	68,824
	<u>\$ 111,868,823</u>

Depositories actively used by the District during the year are detailed as follows:

1. PNC Bank
2. UMB Bank

Cash equivalents consist of bank public funds checking accounts.

June 30, 2023 balances are detailed as follows:

Cash equivalents	<u>\$ 93,041,607</u>
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**HURON VALLEY SCHOOLS**  
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*Custodial Credit Risk Related to Deposits*

Custodial credit risk is the risk that in the event of bank failure, the District's bank deposits may not be returned to the District. Protection of District bank deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$93,041,607 and the bank balance was \$93,791,600. Of the bank balance, \$4,001,878 was covered by federal depository insurance and \$89,789,722 was uninsured and uncollateralized.

**Investments**

June 30, 2023 investment balances are detailed as follows:

Commercial paper (short term)	\$ 11,263,906
Michigan Cooperative Liquid Asset Securities System (MI CLASS) Investment Pool	3,212,772
United States Treasury Bills – matures 7/25/2023	648,011
Municipal bonds – maturities from 11/1/2023 to 5/1/2025	3,702,527
	<u>\$ 18,827,216</u>

The Michigan Cooperative Liquid Asset Securities System (MI CLASS) Investment Pool is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MI CLASS is not regulated or registered with the Securities Exchange Commission at June 30, 2023. The MI CLASS Investment Pool is carried at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient and is rated AAAm by Standard & Poor's rating agency.

*Fair Value Measurement*

The District is required to disclose amounts within a framework established for measuring value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in the active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

	June 30, 2023	Fair Value Measurement Using Other Significant Observable Inputs (Level 2)
Investments by Fair Value Level:		
United States Treasury Bills	\$ 648,011	\$ 648,011
Municipal bonds	3,702,527	3,702,527
	<u>\$ 4,350,268</u>	<u>\$ 4,350,268</u>

**HURON VALLEY SCHOOLS**  
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The District's policies to minimize investment risk are as follows:

*Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimized custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the District will do business. At June 30, 2023, the District had no investments that were subject to custodial credit risk.

*Credit Risk Related to Investments*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy (and State law) requires that commercial paper be rated within the two highest classifications established by not less than two standard rating services at the time of purchase. The weighted average maturity (WAM), in years, for the U.S. Treasury Securities and Municipal Bond is 0.8341.

*Interest Rate Risk*

The District minimizes 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 funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

*Concentration of Credit Risk*

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the 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. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

*Foreign Currency Risk*

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

## **Note C – State School Aid/Property Taxes**

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2022 and October 2022. The 2022-23 "Foundation Allowance" for Huron Valley Schools was \$9,150 for 7,930 "Full Time Equivalent" students, generating \$89,928,553 in State aid payments to the District of which \$16,370,843 was paid to the District in July and August 2023 and included in "Due From Other Governmental Units" in the General Fund and Food Service Special Revenue Fund of the District.

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Property taxes for the District are levied July 1 and December 1 (the tax lien date) under a split levy system by Townships of Brighton, Commerce, Highland, Milford, and White Lake, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Livingston and Oakland, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

Huron Valley Schools' electors previously approved an operating millage extension in November 2021 for the 18 mill non-homestead property tax. The District also levied 7 mills for debt service purposes, and 0.8904 mills for building and site, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is subject to tax abatements granted by the Counties of Livingston and Oakland with local businesses under the Plant Rehabilitation and Industrial Development Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended, which provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2023, property tax revenues were reduced by approximately \$114,319 under these agreements.

**HURON VALLEY SCHOOLS**  
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**Note D – Interfund Receivables/Payables and Transfers**

Amounts due from (to) other funds, representing interfund receivables and payables for year-end expenditure allocations not reimbursed at June 30, 2023, are detailed as follows:

	<u><b>Due From</b></u>	<u><b>Due To</b></u>
<b>Major Funds</b>		
General Fund:		
Special Revenue Funds:		
Student/School Activity Fund	\$ 21,566	\$ -
Debt Service Funds:		
2020 Debt Fund	31,541	-
Capital Projects Funds:		
2020 Capital Projects Fund	-	891,767
Building & Site Fund	-	39,679
Capital Improvement Fund	-	500,000
Capital Projects Funds:		
2020 Capital Projects Fund:		
General Fund	891,767	-
<b>Total Major Funds</b>	<u>944,874</u>	<u>1,431,446</u>
<b>Nonmajor Funds</b>		
Special Revenue Funds:		
Student/School Activity Fund:		
General Fund	-	21,566
Debt Service Funds:		
2020 Debt Fund:		
General Fund	-	31,541
Capital Projects Funds:		
Building & Site Fund		
General Fund	39,679	-
Capital Improvement Fund		
General Fund	500,000	-
<b>Total Nonmajor Funds</b>	<u>539,679</u>	<u>53,107</u>
<b>Total All Funds</b>	<u><u>\$ 1,484,553</u></u>	<u><u>\$ 1,484,553</u></u>

