Pentwater Public Schools

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended June 30, 2023

Pentwater Public Schools

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Pentwater Public Schools
Pentwater, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pentwater Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pentwater Public 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 Pentwater Public 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 Pentwater Public 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.

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Responsibilities of Management for the Financial Statements—Continued

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 Pentwater Public 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 judgement made by a reasonable user based on the financial statements.

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 Pentwater Public 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pentwater Public 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 schedules and pension information 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* we have also issued our report dated September 8, 2023, on our consideration of Pentwater Public 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 Pentwater Public 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 Pentwater Public Schools internal control over financial reporting and compliance.

Brickley DeLong, P.C.

Hart, Michigan
September 8, 2023

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Pentwater Public School's basic financial statements. The Pentwater Public School's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

District-wide financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the Pentwater Public School's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Pentwater Public School's assets, deferred inflows and outflows, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of Pentwater Public Schools is improving or deteriorating.

The Statement of Activities presents information showing how the district's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pentwater Public Schools (PPS) uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of PPS are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which shows budget to actual results for the general fund and additional pension plan and OPEB disclosures.

FINANCIAL STATEMENTS

The Statement of Net Position – As shown in the table below, net position increased by 10.4% or $454,333.

	June 30, 2022	June 30, 2023
CURRENT ASSETS		
Cash and cash equivalents	$ 1,340,787	$ 1,602,756
Due from other governmental units	171,479	257,962
Prepaids	818	22,688
Total Current assets	1,513,084	1,883,406
NONCURRENT ASSETS		
Restricted cash	76,800	96,000
Capital assets, net of depreciation/amortization	2,584,657	2,415,935
TOTAL ASSETS	4,174,541	4,395,341
DEFERRED OUTFLOWS OF RESOURCES	1,354,663	2,553,556
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	5,529,204	6,948,897
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	385,480	476,984
Due to other governmental units	17,475	-
Unearned revenue	6,540	74,653
Bonds and other obligations due within one year	256,000	235,472
Total Current liabilities	665,495	787,109
NONCURRENT LIABILITIES		
Bonds and other obligations, less amounts due within one year	1,770,024	1,532,625
Net other postemployment benefits	279,365	374,218
Net pension liability	4,314,721	6,751,096
Total Noncurrent liabilities	6,364,110	8,657,939
TOTAL LIABILITIES	7,029,605	9,445,048
DEFERRED INFLOWS OF RESOURCES	2,843,710	1,393,627
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	9,873,315	10,838,675
NET POSITION		
Net investment in capital assets	640,622	717,529
Restricted	253,452	258,666
Unrestricted	(5,238,185)	(4,865,973)
TOTAL NET POSITION	**$ (4,344,111)**	**$ (3,889,778)**

The Statement of Activities
Revenues increased by $254,403 or 6.0% due to an increase non-homestead taxable values, increasing our property tax revenue and additional state funding for the Michigan Public School Employees Retirement System (MPSERS), increasing our operating grants.

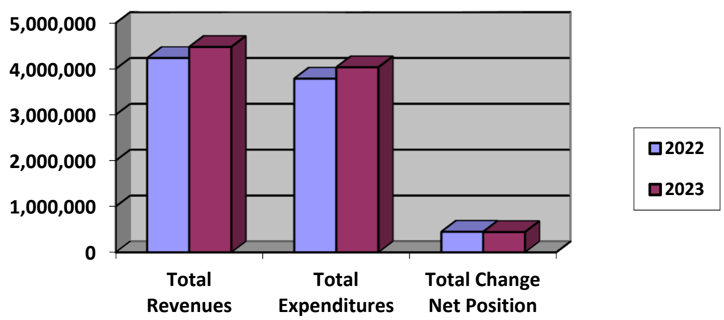
Expenditures increased by $248,271, or 6.6%. This was due mainly to additional state funding for the MPSERS, increasing expenses related to pension and other postemployment benefits. This resulted in an increase of $454,333 in net position which is similar to the prior year's increase in net position of $448,201.

