

Lake Fenton Community Schools
Audited Financial Statements

June 30, 2023

Prepared by Taylor & Morgan, P.C.

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LAKE FENTON COMMUNITY SCHOOLS
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Lake Fenton Community Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake Fenton Community Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Lake Fenton Community 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 the Lake Fenton Community Schools, as of June 30, 2023, and the respective changes in financial position 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 the Lake Fenton Community 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 the Lake Fenton Community Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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CHARLOTTE, NORTH CAROLINA

In performing an audit in accordance with generally accepted auditing standards 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 the Lake Fenton Community 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 the Lake Fenton Community 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 budgetary comparison information on pages 4–10 and 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Fenton Community Schools' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements,

or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023, on our consideration of the Lake Fenton Community 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 the Lake Fenton Community 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 Lake Fenton Community Schools' internal control over financial reporting and compliance.

Sincerely,

Taylor & Morgan, P.C.

Taylor & Morgan, P.C.

Certified Public Accountants

Flint, Michigan

September 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lake Fenton Community Schools, Fenton, Michigan
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Our discussion and analysis of Lake Fenton Community Schools' financial performance, a GASB 34 requirement, provides an overview of the School District's financial activities for the fiscal year ended June 30, 2023.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June, 2000.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District's *net position* – the difference between assets and liabilities, as reported in the Statement of Net Position, is one way to measure the School District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position, as reported in the Statement of Activities, is one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the School District's *operating results*. However, the School District's goal is to provide services to its students, not to generate profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the schools must also be considered when assessing the *overall health* of the School District.

The School District's net position totaled \$(4,604,032) at June 30, 2023. Of this amount, \$3,218,658 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and legislation that limits the School District's ability to use that net position for day-to-day operations. The following is a summary of the District's net position at June 30, 2023 and at June 30, 2022.

	June 30, 2023	June 30, 2022
Assets	\$ 45,084,769	\$ 43,953,403
Deferred outflows of resources	18,809,210	8,211,536
Liabilities	61,378,463	45,306,558
Deferred inflows of resources	7,119,548	17,580,708
Net Position:		
Net investment in capital assets	22,096,485	18,598,415
Restricted	3,218,658	3,601,804
Unrestricted	<u>(29,919,175)</u>	<u>(32,922,546)</u>
Total net position	\$ <u>(4,604,032)</u>	\$ <u>(10,722,327)</u>

Lake Fenton Community Schools, Fenton, Michigan
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

The (\$29,919,175) in unrestricted net position of governmental activities represents District funds that have not been committed contractually or for debt obligations.

Total net position increased \$6,118,295 in 2022-2023. The major components of the change in net position are as follows:

- Depreciation expense
The provisions of GASB 34 require districts to maintain a record of annual depreciation expense and accumulated depreciation. Depreciation expense is recorded using a straight-line method over the estimated useful lives of the assets. In accordance with generally accepted accounting principles, depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. For the year ended June 30, 2023, the net increase in accumulated depreciation was \$1,801,347.
- Capital acquisitions
Capital Outlay (net of disposals) for the year ended June 30, 2023, totaled \$2,024,417. Combined with current year depreciation and the effect of disposals, net capital assets increased by \$223,070.
- Debt repayment
The District levies property taxes for the specific purpose of retiring debt. The collection of these taxes and the resultant repayment of debt decreases the District's long-term principal obligations and, as a result, the net position of the District increases. The District reduced their obligations by \$3,275,000 in the current fiscal year due to repayment.
- GASB Statement No. 68 adjustment
Adjustments to the government-wide statements include a decrease in pension expenses totaling \$192,071.
- GASB Statement No. 75 adjustment
Adjustments to the government-wide statements include a decrease in OPEB expense totaling \$1,854,686.

Lake Fenton Community Schools, Fenton, Michigan
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-wide results of operations for the year ended June 30, 2023, with comparative totals for the year ended June 30, 2022, is as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
General revenue		
Property taxes levied for general operations	\$ 2,072,180	\$ 2,055,395
State of Michigan aid, unrestricted	16,120,574	15,286,936
Property taxes levied for debt service	3,636,690	3,392,608
Property taxes levied for building and site	706,710	667,905
Other – federal, state and local	456,054	477,950
Total general revenue	<u>22,992,208</u>	<u>21,880,794</u>
Program revenue		
Charges for services – local	1,546,593	868,420
Operating grants – federal and state	10,110,261	7,950,617
Total revenues	<u>34,649,062</u>	<u>30,699,831</u>
Expenses		
Instruction	16,954,779	15,205,628
Support services	9,159,137	8,344,770
Food services	957,946	1,093,205
Child care	635,752	384,776
Student Activity	445,388	282,083
Interest on long-term debt	160,053	249,403
Capital projects	(68,675)	(30,084)
Depreciation (unallocated)	286,434	259,434
Total expenses	<u>28,530,767</u>	<u>25,789,215</u>
Increase/(decrease) in net position	6,118,295	4,910,616
Net position – July 1	<u>(10,722,327)</u>	<u>(15,632,943)</u>
Net position – June 30	<u>\$ (4,604,032)</u>	<u>\$ (10,722,327)</u>

Lake Fenton Community Schools, Fenton, Michigan
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

GASB Statement No. 68 required the District to include its share of the Michigan Public School Retirees (MPERS) Net Pension Liability on the government-wide statements. The District's share of this liability equaled \$45,457,704 as of September 30, 2022, and \$27,615,250 as of September 30, 2021.

GASB Statement No. 75 required the District to include its share of the Michigan Public School Retirees (MPERS) Net OPEB Liability on the government-wide statements. The District's share of this liability equaled \$2,660,222 as of September 30, 2022, and \$1,752,727 as of September 30, 2021.

GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS

Our financial statements provide the following insights about the results of this year's operations:

The overall condition of the governmental funds has remained consistent with the prior year. In the General Fund, the revenue exceeded expenditures by \$692,052.

MAJOR GOVERNMENTAL FUND BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets as actual enrollments and resultant staffing requirements are known. Currently, the most significant budgeted fund is the General Fund. During the fiscal year ended June 30, 2023, the School District amended the General Fund budget three times.

General Fund

In the General Fund, the actual revenue was \$27.8 million. This is greater than the original budget estimate of \$25.1 million and less than the final amended budgeted amount of \$28.5 million. The actual expenditures of the General Fund were \$27.3 million, compared to the original budget estimate of \$25.4 million and the final amended budgeted amount of \$28.5 million.

The favorable variance between the actual General Fund expenditures and the final budgeted expenditures was a result of tight fiscal restraints.

General Fund revenues and other financing sources totaled \$27.9 million. Total expenditures and other financing uses totaled \$27.3 million for the year. The fund balance was \$6.04 million dollars at June 30, 2023, and \$5.34 million dollars at June 30, 2022.

A schedule is provided in the required supplemental information of these financial statements showing the District's original and final budget amounts compared with amounts actually paid and received.

Capital Projects Funds

A sinking fund levy of .9846 mill, subsequently rolled back to .9715 mill, was passed by the voters in August 2022, and expires in December of 2032.. The purpose of the levy was to purchase property, make improvements to buildings and grounds, and to improve district infrastructure. The sinking fund levy is subject to the Headlee Amendment. This 1.0 mill levy generated \$706,710 in tax revenue.

Lake Fenton Community Schools, Fenton, Michigan
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

GOVERNMENTAL FUND EXPENDITURES

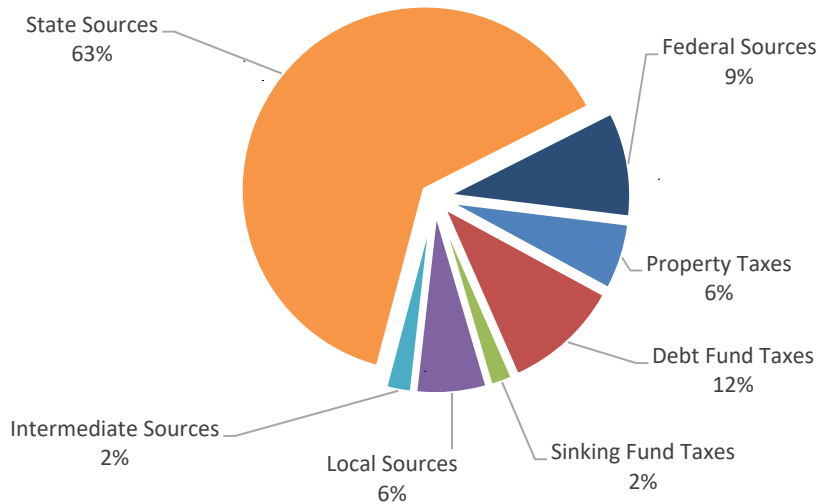
The following chart illustrates that the General Fund comprises 88.9% of all the expenditures within the governmental funds of the School District. As of June 30, 2023, expenditures totaled \$30.65 million for all District programs. The ending fund balance for all funds was equal to \$10.09 million.