**HURON VALLEY SCHOOLS**  
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Transfers between funds during the year ended June 30, 2023 were as follows:

	<u>Transfer In</u>	<u>Transfers Out</u>
<b>Major Fund</b>		
General Fund:		
Special Revenue Funds:		
International Academy West Fund	\$ -	\$ 411,106
Food Service Fund	265,000	5,294
Capital Projects Funds:		
Capital Improvement Fund	-	500,000
	<u>-</u>	<u>500,000</u>
Total Major Fund	<u>265,000</u>	<u>916,400</u>
 <b>Nonmajor Funds</b>		
Special Revenue Funds:		
International Academy West Fund:		
General Fund	411,106	-
Food Service Fund	-	22,003
Food Service Fund:		
General Fund	5,294	265,000
International Academy West Fund	22,003	-
Capital Projects Funds:		
Capital Improvement Fund:		
General Fund	500,000	-
	<u>500,000</u>	<u>-</u>
Total Nonmajor Funds	<u>938,403</u>	<u>287,003</u>
 <b>Total All Funds</b>	<u><u>\$ 1,203,403</u></u>	<u><u>\$ 1,203,403</u></u>

Additionally, there are transfers shown in the other supplemental information schedules for general funds and grant funds, netting internally within the General Fund. These transfers are not presented here.

**HURON VALLEY SCHOOLS**  
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**Note E – Capital Assets**

	<b>Balances</b> <b>July 1, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>Adjustments</b>	<b>Balances</b> <b>June 30, 2023</b>
Capital assets not being depreciated:					
Land	\$ 3,969,931	\$ -	\$ -	\$ -	\$ 3,969,931
Construction in progress	22,659,042	36,623,518	36,376,581	(413,388)	22,492,591
Total capital assets not being depreciated	<u>26,628,973</u>	<u>\$ 36,623,518</u>	<u>\$ 36,376,581</u>	<u>\$ (413,388)</u>	<u>26,462,522</u>
Capital assets being depreciated:					
Buildings and improvements	287,379,804	\$ 33,693,160	\$ 44,124,411	\$ -	276,948,553
Furniture and equipment	33,357,147	4,891,570	293,685	-	37,955,032
Vehicles	7,462,117	783,616	-	-	8,245,733
Right-to-use asset - leases	446,101	-	-	-	446,101
Total capital assets being depreciated/amortized	<u>328,645,169</u>	<u>\$ 39,368,346</u>	<u>\$ 44,418,096</u>	<u>\$ -</u>	<u>323,595,419</u>
Less accumulated depreciation for:					
Buildings and improvements	148,565,543	\$ 5,576,619	\$ 26,615,884	\$ -	127,526,278
Furniture and equipment	19,770,658	1,719,763	293,685	-	21,196,736
Vehicles	5,144,072	507,328	-	-	5,651,400
Less accumulated amortization for:					
Right-to-use asset - leases	<u>7,435</u>	<u>89,222</u>	<u>-</u>	<u>-</u>	<u>96,657</u>
Total depreciation and amortization	<u>173,487,708</u>	<u>\$ 7,892,932</u>	<u>\$ 26,909,569</u>	<u>\$ -</u>	<u>154,471,071</u>
Total capital assets being depreciated/amortized, net	<u>155,157,461</u>				<u>169,124,348</u>
<b>Net Capital Assets</b>	<u><u>\$ 181,786,434</u></u>				<u><u>\$ 195,586,870</u></u>

Depreciation/amortization expense for the District was \$7,892,932. The District determined that it was impractical to allocate to various governmental activities as the assets serve multiple functions.



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**Note F – Short-term Debt**

On September 21, 2021, the District borrowed \$4,000,000 for cash flow purposes, in anticipation of property taxes (interest at 0.58% per annum). The loan was paid in full on July 29, 2022. Net interest cost on the loan was \$10,382 for the fiscal year.