	2022 Governmental Activities	2023 Governmental Activities
Functions/Programs		
Program Revenue		
Charges for Service	$ 7,541	$ 9,194
Operating Grants	966,130	1,036,773
General Revenues		
Property Taxes-General Fund	2,961,626	3,108,988
Property Taxes-Debt Services	240,674	252,200
Grants and Contributions (not restricted to specific programs)	42,849	78,170
Unrestricted Investment Earning	522	780
Miscellaneous	16,075	3,715
TOTAL REVENUES	4,235,417	4,489,820
Primary Government Expenses		
Instruction	2,210,857	2,398,223
Support Services	1,340,582	1,367,520
Community Services	1,000	2,000
Food Services	219	104
Athletics	111,795	122,490
Student/school activities	63,937	91,142
Interest in Long-term debt	58,147	52,278
Unallocated Depreciation	679	1,730
TOTAL GOVERNMENTAL ACTIVITES EXPENSES	3,787,216	4,035,487
Change in net position	**$ 448,201**	**$ 454,333**

CONDENSED COMPARATIVE DATA

The results of this year's operations for the school district as a whole are reported in the Statement of Activities which also shows the changes in net position for fiscal year 2022-2023. This chart summarizes revenues, expenses and net position over the past two years.

	2022	2023
Total Revenue	$4,235,417	$4,489,820
Gov Activity Exp	$3,787,216	$4,035,487
June 30 Net Position	$(4,344,111)	$(3,889,778)



Balance Sheet – This report shows the worth of the District's individual funds without inclusion of capital assets and long term debt. The balance sheet divides funds into two categories – General Fund, and Other governmental funds. The Fund Balances are split out into 5 categories; Non-spendable, Restricted, Committed, Assigned, and Unassigned.

Non-spendable fund balance is $22,688 for the prepaid items.

Restricted fund balances are $263,655 for Debt Service and $11 for the Food Service.

Committed fund balances are $154,475 for student/school activities.

The School District has no assigned fund balance.

Unassigned fund balance is $991,940 for the General Fund or 24% of total general fund expenditures.

Statement of Revenues, Expenditures and Changes in Fund Balances
The start of the academic year requires a budget for both the General and special revenue funds. The budgets are amended during the year. The reason for the variances in the budget from original to final adopted and from final adopted to audited actual results are a good review of the district's challenges and solutions for the year.

Enrollment figures for the start of the year continued to be below a level that would allow the District to collect any significant state aid.

Revenues and expenditures were up from the prior year, due primarily to additional state funding for the MPSERS, increasing expenses related to pension and other postemployment benefits. The General Fund realized an increase in fund balance of $218,682.

Capital Assets

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	$ 212,191	$ -	$ -	$ 212,191
Capital assets, being depreciated/amortized:				
Buildings and improvements	7,081,412	61,463	2,750	7,140,125
Furniture and equipment	509,685	40,658	74,571	475,772
Vehicles and equipment	373,063	-	-	373,063
Total capital assets, being depreciated/amortized	7,964,160	102,121	77,321	7,988,960
Less accumulated depreciation/amortization:				
Buildings and improvements	4,869,476	226,741	1,362	5,094,855
Furniture and equipment	396,942	32,321	74,260	355,003
Vehicles and equipment	325,276	10,082	-	335,358
Total accumulated depreciation/amortization	5,591,694	269,144	75,622	5,785,216
Total capital assets, being depreciated/amortized, net	2,372,466	(167,023)	1,699	2,203,744
Total capital assets, net	**$ 2,584,657**	**$(167,023)**	**$ 1,699**	**$ 2,415,935**

At June 30, 2023, the District had $2,415,935 invested in a broad range of capital assets, including land, buildings, furniture and equipment, and vehicles. This is a decrease in capital assets of $168,722 from last year.