	June 30, 2023 (In millions)	% of Total
General Fund	\$ 27.25	88.9 %
2020 Sinking Fund	0.04	0.0
Other Non-Major Funds	3.36	11.1
Total	<u>\$ 30.65</u>	<u>100.0 %</u>

TOTAL REVENUES

Revenues for all governmental funds totaled \$34.65 million. The following graph illustrates the District revenues by source as a percentage of total revenue:

Revenues by Source



Lake Fenton Community Schools, Fenton, Michigan
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Unrestricted State Aid

The District's operating costs are predominately funded by State Aid. The per-pupil allowance was \$9,150 for 2022-23. State Aid membership was computed in 2022-23 with a blended count of 90% of the October 2022 count and 10% of the February 2022 count.

Property Taxes

The District levies 16.9720 mills of property taxes on all Non-Homestead property located within the District for General Fund operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value. The 2022-23 Non-Homestead property tax levy totaled 16.9720 mills. That levy generated approximately \$2.07 million in operational revenue.

The District levies 4.9720 mills of property taxes on all classes of property located within the District for bonded debt retirement. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total amount levied for debt retirement in the current year was \$3.64 million.

The District levies 0.9715 mill for the sinking fund, which generated \$706,710 in tax revenue.

ENROLLMENT

The District's 2022-23 enrollment totaled 2,006 students. This is a decrease in enrollment of 26 students from the prior year.

Enrollment for the last five years can be illustrated as follows:

Enrollment Growth



Enrollment is important to the financial health of the District because State funding is based on a per-pupil formula.

CAPITAL ASSET AND DEBT ADMINISTRATION

Debt

OUTSTANDING DEBT AT YEAR-END

Bonded debt consists of \$9.2 million dollars from the 2016 bond refunding, the 2018 bond issuance and 2021 bond issuance.

Lake Fenton Community Schools, Fenton, Michigan
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Capital Assets

At the end of fiscal year 2023, the School District had \$55.28 million invested in land and buildings, furniture and equipment, and vehicles. Of this amount, \$23.99 million has been depreciated. Net book value totaled \$31.29 million. Total additions for the year were \$2,024,417 and were comprised of furniture and equipment, building improvements and site work improvements. The District was formed as a result of the consolidation of six one-room schools in the northern portion of Fenton Township and southern portion of Mundy Township. Construction of classrooms began at the original high school in the 40's, with several major additions added throughout the years. An elementary school and the middle school were added in the 60's and 70's. A four classroom addition occurred at West Shore Elementary and opened in 2001. In the Fall of 2004, the new High School was completed and opened with the capacity to serve approximately 550 students. Due to increasing enrollment, plans were completed to renovate and reopen the former High School building as a middle school in the Fall of 2005. West Shore and Torrey Hill grades were reconfigured. The District is committed to the timely repairs and maintenance of its facilities. Individual computer purchases and other furniture and equipment purchases under \$5,000 are expensed and not capitalized under the District's capitalization policy.

**CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)
(IN MILLIONS)**

	Governmental Activities
Land and improvements	\$ 1.43
Buildings and additions	27.44
Furniture and equipment	2.42
Total	\$ 31.29

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this report.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of the Lake Fenton Community School District. If you should desire additional detailed financial program audits, they can be obtained by contacting the following person:

Mrs. Julie Williams
Superintendent
Lake Fenton Community Schools
11425 Torrey Road
Fenton, MI 48430

(810) 591-2532

BASIC FINANCIAL STATEMENTS

LAKE FENTON COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
<hr/>	
ASSETS	
Cash, cash equivalents and investments	\$ 8,668,855
Accounts receivable	25,161
Due from other governmental units	5,042,928
Inventory	27,350
Prepaid items	23,990
Capital assets:	
Land and land improvements	1,428,072
Buildings and improvements	47,328,145
Equipment and furniture	6,380,148
Vehicles	146,673
Less: accumulated depreciation	<u>(23,986,553)</u>
Net capital assets	<u>31,296,485</u>
Total assets	45,084,769
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension amounts	14,726,494
Deferred OPEB amounts	<u>4,082,716</u>
Total deferred outflows of resources	18,809,210
LIABILITIES	
Accounts payable	674,446
Due to other governmental units	617,936
Salaries payable	1,287,177
Accrued expenses	447,019
Accrued interest on long-term debt	41,892
Deferred Revenue	668,399
Long-term liabilities:	
Due within one year	1,723,550
Due in more than one year:	
Net pension liability	45,457,704
Net OPEB liability	2,660,222
Other	<u>7,800,118</u>
Total liabilities	61,378,463
DEFERRED INFLOWS OF RESOURCES	
Bond premium on bond refunding	925,934
Deferred pension amounts	525,843
Deferred OPEB amounts	<u>5,667,771</u>
Total deferred inflows of resources	7,119,548
NET POSITION (DEFICIT)	
Net investment in capital assets	22,096,485
Restricted for:	
Capital Projects	2,056,922
School Lunch	556,787
Community Service	247,242
Student Activity	357,707
Unrestricted (Deficit)	<u>(29,919,175)</u>
Total net position (deficit)	<u>\$ (4,604,032)</u>

See accompanying notes to the basic financial statements.

LAKE FENTON COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
	Expenses			
Functions/Programs				
Governmental Activities				
Instruction				
Basic programs	\$ 13,288,168	\$ -	\$ 39,599	\$ (13,248,569)
Added needs	3,666,611	-	2,713,492	(953,119)
Support services	9,159,137	177,614	6,408,992	(2,572,531)
Food services	957,946	419,555	678,007	139,616
Child care	635,752	440,338	270,171	74,757
Student activity	445,388	509,086	-	63,698
Capital projects	(68,675)	-	-	68,675
Interest on long-term debt net of amortization of debt issue premium and other costs	160,053	-	-	(160,053)
Unallocated depreciation	286,387	-	-	(286,387)
Total governmental activities	\$ 28,530,767	\$ 1,546,593	\$ 10,110,261	(16,873,913)
General Purpose Revenues				
Property tax				6,415,580
State school aid - unrestricted				16,120,574
Investment earnings				248,316
Miscellaneous				207,738
Total general revenue				22,992,208
Change in net position				6,118,295
Net position (deficit) - July 1				(10,722,327)
Net position (deficit) - June 30				\$ (4,604,032)

See accompanying notes to the basic financial statements.

LAKE FENTON COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	2020 Sinking Fund	Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash, cash equivalents and investments	\$ 4,508,216	\$ 2,071,167	\$ 2,089,472	\$ 8,668,855
Accounts receivable	22,899	-	2,262	25,161
Due from other governmental units	5,015,340	809	26,779	5,042,928
Inventory	-	-	27,350	27,350
Prepaid items	23,990	-	-	23,990
Total Assets	\$ 9,570,445	\$ 2,071,976	\$ 2,145,863	\$ 13,788,284
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 538,608	\$ 21,834	\$ 114,004	\$ 674,446
Salaries payable	1,287,177	-	-	1,287,177
Accrued expenses	443,928	-	3,091	447,019
Due to other governmental units	617,560	-	376	617,936
Deferred Revenue	646,399	-	22,000	668,399
Total Liabilities	3,533,672	21,834	139,471	3,694,977
Fund Balance				
Non-spendable	23,990	-	27,350	51,340
Restricted	-	2,050,142	1,979,042	4,029,184
Assigned	436,738	-	-	436,738
Unassigned	5,576,045	-	-	5,576,045
Total Fund Balance	6,036,773	2,050,142	2,006,392	10,093,307
Total Liabilities and Fund Balance	\$ 9,570,445	\$ 2,071,976	\$ 2,145,863	\$ 13,788,284

See accompanying notes to the basic financial statements.