	<b>Debt Outstanding July 1, 2022</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2023</b>
Tax Anticipation Loans	\$ 4,000,000	-	\$ 4,000,000	\$ -

**Note G – Long-term Obligations**

Changes in long-term obligations for the year ended June 30, 2023 are summarized as follows:

	<b>Debt Outstanding July 1, 2022</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2023</b>
General obligation bonds:				
June 8, 2017	\$ 8,855,000	\$ -	\$ -	\$ 8,855,000
June 22, 2017	2,175,000	-	725,000	1,450,000
March 31, 2020	91,925,000	-	12,900,000	79,025,000
March 17, 2021	13,825,000	-	5,950,000	7,875,000
May 11, 2023	-	61,075,000	-	61,075,000
Bond premium	765,352	9,003,961	413,506	9,355,807
Lease liabilities	420,785	-	79,749	341,036
Compensated absences and other employee obligations	*	-	60,965	1,387,857
Self-insurance and other obligations	314,203	-	25,670	288,533
	<u>\$ 119,729,162</u>	<u>\$70,078,961</u>	<u>\$20,154,890</u>	<u>\$ 169,653,233</u>

*\*Net change only reported, consistent with GASB Statement No. 101 implementation. See Note L.*

**HURON VALLEY SCHOOLS**  
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Long-term obligations at June 30, 2023 is comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$8,955K 2017 Refunding Bonds:				
Annual maturities of \$4,250K to \$4,605K	May 1, 2027	3.00 %	\$ 8,855,000	\$ -
\$4,260K 2017 School Technology and Bus Bonds:				
Annual maturities of \$700K to \$750K	May 1, 2025	3.00	1,450,000	750,000
\$112,000K 2020 School Building & Site Bonds:				
Annual maturities of \$10,500K to \$13,750K	May 1, 2030	1.33	79,025,000	13,750,000
\$18,825K 2021 Refunding Bonds:				
Annual maturities of \$2,050K to \$5,825K	May 1, 2025	2.00	7,875,000	5,825,000
\$61,075K 2023 School Building & Site Bonds:				
Annual maturities of \$2,500K to \$7,450K	May 1, 2034	4.0 - 5.0	61,075,000	-
Bond premium			9,355,807	1,095,624
<b>Lease Liabilities</b>				
\$446,101 Copier Lease, May 19, 2022:				
Annual maturities of \$73,907 to \$93,949	February 19, 2027	5.50	341,036	84,226
<b>Other Obligations</b>				
Compensated absences and other				
employee obligations			1,387,857	551,738
Self-insurance and other obligations			288,533	288,533
			<u>\$169,653,233</u>	<u>\$22,345,121</u>

**HURON VALLEY SCHOOLS**  
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The annual requirements to pay principal and interest on long-term bonds and lease liabilities outstanding are as follows:

Years Ending June 30	General Obligation Bonds		Lease Liabilities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 20,325,000	\$ 4,349,037	\$ 84,226	\$ 17,039	\$ 24,775,301
2025	20,850,000	4,108,058	88,955	12,310	25,059,322
2026	22,000,000	3,626,438	93,949	7,316	25,727,702
2027	17,930,000	3,020,643	73,907	2,042	21,026,591
2028	16,060,000	2,613,520	-	-	18,673,520
2029	16,515,000	2,195,870	-	-	18,710,870
2030	16,855,000	1,761,893	-	-	18,616,893
2031	6,440,000	1,312,750	-	-	7,752,750
2032	6,760,000	990,750	-	-	7,750,750
2033	7,095,000	652,750	-	-	7,747,750
					-
2034	7,450,000	298,000	-	-	7,748,000
	<u>\$ 158,280,000</u>	<u>\$ 24,929,707</u>	<u>\$ 341,036</u>	<u>\$ 38,707</u>	<u>\$ 183,589,450</u>

## Note H – Retirement Plan

### *Plan Description*

The Michigan Public School Employees' Retirement System (MPSERS) (the "System"), is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement system 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 the ex-officio member.

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

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

The System's financial statements are available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
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***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 based on when the employee became a member. The age and service requirements range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years. Early retirement is computed in the same manner as a regular pension but is permanently reduced by .50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age. Certain employees have the option to participate in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

The System also provides disability and survivor benefits to DB plan members.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

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 and Funded Status***

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
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The schedule below summarizes pension contribution rates in effect for the plan fiscal year ended September 30, 2022.

Plan Name	Pension Contribution Rates:		
	Plan Status	Member	District
Basic	Closed	0.0 – 4.0 %	20.14%
Member Investment Plan (MIP)	Closed	3.0 – 7.0%	20.14%
Pension Plus	Closed	3.0 – 6.4 %	17.22%
Pension Plus 2	Open	6.2%	19.93%
Defined Contribution	Open	0.0%	13.73%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2023, inclusive of the MSPERS UAAL Stabilization, totaled \$20,422,761.

***Proportionate Share of Reporting Unit's Net Pension Liability***

At June 30, 2023, the District reported a liability of \$214,405,925 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was 0.57009632%, which was a decrease from 0.57850754% at September 30, 2021.