Long Term Debt
The following is a summary of long-term obligations activity for the School District for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
Governmental activities					
Bonds	$ 1,973,000	$ -	$ 230,000	$ 1,743,000	$ 230,000
Premium	21,409	-	1,784	19,625	-
Notes from direct borrowings and direct placements	31,615	-	26,143	5,472	5,472
	$ 2,026,024	**$ -**	**$ 257,927**	**$ 1,768,097**	**$ 235,472**

FINANCIAL ANALYSIS OF DISTRICT

The 2023 General Fund, fund balance of $1,014,628 is an increase from the previous year by $218,682, and is a healthy 24.2% of General Fund expenditures. This increase in the District's fund balance portrays the difference between the revenues and the expenditures. The District revenues increased from the prior year because of additional state funding for the MPSERS.

FUND ANALYSIS

The 2022-23 year was the fifth year of a shared agreement with Hart Public Schools, a neighboring district, to provide food service to Pentwater Public Schools. The District provides the facility, and all revenue and expenditures flow through Hart Public Schools.

Debt Retirement Fund was funded by a 0.88 mill levy. This debt millage was approved by the voters in December 2003 the district has levied only to the level needed to make necessary principal and interest payments for the fiscal year.

BUDGET VARIANCES IN GENERAL FUND

While the amendments made during the school year are made with the most accurate information available, there are always some developments that mean the final audited actual information will differ from the final adopted budget. The original 2022-23 budget approved showed total state revenue of $431,800 and the final amended budget had state revenues at $884,331 for an increase of $452,531 due to an increase in categorical revenues in the areas of Foundation Equity Payment, MPSERS Cost Offset, and Special Ed funding. The original 2022-23 budget approved showed total federal revenue of $82,656 and the final amended budget had federal revenues at $475,863 for an increase of $393,207 due to additional one-time COVID grants. Federal revenues were under budget by $188,705 at $287,158 as the district did not spend all of the allocated COVID grants and Title funds in the current year. Variances in expenditures had the same explanation. The budgeted expenditure for added needs had an original budget approved of $419,027 and the final amended budget amount was $561,791, for an increase of $142,764 due to one-time MPSERS Cost-Offset. The original budgeted outgoing transfers and other transactions was $74,932 and was amended to $119,608 due to an expected bus loan but was under budget by $48,572 due to not receiving the bus.

CAPITAL POSITION AND LONG-TERM DEBT

The capital improvements made as a result of our 2004 bond passage have continued to enhance the educational and community facility. The debt on that bond issuance will continue until the year 2029 and will be paid off with levies on the public.

OTHER POTENTIALLY SIGNIFICANT MATTERS

- Although the implementation of GASB 68 and 75 has decreased the overall Net Position of the School District significantly, we realized a gain for the current year due to a one-time MPSERS contribution from state.
- Cooperative agreements are pursued with other entities when appropriate.
- Reduced costs through a cooperative business services contract with the West Shore Educational Service District.
- The District is currently under a contract with the Pentwater Education Association that will expire in June 2024.
- The District continues to participate in a cooperative agreement with Hart Public Schools/Chartwell's to provide food service to the district upon the retirement of our current food service director.
- For the 2023-24 school year, we will benefit by being under Hart's Food Service umbrella and our students will qualify for Community Eligibility Provision (CEP) which allows students to have free breakfast and lunch daily.
- Due to receiving federal grant monies (ESSER/CARES), COVID related expenses have been covered through these grants and not general fund dollars.

Pentwater Public Schools, like most schools in the State of Michigan, has faced financial challenges since the passage of Proposal A and a decline in enrollment starting in the 1990's. The District continues to deal with these challenges judiciously, allowing the district to remain fiscally sound and educationally relevant. Many of the measures that larger schools have been considering in the past few years were instituted here earlier.