LAKE FENTON COMMUNITY SCHOOLS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total Governmental Fund Balances		\$	10,093,307
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.			
Cost of net assets	\$	55,283,038	
Accumulated depreciation		<u>(23,986,553)</u>	31,296,485
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:			
Bonds payable	\$	(9,200,000)	
Compensated absences payable		(323,668)	
Net pension liability		(45,457,704)	
Net OPEB liability		<u>(2,660,222)</u>	
Total long-term liabilities			(57,641,594)
Deferred inflows of resources resulting from debt refunding.			(925,934)
Deferred inflows and outflows related to the implementation of GASB Statement No. 68 are not included as assets and liabilities in the governmental funds:			
Deferred inflows			(525,843)
Deferred outflows			14,726,494
Deferred inflows and outflows related to the implementation of GASB Statement No. 75 are not included as assets and liabilities in the governmental funds:			
Deferred inflows			(5,667,771)
Deferred outflows			4,082,716
In the statement of net position, interest has been accrued on bonds payable as of June 30, 2023			<u>(41,892)</u>
Total Net Position (Deficit) - Governmental Activities	\$	<u><u>(4,604,032)</u></u>	

See accompanying notes to the basic financial statements.

LAKE FENTON COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	2020 Sinking Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 2,072,180	\$ 706,710	\$ 3,637,181	\$ 6,416,071
Other local sources	718,194	61,705	1,439,413	2,219,312
State sources	21,865,043	2,656	89,281	21,956,980
Federal sources	2,370,958	-	879,481	3,250,439
Interdistrict sources	806,259	-	-	806,259
Total Revenues	27,832,634	771,071	6,045,356	34,649,061
Expenditures				
Instruction				
Basic programs	12,817,054	-	-	12,817,054
Added needs	3,666,611	-	-	3,666,611
Total instruction	16,483,665	-	-	16,483,665
Support services				
Pupil services	1,945,451	-	-	1,945,451
Instructional staff services	870,717	-	-	870,717
General administration	681,934	-	-	681,934
School administration	1,454,411	-	-	1,454,411
Business services	554,021	793	-	554,814
Operation and maintenance	2,610,235	-	-	2,610,235
Pupil transportation	714,694	-	-	714,694
Central services	524,178	-	-	524,178
Athletics	694,235	-	-	694,235
Community services	106,308	-	-	106,308
Facilities Improvement & Acquisition	603,135	38,318	1,314,289	1,955,742
Other supporting services	7,941	-	2,044,525	2,052,466
Total support services	10,767,260	39,111	3,358,814	14,165,185
Total Expenditures	27,250,925	39,111	3,358,814	30,648,850
Excess of Revenues Over/(Under) Expenditures	581,709	731,960	2,686,542	4,000,211
Other Financing Sources/(Uses)				
Principal & Interest Payments	-	-	(3,714,400)	(3,714,400)
Operating transfers	110,343	-	(110,343)	-
Total Other Financing Sources/(Uses)	110,343	-	(3,824,743)	(3,714,400)
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	692,052	731,960	(1,138,201)	285,811
Fund Balance - July 1	5,344,721	1,318,182	3,144,593	9,807,496
Fund Balance - June 30	\$ 6,036,773	\$ 2,050,142	\$ 2,006,392	\$ 10,093,307

See accompanying notes to the basic financial statements.

LAKE FENTON COMMUNITY 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

Total net change in fund balances - governmental funds	\$	285,811
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	\$ 2,024,417	
Depreciation Expense	<u>(1,801,347)</u>	223,070

Repayment of bonded debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments reported as expenditures in the governmental funds.	3,275,000
--	-----------

Accumulated unpaid benefits are recorded as liabilities in the statement of net position, but are not recorded in the governmental funds statement. This is the (increase)/decrease in accumulated unpaid benefits for the current year.	8,310
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Interest on long-term debt in the statement of activities includes accrued interest while the governmental funds statement does not. This is the (increase)/decrease in accrued interest for the current year.	17,218
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Pension expense in the government-wide statements has been adjusted to reflect the requirements of GASB No. 68. This is the amount of the adjustment to pension expense in the government-wide statements.	192,071
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OPEB expense in the government-wide statements has been adjusted to reflect the requirements of GASB No.75. This is the amount of the adjustment to OPEB expense in the government-wide statements.	1,854,686
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Amortization of the deferred premium on the 2016 bond refinancing and 2018 and 2021 building & site bonds is recorded in the statement of activities over the life of the bonds. This is the amount of amortization of deferred premium for the current year.	<u>262,129</u>
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Change in net position of governmental activities	\$	<u><u>6,118,295</u></u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Lake Fenton Community Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

Reporting Entity

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes and determine its budget, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Basic Financial Statements – Government-wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the Government-Wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as 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 District first utilizes restricted resources to finance qualifying activities.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the District's functions. General government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District allocates indirect costs to the Cafeteria Fund and Community Service Fund. The amounts allocated for the year ended June 30, 2023, amounted to \$45,870 and \$65,090, respectively. Inter-fund transactions have been eliminated in the government-wide financial statements.

Basic Financial Statements - Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into six generic fund types in two broad fund categories as follows:

Governmental Funds

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

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains three school service funds: School Lunch, Community Service, and Student Activities Funds.

Debt Service Funds

The Debt Service Funds are used to record tax and interest revenue and the payment of general long-term debt principal, interest and related cost. The District maintains a debt service fund for the 2016 bond refunding, the 2018 bond fund and the 2021 bond fund.

Capital Projects Funds

The Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designed for acquiring new school sites, buildings, and equipment and for major remodeling and repairs. The fund is retained until the purpose for which the fund was created has been accomplished. The District maintains two Sinking Funds and a Capital Projects Fund.

Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt are recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits, sweep accounts, and certificate of deposits with original maturities less than three months. The District reports its investments in accordance with Governmental Accounting Standards Board (GASB) *Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and *No. 40 Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), or National Credit Union Administration (NCUA), respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements,

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Cash and Investments (continued)

bankers' acceptance of U.S. banks, mutual funds composed of investments outlined above and 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.

Inventories

Items purchased for future use are recorded as inventory and charged to expenditure accounts when requisitioned for use. School Lunch Fund inventory consists of food and paper goods recorded at cost and commodity inventory recorded at fair market value as determined by the USDA.

Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. The District has adopted a \$5,000 capitalization threshold for recording capital assets. Donated fixed assets are valued at their estimated fair market value on the date received.

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

Depreciation on all assets is computed on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20 – 50 years
Buses and other vehicles	5 – 10 years
Furniture and equipment	5 – 20 years
Right to use-leased equipment	5 – 20 years

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Property Taxes

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the District's boundaries. All of the District's tax base is within Genesee County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 15. Collections are forwarded to the District as collected by the assessing municipality. Real property taxes uncollected as of March 1 are purchased by Genesee County and remitted to the District by June 30. The District was not significantly impacted by tax abatements.

Property taxes are recognized in the accounting period when they become measurable and available to finance operations. Available means when due or past due and receivable within the current period and collected no longer than 60 days after the current period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences

Certain employee groups are allowed to accumulate an unlimited number of sick days, while others may accumulate up to a maximum allowed by their respective contracts. These days vest to the employees and are payable upon retirement, or after ten (10) years with the District. Accumulated unpaid sick pay for the District at June 30, 2023, was \$272,184. Certain employee groups are allowed to accumulate an unlimited number of vacation days. These days are payable upon termination or retirement. Accumulated unpaid vacation pay at June 30, 2023, was \$50,561. Custodial employees can accumulate an unlimited amount of comp time. These hours must be utilized by the employees before retirement or termination, or they will be lost. Custodians must use their hours by December 31st of the following year. The accumulated comp time liability at June 30, 2023, was \$923.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount.

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 issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Pension

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

Postemployment Benefits Other Than Pensions

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

Economic Dependency

The District received approximately 79% of its operating revenue through the foundation allowance from the State of Michigan. This figure includes property taxes collected for operations.

Concentrations

Substantially all employees of the District are covered under collective bargaining agreements. The Support Personnel association's contract expires on June 30, 2025. The Cafeteria association's contract expires June 30, 2025. The Teacher's contract expires on June 30, 2025. The Custodial contract expires June 30, 2024. The Secretarial associations' contract expires on June 30, 2024.

Leases and Subscriptions Based IT Arrangements (SBITA)

The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value of \$100,000 or more.

At the commencement of a lease/subscription, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Leases and Subscriptions Based IT Arrangements (SBITA) (continued)

of the lease/SBITA liability, adjusted for lease payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases/SBITA include how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease term, and (3) lease/SBITA payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

Note 2 - Budget and Budgetary Accounting

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General, Special Revenue, and Debt Retirement Funds and an informational study of Capital Project Funds of school districts prior to the expenditure of monies in a fiscal year.