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

For the year ended June 30, 2023, the District recognized pension expense of \$24,060,187. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,144,807	\$ 479,389
Changes of assumptions	36,842,621	—
Net difference between projected and actual earnings on pension plan investments	502,782	—
Changes in proportion and differences between District contributions and proportionate share of contributions	44,043	4,185,514
District contributions subsequent to the measurement date*	19,166,819	—
<b>Total</b>	<b>\$ 58,701,072</b>	<b>\$ 4,664,903</b>

\* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2024	\$ 9,661,527
2025	6,928,870
2026	6,187,194
2027	12,091,759

***Actuarial Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.00% net of investment expenses
Pension Plus Plan (Hybrid):	6.00% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022 is based on the results of an actuarial valuation date of September 30, 2021 and rolled forward using generally accepted actuarial procedures, including the experience study.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.3922 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

***Long-Term Expected Rate of Return on Investments***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short-term Investment Pools	2.0%	(0.5)%
<b>Total</b>	<b>100.0%</b>	

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

***Rate of Return***

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

***Discount Rate***

A discount rate of 6.0% was used to measure the total pension liability (6.0% for the Pension Plus Plan , 6.0% 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.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
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***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease 5.0%</b>	<b>Current Single Discount Rate Assumption 6.0%</b>	<b>1% Increase 7.0%</b>
District's proportionate share of the net pension liability	\$ 282,936,168	\$ 214,405,925	\$ 157,933,917

***Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2022 Annual Comprehensive Financial Report, available here: ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

***Payables to the Michigan Public School Employees' Retirement System (MPERS)***

Payables to the pension plan totaling \$2,917,758 at June 30, 2023 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

**Note I – Other Postemployment Benefits**

***Plan Description***

The Michigan Public School Employees' Retirement System (MPERS or "System") 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).

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



**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
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***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.

***Retiree Healthcare Reform of 2012***

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 and Funded Status***

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 OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2022:

**OPEB Contribution Rates:**

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0 %	7.23%

Required contributions to the OPEB plan from the District were \$4,335,896 for the year ended June 30, 2023.

***Proportionate Share of Reporting Unit's Net OPEB Liability***

At June 30, 2023, the District reported a liability of \$11,989,001 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022 the District's proportion was 0.56603617%, which was a decrease from 0.57111243% at September 30, 2021.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2023, the District recognized OPEB credit of \$5,252,821. At June 30, 2023, the 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>
Difference between expected and actual experience	\$ —	\$ 23,481,859
Changes of assumptions	10,686,181	870,130
Net difference between projected and actual earnings on OPEB plan investments	937,035	—
Changes in proportion and differences between District contributions and proportionate share of contributions	192,201	1,538,392
District contributions subsequent to the measurement date*	3,855,188	—
<b>Total</b>	<u>\$ 15,670,605</u>	<u>\$ 25,890,381</u>

\* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Years Ending June 30</b>	<b>Amount</b>
2024	\$ (4,968,954)
2025	(4,284,173)
2026	(3,942,399)
2027	(572,225)
2028	(298,334)
Thereafter	(8,879)

***Actuarial Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Asset Valuation Method:	Fair Value
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65 – 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality:	
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.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

**HURON VALLEY SCHOOLS**  
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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 one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022 is based on the results of an actuarial valuation date of September 30, 2021 and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [6.2250 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

***Long-Term Expected Rate of Return on Investments***

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short-term Investment Pools	2.0%	(0.5)%
<b>Total</b>	<b>100.0%</b>	

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

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
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***Rate of Return***

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

***Discount Rate***

A discount rate of 6.0% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.0%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	<b>1% Decrease 5.0%</b>	<b>Current Discount Rate 6.0%</b>	<b>1% Increase 7.0%</b>
District's proportionate share of the net OPEB liability	\$ 20,110,396	\$ 11,989,001	\$ 5,149,779

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

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

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of the net OPEB liability	\$ 5,020,420	\$ 11,989,001	\$ 19,811,370

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
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***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

***Payables to the OPEB Plan***

Payables to the OPEB plan totaling \$470,196 at June 30, 2023 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

**Note J – Risk Management and Employee Benefits**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2022-23, and as of year ended June 30, 2023, there were no material pending claims against the District.

**Note K – Stewardship, Compliance and Accountability**

The District has an unrestricted net position deficit of \$169,373,071 and a total net position deficit of \$44,669,276 as of June 30, 2023. These deficit net positions result primarily from the net pension liability of \$160,369,756, and net OPEB liability of \$22,208,777 (including deferred outflows and inflows of resources).

**Note L – New Accounting Pronouncements Adopted**

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* was adopted by the District during the fiscal year ending June 30, 2023. This statement enhances the relevance and consistency of information about governments' SBITAs by requiring recognition of right-to-use subscription assets and a corresponding subscription liability. The District was not required to recognize a right-to-use subscription asset or subscription liability as of July 1, 2022 and net position was not required to be restated as a result of implementing the Statement.

Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* was adopted by the District during the fiscal year ended June 30, 2023. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

**HURON VALLEY SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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**Note M – Commitments**

On March 31, 2020, the District issued \$112,000,000 of general obligations 2020 Construction Bonds whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2023, the unspent balances committed to these construction projects totaled \$15,804,941, which are expected to be fully expended by the year ended June 30, 2024.

On May 11, 2023, the District issued \$61,075,000 of general obligations 2023 Construction Bonds whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2023, the unspent balances committed to these construction projects totaled \$70,029,849, which are expected to be fully expended by the year ended June 30, 2026.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**HURON VALLEY SCHOOLS**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**MPERS Cost-sharing Multiple-employer Plan**  
**June 30, 2023**

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	<u>Year Ended</u> <u>June 30, 2023</u>	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>
District's proportion of the net pension liability	0.57009632%	0.57850754%	0.59033000%
District's proportionate share of the net pension liability	\$214,405,925	\$136,964,046	\$202,783,320
District's covered-employee payroll	\$ 54,985,428	\$ 51,358,963	\$ 52,006,894
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	389.93%	266.68%	389.92%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	60.31%	59.49%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

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<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
0.59004000%	0.59544000%	0.60731000%	0.60884000%	0.59412000%	0.58853000%
\$195,402,936	\$178,999,610	\$ 157,380,800	\$ 151,901,753	\$ 145,113,190	\$ 129,632,409
\$ 51,609,228	\$ 49,866,886	\$ 50,421,253	\$ 51,403,855	\$ 49,481,525	\$ 49,998,959
378.62%	358.95%	312.13%	295.51%	293.27%	259.27%
60.08%	62.12%	63.96%	63.01%	62.92%	66.15%

**HURON VALLEY SCHOOLS**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**MPERS Cost-sharing Multiple-employer Plan**  
**June 30, 2023**

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	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
District's proportion of the net OPEB liability	0.56603617%	0.57111243%	0.58830000%
District's proportionate share of the net OPEB liability	\$ 11,989,001	\$ 8,717,334	\$ 31,517,050
District's covered-employee payroll	\$ 54,985,428	\$ 51,358,963	\$ 52,006,894
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	21.80%	16.97%	60.60%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	48.67%	59.76%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

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<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
0.59178000%	0.58658000%	0.60734000%
\$ 42,476,268	\$ 46,626,970	\$ 53,783,004
\$ 51,609,228	\$ 49,866,886	\$ 50,421,253
82.30%	93.50%	106.67%
48.67%	43.10%	36.53%

**HURON VALLEY SCHOOLS**  
**Required Supplementary Information**  
**Schedule of District Pension Contributions**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2023**

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	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
Contractually required contribution	\$ 20,422,761	\$ 19,623,556	\$ 17,495,970
Contributions in relation to the contractually required contribution	<u>20,422,761</u>	<u>19,623,556</u>	<u>17,495,970</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 56,067,368	\$ 55,049,619	\$ 50,598,620
Contributions as a percentage covered employee payroll	36.43%	35.65%	34.58%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

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<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
\$ 16,371,814	\$ 15,708,072	\$ 15,182,496	\$ 14,320,385	\$ 14,125,526	\$ 10,793,692
<u>16,371,814</u>	<u>15,708,072</u>	<u>15,182,496</u>	<u>14,320,385</u>	<u>14,125,526</u>	<u>10,793,692</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 52,121,080	\$ 51,290,855	\$ 49,760,405	\$ 50,756,307	\$ 51,250,898	\$ 49,384,922
31.41%	30.63%	30.51%	28.21%	27.56%	21.86%

**HURON VALLEY SCHOOLS**  
**Required Supplementary Information**  
**Schedule of District OPEB Contributions**  
**MPERS Cost-sharing Multiple-employer Plan**  
**June 30, 2023**

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	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
Contractually required contribution	\$ 4,335,896	\$ 4,288,501	\$ 4,210,691
Contributions in relation to the contractually required contribution	<u>4,335,896</u>	<u>4,288,501</u>	<u>4,210,691</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 56,067,368	\$ 55,049,619	\$ 50,598,620
Contributions as a percentage of covered employee payroll	7.73%	7.79%	8.32%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.



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<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>
\$ 4,188,242	\$ 4,028,909	\$ 3,594,057
<u>4,188,242</u>	<u>4,028,909</u>	<u>3,594,057</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 52,121,080	\$ 51,290,855	\$ 49,760,405
8.04%	7.86%	7.22%

**HURON VALLEY SCHOOLS**  
**Notes to Required Supplementary Information**  
**June 30, 2023**

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**Note A – Net Pension Liability and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2022-23.