Contracting of custodial services and employee co-pay for insurance premiums started in the 1980's. Since that time, administrative moves to contain costs include:

- Contracting with other schools/agencies/contractors to provide business, food service, and counseling services.
- Contracting at minimal cost with outside providers and preschool services on-site.
- Staff reduction through attrition.
- Reduction of costs through consolidation of administrative positions.

We continue to address administrative decisions as conservatively as possible while still meeting the needs of our students.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact our Superintendent at the Pentwater Public Schools Administrative Office, Pentwater, Michigan 49449.

Pentwater Public Schools
STATEMENT OF NET POSITION
June 30, 2023

	Governmental activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 1,602,756
Due from other governmental units	257,962
Prepaid items	22,688
Total current assets	1,883,406
Noncurrent assets	
Restricted cash and cash equivalents	96,000
Capital assets, net	
Nondepreciable	212,191
Depreciable/amortizable	2,203,744
Total noncurrent assets	2,511,935
Total assets	4,395,341
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	69,691
Related to other postemployment benefits	485,369
Related to pensions	1,998,496
Total deferred outflows of resources	2,553,556
Total assets and deferred outflows of resources	6,948,897
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	476,984
Unearned revenue	74,653
Bonds and other obligations, due within one year	235,472
Total current liabilities	787,109
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	1,532,625
Net other postemployment benefits	374,218
Net pension liability	6,751,096
Total noncurrent liabilities	8,657,939
Total liabilities	9,445,048
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	809,476
Related to pensions	584,151
Total deferred inflows of resources	1,393,627
Total liabilities and deferred inflows of resources	10,838,675
NET POSITION	
Net investment in capital assets	717,529
Restricted	
Debt service	258,655
Food service	11
Unrestricted	(4,865,973)
Total net position	**$ (3,889,778)**

The accompanying notes are an integral part of this statement.

Pentwater Public Schools
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenue: Charges for services	Program Revenue: Operating grants and contributions	Net (Expense) Revenue and Changes in Net Position: Governmental activities
Governmental activities				
Instruction	$ 2,398,223	$ -	$ 614,754	$ (1,783,469)
Support services	1,367,520	-	296,022	(1,071,498)
Community services	2,000	-	2,000	-
Food services	104	-	3	(101)
Athletics	122,490	9,194	9,368	(103,928)
Student/school activities	91,142	-	114,626	23,484
Interest on long-term debt	52,278	-	-	(52,278)
Unallocated depreciation and amortization	1,730	-	-	(1,730)
Total governmental activities	**$ 4,035,487**	**$ 9,194**	**$ 1,036,773**	(2,989,520)
General revenues				
Property taxes				3,361,188
Grants and contributions not restricted to specific programs				78,170
Investment earnings				780
Miscellaneous				3,715
Total general revenues				3,443,853
Change in net position				454,333
Net position at beginning of year				(4,344,111)
Net position at end of year				**$ (3,889,778)**

The accompanying notes are an integral part of this statement.

Pentwater Public Schools
BALANCE SHEET
Governmental Funds
June 30, 2023

	General Fund	Other governmental funds	Total governmental funds
ASSETS			
Cash and cash equivalents	$ 1,256,342	$ 346,414	$ 1,602,756
Due from other governmental units	257,962	-	257,962
Prepaid items	22,688	-	22,688
Restricted cash and cash equivalents	-	96,000	96,000
Total assets	**$1,536,992**	**$ 442,414**	**$ 1,979,406**
LIABILITIES			
Accounts payable	$ 16,005	$ 24,273	$ 40,278
Accrued liabilities	431,706	-	431,706
Unearned revenue	74,653	-	74,653
Total liabilities	522,364	24,273	546,637
FUND BALANCES			
Nonspendable			
Prepaid items	22,688	-	22,688
Restricted			
Debt service	-	263,655	263,655
Food service	-	11	11
Committed for student/school activities	-	154,475	154,475
Unassigned	991,940	-	991,940
Total fund balances	1,014,628	418,141	1,432,769
Total liabilities and fund balances	**$1,536,992**	**$ 442,414**	**$ 1,979,406**

The accompanying notes are an integral part of this statement.