The Board of Education adopts appropriations utilizing the modified accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized by the act. The Act requires expenditures to be budgeted on a functional basis. A district is not considered to be in violation of the Act if reasonable procedures are in use by the District to detect violations.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The District's superintendent submits to the Board of Education a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The superintendent is authorized to transfer budgeted amounts between functions within any fund with the approval of the Budget and Finance Committee; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
4. Budgets for the General, Debt Service, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Education throughout the year.
6. Appropriations lapse at year-end and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund is presented as required supplementary information.

Budgetary Information

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. In the body of the financial statements, the District's actual and budgeted expenditures for the period have been shown as adopted by function on a modified accrual basis.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2 - Budget and Budgetary Accounting (continued)

Budgetary Information (continued)

The final amended budget anticipated revenues exceeding expenditures by \$123,373. Actual revenues exceeded expenditures by \$692,052, a positive variance of \$568,679.

Note 3 - Deposits and Investments

At June 30, 2023, the District had the following investments:

	Fair Value	Rating	Percent of Total
<u>MILAF Pool</u>			
General Fund	\$ 3,879,058	N/A	51%
School Lunch Fund	542,703	N/A	7%
Community Services Fund	198,260	N/A	3%
Sinking Fund	2,079,247	N/A	27%
Debt Retirement Fund	833,887	N/A	11%
<u>Michigan CLASS Pool</u>			
Capital Projects Fund	59,953	N/A	1%
Total	\$ 7,593,108		100%

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities and are invested primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Cumulatively, portfolios of the District may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total District portfolio may be placed with any single financial institution with the exception of repurchase agreements. U.S. government securities and 2a7-like investment pools are excluded from these restrictions.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits this exposure by mandating that the District's investments in commercial paper and corporate bonds be limited to those with a prime rating or better issued by nationally recognized statistical rating organizations (NRSROs).

Custodial credit risk for deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities, if any, in the possession of an outside party. At June 30, 2023, the District had \$1,257,224 of its deposit balances uninsured and uncollateralized.

Custodial credit risk for investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This risk is minimized by the District through limiting investments to those of a prime or better rating and pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 3 - Deposits and Investments (continued)

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The District is not authorized to invest in investments that would be subject to this type of risk.

Fair value measurement

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds, Michigan Investment Liquid Asset Fund (MILAF) and Michigan Cooperative Liquid Assets Securities System (Michigan CLASS). These funds are not subject to the fair value disclosures.

Note 4 – Tax Abatements

The District is required to disclose significant tax abatements as required by GASB statement 77.

The District received reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by cities and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

As part of section 22 of the State School Aid Act, any taxes abated for the General Fund operating millage are paid to the District by the State of Michigan. The District was not significantly impacted by tax abatements for the year ended June 30, 2023.

Note 5 - Changes in Capital Assets

Summary of capital asset transactions:

	Balance June 30, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Assets not being depreciated:				
Land & improvements	\$ 909,597	\$ 518,475	\$ -	\$ 1,428,072
Assets being depreciated:				
Buildings & additions	45,976,109	1,352,036	-	47,328,145
Furniture & equipment	6,226,242	153,906	-	6,380,148
Buses & other vehicles	146,673	-	-	146,673
Subtotal	<u>52,349,024</u>	<u>1,505,942</u>	<u>-</u>	<u>55,283,038</u>
Accumulated depreciation:				
Buildings & Additions	18,606,582	1,280,897	-	19,887,479
Furniture & Equipment	3,495,041	495,925	-	3,990,966
Buses & Other Vehicles	83,583	24,525	-	108,108
Subtotal	<u>22,185,206</u>	<u>1,801,347</u>	<u>-</u>	<u>23,986,553</u>
Net Capital Assets	<u>\$ 31,073,415</u>	<u>\$ 223,070</u>	<u>\$ -</u>	<u>\$ 31,296,485</u>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated." Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 1,514,960
Unallocated	286,387
Total Depreciation Expense	<u>\$ 1,801,347</u>

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 - Long-Term Debt

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

The general obligation bonds are payable from the Debt Service Fund and consist of the 2016 refunding bonds, 2018 construction bond and 2021 construction bond.

On August 4, 2016 and May 10, 2017, \$14.295 million in general obligation bonds were issued to advance refund \$15.2 million of outstanding bonds of the 2006 and 2007 refunding bond issues. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. The 2017 refunding bonds have been paid in full.

On May 15, 2018, \$5.53 million in general obligation bonds were issued to fund the first series of the voter approved two series bond. The purpose of the bond is to make needed facility, site and technology improvements.

On May 6, 2021, \$5.31 million in general obligation bonds were issued to fund the second series of the voter approved series bond. The purpose of the bond is to make needed facility, site and technology improvements.

	Compensated Absences	Bonded Debt	Total
Balance July 1, 2022	\$ 331,978	\$ 12,475,000	\$ 12,806,978
Additions	-	-	-
Less: Retirements and Payments	8,310	3,275,000	3,283,310
Balance June 30, 2023	323,668	9,200,000	9,523,668
Less: Current Portion	48,550	1,675,000	1,723,550
Total Due after One Year	\$ 275,118	\$ 7,525,000	\$ 7,800,118

As of June 30, 2023, the debt retirement funds had a total balance of \$837,876 for use to pay this debt. Future debt and interest calculated at 1.0% to 5.0% will be payable from future tax levies.

Future principal and interest requirements for the 2016 refunding bonds, the 2018 and 2021 bond issues are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,675,000	\$ 333,450	\$ 2,008,450
2025	1,495,000	278,200	1,773,200
2026	1,535,000	239,350	1,774,350
2027	1,585,000	198,725	1,783,725
2028	970,000	145,500	1,115,500
2029-2030	1,940,000	145,500	2,085,500
Total	\$ 9,200,000	\$ 1,340,125	\$ 10,540,725

The payment dates of compensated absences are indeterminable.

Interest expenditures for the year ending June 30, 2023, in the Debt Service totaled \$439,400.

Note 7 - Contingencies and Commitments

The District has received federal and state grants for specific purposes. These grants are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 8 - Fund Balance

Non-spendable, Restricted, Committed, Assigned and Unassigned

The Board of Education adopts a budget each year that includes the appropriation of fund balance. Non-spendable fund balance represents assets that are not available in spendable form and are not expected to be converted to cash.

Non-spendable:

Inventory	\$	27,350
Prepaid expenses		<u>23,990</u>
Total Non-spendable	\$	<u>51,340</u>

Restricted fund balance is reported separately to show legal constraints from debt covenants and legislation that limits the School District's ability to use that net position for day-to-day operations.

Restricted:

Sinking funds	\$	2,056,922
Debt retirement funds		837,876
Community service fund		247,242
Student activity fund		357,707
School lunch fund		<u>529,437</u>
Total Restricted	\$	<u>4,029,184</u>

Committed fund balance represents constrained amounts imposed by school board resolution. The District had no amounts committed at June 30, 2023.

Assigned fund balance represents amounts intended to be used for specific purposes expressed by the Board of Education, Finance Committee, or the official authorized by the governing body. Residual amounts in governmental funds other than the General Fund are also assigned. The Board of Education adopted the 2023-24 General Fund budget whereby expenditures exceeded revenues by \$436,738. This amount is shown as Assigned Fund Balance as of June 30, 2023.

Assigned:

Appropriation of existing fund balance for 2023-24 programs	\$	<u>436,738</u>
Total Assigned	\$	<u>436,738</u>

Unassigned fund balance is reported only in the General Fund and represents the remaining fund balance after non-spendable, restrictions, and assignments have been made.

The District applies restricted resources first for applicable expenditures. Assigned fund equity is applied when expenditures are incurred for the assigned purpose, followed by unassigned fund equity for budgeted expenditures.

Note 9 – Risk Management

The School District is exposed to various risks of loss in conducting its operations, from property and casualty theft and damage to various property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District limits its exposure to such claims through its participation in and payment of premiums to the MASB-SEG Property/Casualty Pool, Inc. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may assess its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the district from any significant adverse financial impact.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 – School Code Sinking Fund Requirements

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan. Voters in the School District authorized .9846 mill in August 2022, and was subsequently rolled back to .9715, and expires in December of 2032.

Note 11 – Defined Benefit Pension Plan

Plan Description

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

The System's 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 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.

Benefits Provided

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

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. 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

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

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

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan (continued)

Contributions (continued)

The schedule below summarizes pension contribution rates in effect for fiscal year 2022.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	20.74 %
Member Investment Plan	3.0 - 7.0 %	20.74 %
Pension Plus	3.0 - 6.4 %	17.22 %
Pension Plus 2	6.2 %	19.93 %
Defined Contribution	0.0 %	13.73 %

Required contributions to the pension plan from the District were \$4,113,919 for the year ended September 30, 2022.