**Changes of assumptions:** There were no changes of benefit assumptions in 2022-23.

**Note B – Net OPEB Liability and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2022-23.

**Changes of assumptions:** There were no changes of benefit assumptions in 2022-23.

## **NONMAJOR GOVERNMENTAL FUNDS**

**HURON VALLEY SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue			
	International Academy West	Community Service	Food Service	Student/School Activity
<b>Assets</b>				
Cash equivalents	\$ 379,655	\$ 119,914	\$1,740,224	\$ 1,713,506
Due from other funds	-	-	-	-
Due from other governmental units	306,938	-	36,291	-
Inventory	-	-	57,981	-
Prepaid expenditures	-	-	-	6,542
<b>Total Assets</b>	<u>\$ 686,593</u>	<u>\$ 119,914</u>	<u>\$1,834,496</u>	<u>\$ 1,720,048</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,300	\$ 45,024	\$ 2,375	\$ 72,409
Due to other funds	-	-	-	21,566
Due to other governmental units	409,315	1,599	16,309	1,108
Payroll related accrued liabilities	34,589	-	7,643	638
Salaries payable	192,234	3,890	30,641	178
Unearned revenue	-	32,868	61,903	-
Other current liabilities	46,155	-	-	-
<b>Total Liabilities</b>	<u>686,593</u>	<u>83,381</u>	<u>118,871</u>	<u>95,899</u>
<b>Fund balances</b>				
Nonspendable	-	-	57,981	6,542
Restricted:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Food service	-	-	1,657,644	-
Committed:				
Student activities	-	-	-	1,617,607
Community service	-	36,533	-	-
<b>Total Fund Balances</b>	<u>-</u>	<u>36,533</u>	<u>1,715,625</u>	<u>1,624,149</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 686,593</u>	<u>\$ 119,914</u>	<u>\$1,834,496</u>	<u>\$ 1,720,048</u>

Debt Service				Capital Projects		Total
2016	2017	2020	2021	Building & Site Sinking	Capital Improvement	
\$ 144,554	\$ 284,765	2,780,521	\$ 542,038	\$ 6,020,565	\$ -	\$13,725,742
-	-	-	-	39,679	500,000	539,679
-	-	-	-	-	-	343,229
-	-	-	-	-	-	57,981
-	-	-	-	-	-	6,542
<u>\$ 144,554</u>	<u>\$ 284,765</u>	<u>\$ 2,780,521</u>	<u>\$ 542,038</u>	<u>\$ 6,060,244</u>	<u>\$ 500,000</u>	<u>\$14,673,173</u>
\$ -	\$ -	\$ -	\$ -	\$ 25,871	\$ -	\$ 149,979
-	-	31,541	-	-	-	53,107
-	-	-	-	-	-	428,331
-	-	-	-	-	-	42,870
-	-	-	-	-	-	226,943
-	-	-	-	-	-	94,771
-	-	-	-	-	-	46,155
-	-	31,541	-	25,871	-	1,042,156
-	-	-	-	-	-	64,523
144,554	284,765	2,748,980	542,038	-	-	3,720,337
-	-	-	-	6,034,373	500,000	6,534,373
-	-	-	-	-	-	1,657,644
-	-	-	-	-	-	1,617,607
-	-	-	-	-	-	36,533
<u>144,554</u>	<u>284,765</u>	<u>2,748,980</u>	<u>542,038</u>	<u>6,034,373</u>	<u>500,000</u>	<u>13,631,017</u>
<u>\$ 144,554</u>	<u>\$ 284,765</u>	<u>\$ 2,780,521</u>	<u>\$ 542,038</u>	<u>\$ 6,060,244</u>	<u>\$ 500,000</u>	<u>\$14,673,173</u>

**HURON VALLEY SCHOOLS**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2023**

	Special Revenue			
	International Academy West	Community Service	Food Service	Student/School Activity
<b>Revenues</b>				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	-	-	-
Food sales	-	-	1,088,214	-
Other local sources	3,168,079	859,149	9,582	2,290,210
Total local sources	3,168,079	859,149	1,097,796	2,290,210
State sources	-	-	184,427	-
Federal sources	-	-	2,460,832	-
<b>Total Revenues</b>	3,168,079	859,149	3,743,055	2,290,210
<b>Expenditures</b>				
Current:				
Instruction	2,605,069	-	-	-
Support services	959,602	-	4,512	2,120,793
Food service	-	-	3,445,019	-
Community service	-	838,366	-	-
Facilities acquisition, construction, and improvements	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	3,564,671	838,366	3,449,531	2,120,793
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(396,592)	20,783	293,524	169,417
<b>Other Financing Sources (Uses)</b>				
Transfers in	411,106	-	27,297	-
Transfers out	(22,003)	-	(265,000)	-
<b>Total Other Financing Sources (Uses)</b>	389,103	-	(237,703)	-
<b>Net Change in Fund Balances</b>	(7,489)	20,783	55,821	169,417
<b>Fund Balances, Beginning of Year</b>	7,489	15,750	1,659,804	1,454,732
<b>Fund Balances (Deficit), End of Year</b>	\$ -	\$ 36,533	\$ 1,715,625	\$ 1,624,149