Pentwater Public Schools
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances—governmental funds		$ 1,432,769
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and are not reported in the governmental funds.		
Cost of capital assets	$ 8,201,151	
Accumulated depreciation/amortization	(5,785,216)	2,415,935
Deferred charges on refunding are not capitalized and amortized in the governmental funds.		
Deferred charges on refunding	196,776	
Accumulated amortization	(127,085)	69,691
Deferred inflows and outflows of resources related to pensions and other postemployment benefits are not reported in the governmental funds.		
Deferred outflows of resources - related to other postemployment benefits	485,369	
Deferred inflows of resources - related to other postemployment benefits	(809,476)	
Deferred outflows of resources - related to pensions	1,998,496	
Deferred inflows of resources - related to pensions	(584,151)	1,090,238
Accrued interest in governmental activities is not reported in the governmental funds.		(5,000)
Long-term obligations in governmental activities are not due and payable in the current period and are not reported in the governmental funds.		(8,893,411)
Net position of governmental activities		**$ (3,889,778)**

The accompanying notes are an integral part of this statement.

Pentwater Public Schools

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Governmental Funds

For the year ended June 30, 2023

	General Fund	Other governmental funds	Total governmental funds
REVENUES			
Local sources			
Property taxes	$ 3,108,988	$ 252,200	$ 3,361,188
Investment earnings	671	109	780
Fees and charges	9,269	-	9,269
Student/school activity income	-	114,626	114,626
Other	68,571	2,000	70,571
Total local sources	3,187,499	368,935	3,556,434
State sources	833,371	3,986	837,357
Federal sources	287,158	-	287,158
Total revenues	4,308,028	372,921	4,680,949
EXPENDITURES			
Current			
Instruction	2,384,010	-	2,384,010
Supporting services	1,521,894	-	1,521,894
Community services	-	2,000	2,000
Food services	-	104	104
Athletics	131,212	-	131,212
Student/school activities	-	91,142	91,142
Debt service			
Principal repayment	26,143	230,000	256,143
Interest and other charges	1,587	41,577	43,164
Capital projects	5,300	-	5,300
Total expenditures	4,070,146	364,823	4,434,969
Excess (deficiency) of revenues over (under) expenditures	237,882	8,098	245,980
OTHER FINANCING SOURCES (USES)			
Transfers in	-	19,200	19,200
Transfers out	(19,200)	-	(19,200)
Total other financing sources (uses)	(19,200)	19,200	-
Net change in fund balances	218,682	27,298	245,980
Fund balances at beginning of year	795,946	390,843	1,186,789
Fund balances at end of year	**$ 1,014,628**	**$ 418,141**	**$ 1,432,769**

The accompanying notes are an integral part of this statement.

Pentwater Public Schools

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

Net change in fund balances—total governmental funds		$ 245,980
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities these costs are depreciated over their estimated useful lives.		
Depreciation/amortization expense	$ (269,144)	
Capital outlay	102,121	(167,023)
Governmental funds report outlays for deferred charges on refunding as expenditures; in the Statement of Activities these costs are amortized over the bond period.		(12,298)
Governmental funds report the entire proceeds from the sale of capital assets, but the Statement of Activities reports only the gain or loss on the sale of capital assets.		(1,699)
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		257,927
Interest expense on long-term obligations is recorded in the Statement of Activities when incurred, but is not reported in governmental funds until paid.		1,400
Some other postemployment benefit related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		292,695
Some pension related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(162,649)
Change in net position of governmental activities		**$ 454,333**

The accompanying notes are an integral part of this statement.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pentwater Public Schools (School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Reporting Entity
The School District is governed by an elected seven-member Board of Education (Board), which has responsibility and control over all activities related to public school education within the School District. The School District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities.