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

At June 30, 2022, The District reported a liability of \$45,457,704 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2020. The District's proportionate share of the net pension liability was determined by dividing each district's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable districts during the measurement period. At September 30, 2022, the District's proportion was .112 percent, which was a decrease of .03 percent from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$5,962,113. 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
Differences between actual and expected experience	\$ 454,736	\$ 101,639
Changes of assumptions	7,811,262	-
Net differences between projected and actual earnings on pension plan investments	106,598	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,201,066	424,204
District contributions subsequent to the measurement date	<u>5,152,832</u>	<u>-</u>
Total	\$ <u>14,726,494</u>	\$ <u>525,843</u>

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

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan (continued)

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

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

Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)

Year Ending June 30	Amount:
2023	\$2,677,658
2024	\$1,945,036
2025	\$1,710,794
2026	\$2,714,331

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

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):	6.0%, net of investment expenses
- Pension Plus Plan (Hybrid):	6.0%, net of investment expenses
- Pension Plus 2 Plan:	6.0%, net of investment expenses
Projected Salary Increases:	2.75-11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members

Notes:

- Assumption changes as a result of an experience study for the periods 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, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.3922
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found in the OS website at www.michigan.gov/orsschools.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan (continued)

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1 %
Private Equity Pools	16.0	8.7
International Equity	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)
TOTAL	<u>100.0 %</u>	

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

Rate of Return

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

Discount Rate

A discount rate 6.8% was used to measure the total pension liability (6.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan 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 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 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.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan (continued)

Sensitivity of Lake Fenton Community School'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 a discount rate of 6.0% (6.0% for the Pension Plus Plan, 6.0% for the Pension Plus 2 Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Single Discount Rate	1% Increase
5.0%	Assumption	7.0%
6.0%	6.0%	7.0%
\$59,987,282	\$45,457,704	\$33,484,678

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

Michigan Public Schools Employees Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Note 12 – Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, and 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.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by the 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 the statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2018 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

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

Districts 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.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2022.

OPEB Contribution Rates

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

Required contributions to the OPEB plan from the District were \$956,714 for the year ended September 30, 2022.

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

At June 30, 2023, the District reported a liability of \$2,660,222 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 30, 2021. The District's proportion share of the net OPEB liability was determined by dividing each district's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable districts during the measurement period. At September 30, 2022, the District's proportion was .126 percent, which was an increase of .011 percent from its proportion measured as of October 1, 2021.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

For the year ended June 30, 2023, the District recognized total OPEB expense of \$(878,332). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,210,356
Changes of assumptions	2,371,141	193,072
Net difference between projected and actual earnings on OPEB plan investments	207,917	-
Changes in proportion and differences between District contributions and proportionate share of contributions	715,614	264,343
District contributions subsequent to the measurement date*	788,044	-
Total	\$ 4,082,716	\$ 5,667,771

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

Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized in Future OPEB Expenses)

Year Ending June 30,	Amount:
2023	(\$870,976)
2024	(\$804,465)
2025	(\$732,196)
2026	(\$28,011)
2027	\$40,306
Thereafter	\$22,243

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.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Actuarial Assumptions

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

Notes:

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2021 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 employee years: 6.2250
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found in the ORS website at www.michigan.gov/orsschools.

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.4 %
% Alternative Investment Pools	16.0	8.7
International Equity	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)
TOTAL	100.0 %	

*Long-term rate of returns 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 OPEB plan investment, net of OPEB plan investment expense, was (4.99)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

Sensitivity of the 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 a discount rate of 6.95%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

Current Healthcare Cost Trend		
1% Decrease	Rate	1% Increase
5.00%	6.00%	7.00%
\$4,462,266	\$2,660,222	\$1,142,677

LAKE FENTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 12 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Sensitivity of the District’s Proportionate Share of the 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 net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$1,113,974	\$2,660,222	\$4,395,916

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2022 MPSERS CAFR, available on the ORS website at www.michigan.com/orsschools.

Note 13 – Upcoming Account Pronouncements

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

Note 14 – Change in Accounting Principle

For the year ended June 30, 2023, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the District’s financial statement after the adoption of GASB Statement 96.

Note 15 – Subsequent Events

Management has reviewed subsequent events through September 27, 2023, the date of the auditor’s report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

LAKE FENTON COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local sources	\$ 2,507,380	\$ 2,799,474	\$ 2,790,374	\$ (9,100)
State sources	19,923,024	22,177,673	21,865,043	(312,630)
Federal sources	2,107,685	2,710,932	2,370,958	(339,974)
Interdistrict sources	605,621	799,267	806,259	6,992
Total Revenues	25,143,710	28,487,346	27,832,634	(654,712)
Expenditures				
Education				
Instruction				
Basic programs	11,902,457	13,302,217	12,817,054	485,163
Added needs	3,533,354	3,861,264	3,666,611	194,653
Supporting services				
Pupil services	1,858,278	2,064,408	1,945,451	118,957
Instructional staff	725,866	968,679	870,717	97,962
General administration	721,796	699,326	681,934	17,392
School administration	1,244,528	1,485,880	1,454,411	31,469
Business services	529,361	575,782	554,021	21,761
Operation and maintenance	2,276,173	2,750,553	2,610,235	140,318
Transportation	745,132	767,105	714,694	52,411
Central services	622,482	574,248	524,178	50,070
Athletics	577,694	700,307	694,235	6,072
Community services	97,750	116,673	106,308	10,365
Facilities Improvement & Acquisition	539,055	603,135	603,135	-
Other Financing	-	7,941	7,941	-
Total Expenditures	25,373,926	28,477,518	27,250,925	1,226,593
Excess of Revenues Over/(Under) Expenditures	(230,216)	9,828	581,709	571,881
Other Financing Sources/(Uses)				
Operating transfers in	110,000	114,165	110,960	(3,205)
Operating transfers out	(575)	(620)	(617)	3
Total Other Financing Sources/(Uses)	109,425	113,545	110,343	(3,202)
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	(120,791)	123,373	692,052	568,679
Fund Balance - July 1	5,344,721	5,344,721	5,344,721	-
Fund Balance - June 30	\$ 5,223,930	\$ 5,468,094	\$ 6,036,773	\$ 568,679

LAKE FENTON COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
PENSION PLAN INFORMATION
JUNE 30, 2023

**Schedule of District's Proportionate Share of the Net Pension Liability
Determined As of 9/30 of Each Fiscal Year**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)	0.121%	0.117%	0.119%	0.117%	0.115%	0.112%	0.108%	0.107%	0.105%
District's proportionate share of net pension liability	45,457,704	27,615,250	40,771,725	38,652,150	34,506,753	29,140,210	27,041,355	26,170,654	23,108,306
District's covered-employee payroll	12,144,503	10,295,222	10,543,973	10,200,602	9,853,116	9,539,688	9,153,866	8,989,311	8,906,182
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	374%	268%	387%	379%	350%	305%	295%	291%	259%
Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**Schedule of the District's Contributions
Determined as of 6/30 of Each Fiscal Year**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	5,467,152	3,439,826	3,261,789	3,185,154	3,125,648	2,637,516	2,433,858	2,067,002	2,554,733
Contributions in relation to statutorily required contributions	5,467,152	3,439,826	3,261,789	3,185,154	3,125,648	2,637,516	2,433,858	2,067,002	2,554,733
Contribution deficiency/(excess)	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	12,102,538	11,462,894	10,133,664	10,584,131	10,094,589	9,737,808	9,754,286	9,131,680	8,924,375
Contributions as a percentage of covered-employee payroll	45.17%	30.01%	32.19%	30.09%	30.96%	27.09%	24.95%	22.64%	28.63%

Notes

See Note 11 to the financial statements for discussion of benefit terms and assumptions.

There were no changes of benefit terms in FY 2022.