Debt Service				Capital Projects		Total
2016	2017	2020	2021	Building & Site Sinking	Building Improvement	
\$ 271,655	\$ 807,190	\$14,416,804	\$ 6,356,494	\$ 2,779,837	\$ -	\$24,631,980
5,983	18,709	334,087	147,727	125,435	-	631,941
-	-	-	-	-	-	1,088,214
-	-	-	-	32,184	-	6,359,204
277,638	825,899	14,750,891	6,504,221	2,937,456	-	32,711,339
6,631	19,704	351,930	155,169	68,394	-	786,255
-	-	-	-	-	-	2,460,832
284,269	845,603	15,102,821	6,659,390	3,005,850	-	35,958,426
-	-	-	-	-	-	2,605,069
-	-	-	-	-	-	3,084,907
-	-	-	-	-	-	3,445,019
-	-	-	-	-	-	838,366
-	-	-	-	509,903	-	509,903
-	725,000	12,900,000	5,950,000	-	-	19,575,000
266,151	65,751	1,223,102	277,001	-	-	1,832,005
266,151	790,751	14,123,102	6,227,001	509,903	-	31,890,269
18,118	54,852	979,719	432,389	2,495,947	-	4,068,157
-	-	-	-	-	500,000	938,403
-	-	-	-	-	-	(287,003)
-	-	-	-	-	500,000	651,400
18,118	54,852	979,719	432,389	2,495,947	500,000	4,719,557
126,436	229,913	1,769,261	109,649	3,538,426	-	8,911,460
\$ 144,554	\$ 284,765	\$ 2,748,980	\$ 542,038	\$ 6,034,373	\$ 500,000	\$13,631,017

**HURON VALLEY SCHOOLS**  
**International Academy West Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	<u>\$ 3,074,000</u>	<u>\$ 3,168,079</u>	<u>\$ 94,079</u>
<b>Expenditures</b>			
Current:			
Instruction	2,483,292	2,605,069	(121,777)
Supporting services	<u>956,708</u>	<u>959,602</u>	<u>(2,894)</u>
<b>Total Expenditures</b>	<u>3,440,000</u>	<u>3,564,671</u>	<u>(124,671)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(366,000)</u>	<u>(396,592)</u>	<u>(30,592)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	386,000	411,106	25,106
Transfers out	<u>(20,000)</u>	<u>(22,003)</u>	<u>(2,003)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>366,000</u>	<u>389,103</u>	<u>23,103</u>
<b>Net Change in Fund Balance</b>	-	(7,489)	(7,489)
<b>Fund Balance, Beginning of Year</b>	<u>7,489</u>	<u>7,489</u>	<u>-</u>
<b>Fund Balance (Deficit), End of Year</b>	<u><u>\$ 7,489</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,489)</u></u>



**HURON VALLEY SCHOOLS**  
**Community Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	<u>\$ 950,000</u>	<u>\$ 859,149</u>	<u>\$ (90,851)</u>
<b>Expenditures</b>			
Current:			
Community service	<u>900,000</u>	<u>838,366</u>	<u>61,634</u>
<b>Net Change in Fund Balance</b>	50,000	20,783	(29,217)
<b>Fund Balance, Beginning of Year</b>	<u>15,750</u>	<u>15,750</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 65,750</u></u>	<u><u>\$ 36,533</u></u>	<u><u>\$ (29,217)</u></u>

**HURON VALLEY SCHOOLS**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2023**

	Budget	Actual	Variance
<b>Revenues</b>			
Local sources	\$ 269,900	\$ 1,097,796	\$ 827,896
State sources	184,838	184,427	(411)
Federal sources	2,645,262	2,460,832	(184,430)
<b>Total Revenues</b>	3,100,000	3,743,055	643,055
<b>Expenditures</b>			
Current:			
Supporting services	4,512	4,512	-
Food service	3,326,488	3,445,019	(118,531)
<b>Total Expenditures</b>	3,331,000	3,449,531	(118,531)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(231,000)	293,524	524,524
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	27,297	27,297
Transfers out	(200,000)	(265,000)	(65,000)
<b>Total Other Financing Sources (Uses)</b>	(200,000)	(237,703)	(37,703)
<b>Net Change in Fund Balances</b>	(431,000)	55,821	486,821
<b>Fund Balances, Beginning of Year</b>	1,659,804	1,659,804	-
<b>Fund Balances, End of Year</b>	\$ 1,228,804	\$ 1,715,625	\$ 486,821

**HURON VALLEY SCHOOLS**  
**Student/School Activity Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ 1,820,000	\$ 2,290,210	\$ 470,210
<b>Expenditures</b>			
Supporting services:			
Other student/school activity	1,820,000	2,120,793	(300,793)
<b>Net Change in Fund Balance</b>	-	169,417	169,417
<b>Fund Balance, Beginning of Year</b>	1,454,732	1,454,732	-
<b>Fund Balance, End of Year</b>	<u>\$ 1,454,732</u>	<u>\$ 1,624,149</u>	<u>\$ 169,417</u>

**HURON VALLEY SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund**  
**For the year ended June 30, 2023**

	General Fund	Grants	Total
<b>Revenues</b>			
Local sources	\$ 13,948,070	\$ 82,537	\$ 14,030,607
State sources	85,207,476	4,089,737	89,297,213
Federal sources	31,319	6,231,857	6,263,176
Interdistrict sources	7,356,187	162,161	7,518,348
<b>Total Revenues</b>	106,543,052	10,566,292	117,109,344
<b>Expenditures</b>			
Current:			
Instruction:			
Basic programs	49,077,001	1,391,296	50,468,297
Added needs	11,654,669	4,053,672	15,708,341
Adult/Continuing education	75	89,295	89,370
Supporting services:			
Pupil services	6,492,710	2,653,200	9,145,910
Instructional staff services	4,260,254	816,261	5,076,515
General administrative services	827,994	2,581	830,575
School administrative services	6,865,767	35,181	6,900,948
Business services	1,467,896	1,579	1,469,475
Operation and maintenance services	10,998,084	537,966	11,536,050
Pupil transportation services	6,547,921	400,951	6,948,872
Central services	3,390,113	45,632	3,435,745
Other supporting services	1,961,540	-	1,961,540
Community services	1,884,711	288,790	2,173,501
Debt Service:			
Principal repayment	79,749	-	79,749
Interest and fiscal charges	21,516	-	21,516
<b>Total Expenditures</b>	105,530,000	10,316,404	115,846,404
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,013,052	249,888	1,262,940
<b>Other Financing Sources (Uses)</b>			
Transfers in	347,262	-	347,262
Transfers out	(748,774)	(249,888)	(998,662)
<b>Total Other Financing Sources (Uses)</b>	(401,512)	(249,888)	(651,400)
<b>Net Change in Fund Balances</b>	611,540	-	611,540
<b>Fund Balances, Beginning of Year</b>	12,609,630	-	12,609,630
<b>Fund Balances, End of Year</b>	\$ 13,221,170	\$ -	\$ 13,221,170

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**HURON VALLEY SCHOOLS**  
**Schedule of Bonded Indebtedness**  
**For the year ended June 30, 2023**

Years Ending June 30	2017 Building and Site Bonds (Series III) - Principal	2017 Refunding Bonds (2001 Building and Site Bonds) - Principal	2020 Building and Site Bonds (Series I) - Principal
2024	\$ 750,000	\$ -	\$ 13,750,000
2025	700,000	-	11,400,000
2026	-	4,250,000	11,150,000
2027	-	4,605,000	10,825,000
2028	-	-	10,500,000
2029	-	-	10,675,000
2030	-	-	10,725,000
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
Total remaining payments	<u>\$ 1,450,000</u>	<u>\$ 8,855,000</u>	<u>\$ 79,025,000</u>
Interest rate	3.00%	3.00%	1.33%
Original issue	<u>\$ 4,260,000</u>	<u>\$ 8,955,000</u>	<u>\$ 112,000,000</u>

Principal payments for the bond issues are due on May 1 of each year.

Interest payments for the bond issues are due on May 1 and November 1 of each year.

Additional information on refunded bond issues:

Bond Issue Year	Original Issue Amount	Refunding Outstanding Balance
2001	\$ 103,900,000	\$ 8,855,000
2009	13,500,000	1,450,000
2011	25,500,000	7,875,000

2021 Refunding Bonds (2011 Building and Site Bonds) - Principal	2023 Building and Site Bonds (Series II) - Principal	Total
\$ 5,825,000	\$ -	\$ 20,325,000
2,050,000	6,700,000	20,850,000
-	6,600,000	22,000,000
-	2,500,000	17,930,000
-	5,560,000	16,060,000
-	5,840,000	16,515,000
-	6,130,000	16,855,000
-	6,440,000	6,440,000
-	6,760,000	6,760,000
-	7,095,000	7,095,000
-	7,450,000	7,450,000
<u>\$ 7,875,000</u>	<u>\$ 61,075,000</u>	<u>\$ 158,280,000</u>
2.00%	4-5%	
<u>\$ 18,825,000</u>	<u>\$ 61,075,000</u>	