Changes of benefit assumptions in FY 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

LAKE FENTON COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
OPEB PLAN INFORMATION
JUNE 30, 2023

**Schedule of District's Proportionate Share of the Net OPEB Liability
Determined As of 9/30 of Each Fiscal Year**

	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)	0.12560%	0.11482%	0.11942%	0.11701%	0.11598%	0.11203%
District's proportionate share of net OPEB liability	\$ 2,660,222	\$ 1,752,727	\$ 6,397,386	\$ 8,398,544	\$ 9,218,977	\$ 9,920,874
District's covered-employee payroll	\$ 12,144,503	\$ 10,295,222	\$ 10,543,973	\$ 10,200,602	\$ 9,853,116	\$ 9,539,688
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	21.90%	17.02%	60.67%	82.33%	93.56%	104.00%
Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

**Schedule of the District's Contributions
Determined as of 6/30 of Each Fiscal Year**

	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	\$ 917,207	\$ 912,309	\$ 843,697	\$ 706,693	\$ 752,804	\$ 872,208
OPEB Contributions in relation to statutorily required contributions	\$ 917,207	\$ 912,309	\$ 843,697	\$ 706,693	\$ 752,804	\$ 872,208
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,102,538	\$ 11,462,894	\$ 10,133,664	\$ 10,584,131	\$ 10,094,589	\$ 9,737,808
OPEB Contributions as a percentage of covered-employee payroll	7.58%	7.96%	8.33%	6.68%	7.46%	8.96%

Notes

See Note 12 to the financial statements for discussion of benefit terms and assumptions.

There were no changes of benefit terms in FY 2022.

The assumption changes for FY 2022 were:
Discount rate decreased to 6.00% from 6.95%.

OTHER SUPPLEMENTAL INFORMATION

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Sinking Fund	Capital Projects Fund	Combined Debt Funds	Combined Special Revenue Funds	Non-Major Governmental Funds Total
Assets					
Cash, cash equivalents and investments	\$ 29,239	\$ 65,706	\$ 833,887	\$ 1,160,640	\$ 2,089,472
Accounts receivable	-	52	-	2,210	2,262
Due from other governmental units	-	-	3,989	22,790	26,779
Inventory	-	-	-	27,350	27,350
Total assets	\$ 29,239	\$ 65,758	\$ 837,876	\$ 1,212,990	\$ 2,145,863
Liabilities					
Accounts payable	\$ 22,459	\$ 65,758	\$ -	\$ 25,787	\$ 114,004
Accrued expenses	-	-	-	3,091	3,091
Due to other governmental units	-	-	-	376	376
Deferred revenue	-	-	-	22,000	22,000
Total liabilities	22,459	65,758	-	51,254	139,471
Fund balances					
Non-spendable	-	-	-	27,350	27,350
Restricted	6,780	-	837,876	1,134,386	1,979,042
Total fund balance	6,780	-	837,876	1,161,736	2,006,392
Total liabilities and fund balance	\$ 29,239	\$ 65,758	\$ 837,876	\$ 1,212,990	\$ 2,145,863

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Sinking Fund</u>	<u>Capital Projects Fund</u>	<u>Combined Debt Funds</u>	<u>Combined Special Revenue Funds</u>	<u>Non-Major Governmental Funds Total</u>
Revenues					
Revenues from local sources					
Property taxes	\$ -	\$ -	\$ 3,637,181	\$ -	\$ 3,637,181
Food sales	-	-	-	419,555	419,555
Tuition	-	-	-	440,338	440,338
Other local sources	16,737	6,330	47,157	210	70,434
Other student activity income	-	-	-	509,086	509,086
Revenue from state sources	8,177	-	12,407	68,697	89,281
Revenue from federal sources	-	-	-	879,481	879,481
Total Revenues	24,914	6,330	3,696,745	2,317,367	6,045,356
Expenditures					
Salaries	-	-	-	623,858	623,858
Employee benefits	-	-	-	377,926	377,926
Purchased services	-	-	-	17,990	17,990
Supplies and materials	-	-	-	531,462	531,462
Other student activity	-	-	-	445,388	445,388
Capital outlay	606,780	707,509	-	-	1,314,289
Interest on debt	-	-	439,400	-	439,400
Principal retirement	-	-	3,275,000	-	3,275,000
Other supporting services	-	-	5,439	42,462	47,901
Total Expenditures	606,780	707,509	3,719,839	2,039,086	7,073,214
Excess of Revenues Over/(Under) Expenditures	(581,866)	(701,179)	(23,094)	278,281	(1,027,858)
Other Financing Sources/(Uses) Operating transfers	-	-	-	(110,343)	(110,343)
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	(581,866)	(701,179)	(23,094)	167,938	(1,138,201)
Fund Balance - July 1	588,646	701,179	860,970	993,798	3,144,593
Fund Balance - June 30	\$ 6,780	\$ -	\$ 837,876	\$ 1,161,736	\$ 2,006,392

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2023

	Special Revenue Funds			Special Revenue Funds Total
	School Lunch Fund	Community Service Fund	Student Activity Fund	
Assets				
Cash, cash equivalents and investments	\$ 550,933	\$ 250,780	\$ 358,927	\$ 1,160,640
Accounts receivable	1,246	964	-	2,210
Due from other governmental units	22,790	-	-	22,790
Inventory	27,350	-	-	27,350
Total assets	\$ 602,319	\$ 251,744	\$ 358,927	\$ 1,212,990
Liabilities				
Accounts payable	\$ 23,532	\$ 1,035	\$ 1,220	\$ 25,787
Accrued expenses	-	3,091	-	3,091
Due to other governmental units	-	376	-	376
Deferred revenue	22,000	-	-	22,000
Total liabilities	45,532	4,502	1,220	51,254
Fund balances				
Non-spendable	27,350	-	-	27,350
Restricted	529,437	247,242	357,707	1,134,386
Total fund balance	556,787	247,242	357,707	1,161,736
Total liabilities and fund balance	\$ 602,319	\$ 251,744	\$ 358,927	\$ 1,212,990

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds			Special Revenue Funds Total
	School Lunch Fund	Community Service Fund	Student Activity Fund	
Revenues				
Revenues from local sources				
Food sales	\$ 419,555	\$ -	\$ -	\$ 419,555
Tuition	-	440,338	-	440,338
Other local sources	210	-	-	210
Other student activity income	-	-	509,086	509,086
State aid	68,467	230	-	68,697
Federal aid	609,540	269,941	-	879,481
Total Revenues	1,097,772	710,509	509,086	2,317,367
Expenditures				
Salaries	285,497	338,361	-	623,858
Employee benefits	176,098	201,828	-	377,926
Purchased services	10,457	7,533	-	17,990
Supplies and materials	471,093	60,369	-	531,462
Other student activity expenditures	-	-	445,388	445,388
Other supporting services	14,801	27,661	-	42,462
Total Expenditures	957,946	635,752	445,388	2,039,086
Excess of Revenues Over/(Under) Expenditures	139,826	74,757	63,698	278,281
Other Financing Sources/(uses)				
Operating transfers in/(out)	(64,473)	(45,870)	-	(110,343)
Total Other Financing Sources/(Uses)	(64,473)	(45,870)	-	(110,343)
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	75,353	28,887	63,698	167,938
Fund Balance - July 1	481,434	218,355	294,009	993,798
Fund Balance - June 30	\$ 556,787	\$ 247,242	\$ 357,707	\$ 1,161,736

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2023

	<u>2016 Refunding</u>	<u>2018 Construction</u>	<u>2021 Construction</u>	<u>Debt Funds Total</u>
Assets				
Cash, cash equivalents and investments	\$ 327,212	\$ 226,413	\$ 280,262	\$ 833,887
Due from other governmental units	<u>2,609</u>	<u>207</u>	<u>1,173</u>	<u>3,989</u>
Total assets	\$ <u><u>329,821</u></u>	\$ <u><u>226,620</u></u>	\$ <u><u>281,435</u></u>	\$ <u><u>837,876</u></u>
Liabilities	-	-	-	-
Fund balances				
Restricted	<u>329,821</u>	<u>226,620</u>	<u>281,435</u>	<u>837,876</u>
Total fund balance	<u>329,821</u>	<u>226,620</u>	<u>281,435</u>	<u>837,876</u>
Total liabilities and fund balance	\$ <u><u>329,821</u></u>	\$ <u><u>226,620</u></u>	\$ <u><u>281,435</u></u>	\$ <u><u>837,876</u></u>

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
DEBT RETIREMENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	2016 <u>Refunding</u>	2018 <u>Construction</u>	2021 <u>Construction</u>	Debt Funds Total
Revenues				
Property taxes	\$ 2,378,716	\$ 189,134	\$ 1,069,331	\$ 3,637,181
Earnings on investments	24,354	11,078	11,725	47,157
State payments	<u>12,407</u>	<u>-</u>	<u>-</u>	<u>12,407</u>
Total Revenues	2,415,477	200,212	1,081,056	3,696,745
Expenditures				
Interest on debt	114,000	160,500	164,900	439,400
Principal retirement	2,350,000	135,000	790,000	3,275,000
Other supporting services	<u>3,076</u>	<u>705</u>	<u>1,658</u>	<u>5,439</u>
Total Expenditures	<u>2,467,076</u>	<u>296,205</u>	<u>956,558</u>	<u>3,719,839</u>
Excess of Revenues Over/(Under) Expenditures	(51,599)	(95,993)	124,498	(23,094)
Fund Balance - July 1	<u>381,420</u>	<u>322,613</u>	<u>156,937</u>	<u>860,970</u>
Fund Balance - June 30	\$ <u><u>329,821</u></u>	\$ <u><u>226,620</u></u>	\$ <u><u>281,435</u></u>	\$ <u><u>837,876</u></u>

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2023	June 30, 2022
Local sources		
Property taxes	\$ 2,072,180	\$ 2,055,395
Earnings on investments	138,698	7,053
Athletics	105,552	73,357
Other	<u>473,944</u>	<u>609,964</u>
Total revenues from local sources	2,790,374	2,745,769
State sources		
Grants - unrestricted		
State school aid	16,120,574	15,286,936
Grants - restricted		
Special Education	740,770	585,511
At Risk	522,547	598,148
ESSER	-	207,075
Other	<u>4,481,152</u>	<u>2,685,467</u>
Total revenues from state sources	21,865,043	19,363,137
Federal sources		
Grants - restricted		
Special Education - I.D.E.A.	430,023	440,293
Special Education - I.D.E.A. Preschool	2,679	-
Special Education - I.D.E.A. - ARP	73,917	15,730
Special Education - I.D.E.A. Preschool - ARP	5,070	-
Title I	117,662	85,438
Title IIA Improving Teacher Quality	39,599	30,538
Title III	226	274
Title IV	21,340	-
ESSER II	183,506	345,478
GEER II	-	18,750
ESSER III	1,469,034	168,318
Other	<u>27,902</u>	<u>24,530</u>
Total revenues from federal sources	2,370,958	1,129,349
Other financing sources		
Operating transfers in	<u>110,960</u>	<u>106,526</u>
Total revenues from other financing sources	110,960	106,526
Interdistrict sources		
Three district consortium	699,691	507,515
Distance Learning Tuition	-	222,858
County special education tax	99,567	98,106
Other	<u>7,001</u>	<u>43,661</u>
Total revenues from interdistrict sources	<u>806,259</u>	<u>872,140</u>
Total revenues and other financing sources	\$ <u><u>27,943,594</u></u>	\$ <u><u>24,216,921</u></u>

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

Instruction	Salaries & Benefits	Purchased Services	Supplies & Materials	Capital Outlay & Other Expenses	Totals June 30, 2023	Totals June 30, 2022
Basic programs						
Elementary	\$ 2,735,904	\$ 126,391	\$ 108,939	\$ 120,622	\$ 3,091,856	\$ 3,054,347
Middle school	1,531,075	58,168	78,743	23,637	1,691,623	1,867,498
High school	1,772,254	148,838	95,712	71,600	2,088,404	2,156,266
Preschool	138,078	25,552	31,153	-	194,783	91,048
Summer school	62,176	55,631.00	14,541	-	132,348	117,213
Employee benefits	5,618,040	-	-	-	5,618,040	4,600,604
Added needs						
Special education	1,238,158	24,046	49,890	403,163	1,715,257	1,689,041
Compensatory education	520,356	347	3,157	80,057	603,917	468,732
Vocational education	45,014	12,199	4,500	300	62,013	67,293
Employee benefits	1,285,424	-	-	-	1,285,424	1,138,719
Total instruction	14,946,479	451,172	386,635	699,379	16,483,665	15,250,761
Supporting services						
Pupil services						
Attendance	115,245	-	-	-	115,245	110,315
Guidance services	425,057	4,433	2,301	1,917	433,708	345,061
Health Services	105,219	2,735	3,573	473	112,000	110,723
Psychological services	-	16,571	-	-	16,571	9,469
Speech pathology/audiology	164,352	121	3,277	-	167,750	178,312
Social work services	69,227	284	1,012	77,303	147,826	81,577
Other pupil services	145,584	-	-	-	145,584	164,137
Employee benefits	806,767	-	-	-	806,767	627,287
Instructional staff						
Improvement of instruction	130,965	32,537	-	1,677	165,179	143,214
Media services	136,557	3,209	3,956	-	143,722	154,277
Educational television	-	-	14,591	-	14,591	153,187
Instruction related technology	-	-	69,000	-	69,000	3,150
Supervision & direction of instructional staff	136,398	1,274	1,473	-	139,145	131,535
Academic student assessment	-	28,658	-	-	28,658	17,427
Employee benefits	310,422	-	-	-	310,422	283,424
General administration						
Board of education	-	116,052	13,892	7,040	136,984	86,655
Executive administration	289,503	6,633	3,613	3,959	303,708	299,678
Employee benefits	241,242	-	-	-	241,242	187,145
School administration						
Office of the principal	734,529	4,835	5,233	39,152	783,749	729,978
Other School Administration	-	100	4,393	-	4,493	5,644
Employee benefits	666,169	-	-	-	666,169	583,594
Business services						
Fiscal services	155,082	954	1,192	186,905	344,133	286,281
Internal services	-	4,785	439	-	5,224	4,052
Other business services	-	21,738	-	23,566	45,304	35,422
Employee benefits	159,360	-	-	-	159,360	84,512
Operations & maintenance						
Operation & maintenance of plant	490,935	906,475	558,660	50,538	2,006,608	1,850,427
Security Services	-	145,406	3,964	125	149,495	99,243
Employee benefits	454,132	-	-	-	454,132	337,202

(continued)

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Salaries & Benefits	Purchased Services	Supplies & Materials	Capital Outlay & Other Expenses	Totals June 30, 2023	Totals June 30, 2022
Supporting services (continued)						
Pupil transportation						
Pupil transportation services	\$ 11,412	\$ 576,129	\$ 56,815	\$ 61,195	\$ 705,551	\$ 783,736
Employee benefits	9,143	-	-	-	9,143	-
Central services						
Communication services	1,138	209	-	-	1,347	1,387
Staff/Personnel services	11,523	41,731	289	107	53,650	28,194
Non-Instructional technological services	125,302	166,484	6,209	12,080	310,075	449,855
Pupil accounting	15,364	44	-	-	15,408	19,478
Other Central Services	11,523	2,572	-	-	14,095	13,318
Employee benefits	129,603	-	-	-	129,603	108,590
Athletic services						
Athletic services	307,906	76,112	80,948	44,959	509,925	369,051
Employee benefits	184,310	-	-	-	184,310	110,994
Total support services	6,543,969	2,160,081	834,830	510,996	10,049,876	8,987,531
Community services						
Community services	48,746	12,367	13,619	1,582	76,314	65,484
Employee benefits	29,994	-	-	-	29,994	19,960
Total community services	78,740	12,367	13,619	1,582	106,308	85,444
Facilities Improvement						
Building improvement	-	-	-	603,135	603,135	69,507
Total Facilities Improvement	-	-	-	603,135	603,135	69,507
Total expenditures	21,569,188	2,623,620	1,235,084	1,815,092	27,242,984	24,393,243
Other financing uses						
Principal & Interest Payments	-	-	-	7,941	7,941	7,941
Operating transfers out	-	-	-	617	617	650
Total Other Financing Uses	-	-	-	8,558	8,558	8,591
Total expenditures and other financing uses	\$ 21,569,188	\$ 2,623,620	\$ 1,235,084	\$ 1,823,650	\$ 27,251,542	\$ 24,401,834

(concluded)

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
DETAIL OF 2016 REFUNDING BOND
JUNE 30, 2023

Debt Retirement Fund

2016
Refunding Bonds

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Payment Due Dates</u>	<u>Amount of Annual Maturity</u>	<u>Fiscal Year Interest Requirements</u>	<u>Total</u>
8/4/2016	\$7,605,000	4.00%	11/1/2023	\$ -	\$ 10,000	\$ 10,000
			5/1/2024	500,000	10,000	510,000
				<u>\$ 500,000</u>	<u>\$ 20,000</u>	<u>\$ 520,000</u>

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
DETAIL OF 2018 BOND ISSUE
JUNE 30, 2023

Debt Retirement Fund

2018 Bond

Date of Issue	Amount of Issue	Interest Rate	Payment Due Dates	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
6/7/2018	\$5,530,000	3.00%	11/1/2023	\$ -	\$ 78,225	\$ 78,225
			5/1/2024	1,175,000	78,225	1,253,225
			11/1/2024	-	60,600	60,600
		3.00%	5/1/2025	1,195,000	60,600	1,255,600
			11/1/2025	-	42,675	42,675
		3.00%	5/1/2026	1,225,000	42,675	1,267,675
			11/1/2026	-	24,300	24,300
		4.00%	5/1/2027	1,215,000	24,300	1,239,300
				<u>\$ 4,810,000</u>	<u>\$ 411,600</u>	<u>\$ 5,221,600</u>

LAKE FENTON COMMUNITY SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
DETAIL OF 2021 BOND ISSUE
JUNE 30, 2023

Debt Retirement Fund

2021 Bond

Date of Issue	Amount of Issue	Interest Rate	Payment Due Dates	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
5/6/2021	\$5,310,000	1.00%	11/1/2023	\$ -	\$ 78,500	\$ 78,500
			5/1/2024	-	78,500	78,500
			11/1/2024	-	78,500	78,500
		1.00%	5/1/2025	300,000	78,500	378,500
			11/1/2025		77,000	77,000
		1.25%	5/1/2026	310,000	77,000	387,000
			11/1/2026		75,063	75,063
		1.25%	5/1/2027	370,000	75,063	445,063
			11/1/2027		72,750	72,750
		5.00%	5/1/2028	970,000	72,750	1,042,750
			11/1/2028		48,500	48,500
		5.00%	5/1/2029	970,000	48,500	1,018,500
			11/1/2029		24,250	24,250
		5.00%	5/1/2030	970,000	24,250	994,250
				<u>\$ 3,890,000</u>	<u>\$ 909,126</u>	<u>\$ 4,799,126</u>

UNIFORM GUIDANCE INFORMATION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Lake Fenton Community Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Fenton Community Schools as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Lake Fenton Community Schools' basic financial statements, and have issued our report thereon dated September 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lake Fenton Community Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Fenton Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Fenton Community Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Fenton Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants

Flint, MI
September 27, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Lake Fenton Community Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

reasonable user of the report on compliance about the Lake Fenton Community Schools' compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Sincerely,

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants

Flint, Michigan
September 27, 2023

LAKE FENTON COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	Federal ALN	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2022	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2023
U.S. DEPARTMENT OF EDUCATION									
Passed Through Michigan Department of Education									
Title I Grants :									
Title I, Part A Improving Basic Program (21-22)	84.010	221530-2122	\$ 96,087	\$ 37,806	\$ 85,438	\$ -	\$ -	\$ 37,806	\$ -
Title I, Part A Improving Basic Program (22-23)	84.010	231530-2223	129,193	-	-	117,662	-	84,124	33,538
Total Title I Grants			225,280	37,806	85,438	117,662	-	121,930	33,538
Title II Grants									
Title II, Part A Teacher/Principal Training & Recruiting (21-22)	84.367	220520-2122	55,661	3,333	20,597	12,963	-	16,296	-
Title II, Part A Teacher/Principal Training & Recruiting (22-23)	84.367	230520-2223	55,283	-	-	26,636	-	22,300	4,336
Total Title II Grants			110,944	3,333	20,597	39,599	-	38,596	4,336
Title III Grants									
Title III, Part A Language Instruction for Immigrant (21-22)	84.365	220570-2122	967	274	274	188	-	461	-
Title III, Part A Language Instruction for Immigrant (22-23)	84.365	230570-2223	717	-	-	38	-	-	38
Total Title III Grants			1,684	274	274	226	-	461	38
Title IV Grants									
Title IV, Part A SSAE (21-22)	84.424	220750-2122	20,000	-	-	11,868	-	11,868	-
Title IV, Part A SSAE (22-23)	84.424	230750-2223	18,132	-	-	9,472	-	9,472	-
Total Title IV Grants			38,132	-	-	21,340	-	21,340	-
Education Stabilization Fund									
Covid-19 ESSER II Funds Formula	84.425D	213712-2021	414,097	230,591	230,591	183,506	-	414,097	-
Total ESSER Grants			414,097	230,591	230,591	183,506	-	414,097	-
ARP/ESSER III									
Covid-19 ESSER III Funds Formula	84.425U	213713-2122	930,664	81,861	81,861	612,433	-	579,539	114,755
Covid-19 ESSER III Equalizatio Funds (11t)	84.425U	213723-2122	1,342,787	86,637	86,637	856,601	-	446,697	496,542
Total ARP/ESSER Grants			2,273,451	168,498	168,498	1,469,034	-	1,026,236	611,296
Covid-19 Pandemic EBT Local Level Costs (SNAP)	10.649	220980-2122	628	-	-	628	-	628	-
Total Passed Through Michigan Department of Education			3,064,216	440,502	505,398	1,831,995	-	1,623,289	649,208
Passed Through Genesee Intermediate School District:									
Special Education - Grants to States									
IDEA Flowthrough (21-22)	84.027A	220450-2122	440,293	170,236	440,293	-	-	170,236	-
IDEA Flowthrough (22-23)	84.027A	230450-2223	430,023	-	-	430,023	-	274,360	155,663
Covid-19 IDEA ARP IDEA Flowthrough (21-22)	84.027X	221280-2122	89,815	15,730	15,730	73,917	-	37,045	52,602
Total IDEA Flowthrough Grants			960,131	185,966	456,023	503,940	-	481,641	208,265
Special Education - Preschool Grants									
IDEA Preschool (22-23)	84.173A	230460-2223	4,736	-	-	2,679	-	2,541	138
Covid-19 IDEA ARP IDEA Preschool (21-22)	84.173X	221285-2122	5,070	-	-	5,070	-	-	5,070
Total IDEA Preschool Grants			9,806	-	-	7,749	-	2,541	5,208
Special Education Cluster (IDEA)			969,937	185,966	456,023	511,689	-	484,182	213,473
Vocational Education - Basic Grants to States									
Perkins Secondary Regional (22-23)	84.048	233520-2223	22,639	-	-	22,639	-	22,639	-
Total Passed Through Genesee Intermediate School District			992,576	185,966	456,023	534,328	-	506,821	213,473
TOTAL U.S. DEPARTMENT OF EDUCATION			4,056,792	626,468	961,421	2,366,323	-	2,130,110	862,681

LAKE FENTON COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	Federal ALN	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2022	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2023
<u>U.S. DEPARTMENT OF AGRICULTURE</u>									
Child Nutrition Cluster									
Passed Through Michigan Department of Education									
National School Breakfast Program:									
School Breakfast Program	10.553	231970-2223	\$ 75,380	\$ -	\$ -	\$ 75,380	\$ -	\$ 75,380	\$ -
Cash Assistance									
National School Lunch Program	10.555	231960-2223	357,702	-	-	357,702	-	357,702	-
Supply Chain Assistance	10.555	220910-2122	44,877	44,877	-	44,877	-	-	-
Supply Chain Assistance Round 2	10.555	220910-2122	45,639	-	-	45,639	-	45,639	-
Supply Chain Assistance Round 3	10.555	220910-2223	23,729	-	-	1,729	-	23,729	22,000
			471,947	44,877	-	449,946	-	427,070	22,000
Non-cash Assistance									
National School Lunch Program - Entitlement Commodities	10.555	N/A	79,118	-	-	79,118	-	79,118	(0)
National School Lunch Program - Bonus Commodities	10.555	N/A	2,757	-	-	2,757	-	2,757	-
			81,875	-	-	81,875	-	81,875	(0)
Child Nutrition Cluster			629,201	44,877	-	607,201	-	584,324	22,000
Local Food For Schools	10.185	230985-2223	9,762	-	-	9,762	-	-	9,762
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			638,963	44,877	-	616,963	-	584,324	31,762
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>									
Passed Through Genesee Intermediate School District:									
Medical Assistance Program Title XIX									
Medicaid Outreach (22-23)	93.778	N/A	4,635	-	-	4,635	-	4,635	-
<u>TOTAL FEDERAL AWARDS</u>			\$ 4,700,390	\$ 671,345	\$ 961,421	\$ 2,987,921	\$ -	\$ 2,719,069	\$ 894,443

LAKE FENTON COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	<i>No</i>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<i>No</i>
Noncompliance material to financial statements noted?	<i>No</i>

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<i>No</i>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<i>No</i>
Audit findings required to be reported in accordance with Uniform Guidance?	<i>No</i>

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? *No*

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
<i>84.425</i>	<i>ESSER</i>

Dollar threshold used to distinguish between Type A and Type B programs: *\$750,000*

Auditee qualified as low-risk auditee? *Yes*

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None