Generally accepted accounting principles require that if the School District is considered to be financially accountable for other organizations, those organizations should be included as component units in the School District’s financial statements. Since no organizations met this criterion, none are included in the financial statements.

Basis of Presentation—Government-wide and Fund Financial Statements
The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the School District. All fiduciary activities are reported only in the fund financial statements, if any. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the School District’s funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental fund:

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-wide and Fund Financial Statements—Continued
Additionally, the School District reports the following fund types:

The 2004 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The School District accounts for its food service and student/school activities in the school service special revenue funds.

The School Improvement Sinking Fund accounts for resources accumulated and principal payments made for the 2017 School Improvement Bond.

The capital projects funds account for the financial resources to be used for the acquisition of fixed assets or construction of major capital projects.

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting
The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the school districts. For the current fiscal year, the foundation allowance was based on pupil membership counts taken in October and February.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-PRE property taxes which may be levied at a rate of up to 18 mills. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

The School District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are considered to be measurable and available only when cash is received by the government.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the School District are reported at fair value (generally based on quoted market prices). 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 School District intends to hold the investment until maturity.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Cash and Investments—Continued
State statutes authorize the School 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, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The School District is also authorized to invest in U. S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The School District's deposits and investments are in accordance with statutory authority.

Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets
Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $1,000 as composite groups for financial reporting purposes.

As the School District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment, of the School District are depreciated using the straight-line method over the following estimated useful lives, which include amortization of capital leases:

Capital Asset Classes	Years
Buildings and improvements	20-50
Furniture and equipment	5-20
Vehicles and equipment	8

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

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 straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year in which they are incurred.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Deferred Outflows/Inflows of Resources
In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption
Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the School District’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Fund Balance Flow Assumptions
Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the Superintendent to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues
Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes
Property taxes levied by the School District are collected by various municipalities and periodically remitted to the School District. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and special revenue funds. All annual appropriations lapse at year end.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by Board of Education resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the General Fund are noted in the required supplementary information section.

4. The Superintendent is authorized to transfer budgeted amounts within major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

5. Formal budgetary integration is employed as a management control device during the year.

6. The budget is amended during the year with supplemental appropriations, the last one approved prior to June 30, 2023.

NOTE C—DEPOSITS AND INVESTMENTS

Interest rate risk

In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in interest rates by using the following methods: segmented time distribution, specific identification, weighted average maturity, duration and simulation model.

Credit risk

State law limits investments in commercial paper and corporate bonds to the three highest classifications issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk

The School District does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the School District investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

NOTE C—DEPOSITS AND INVESTMENTS—Continued

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2023, $1,150,418 of the School District's bank balance of $1,746,418 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments

The School District does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk

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

Restricted cash and cash equivalents

Restrictions are placed on assets by bond agreements. At June 30, 2023, the School Improvement Sinking Fund cash and cash equivalents of $96,000 are in a set-a-side account and are restricted for payment of the outstanding QZAB bonds.

NOTE D—CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets, not being depreciated				
Land	$ 212,191	$ -	$ -	$ 212,191
Capital assets, being depreciated:				
Buildings and improvements	7,081,412	61,463	2,750	7,140,125
Furniture and equipment	509,685	40,658	74,571	475,772
Vehicles and equipment	373,063	-	-	373,063
Total capital assets, being depreciated/amortized	7,964,160	102,121	77,321	7,988,960
Less accumulated depreciation/amortization:				
Buildings and improvements	4,869,476	226,741	1,362	5,094,855
Furniture and equipment	396,942	32,321	74,260	355,003
Vehicles and equipment	325,276	10,082	-	335,358
Total accumulated depreciation/amortization	5,591,694	269,144	75,622	5,785,216
Total capital assets, being depreciated/amortized, net	2,372,466	(167,023)	1,699	2,203,744
Capital assets, net	**$ 2,584,657**	**$ (167,023)**	**$ 1,699**	**$ 2,415,935**

Depreciation/amortization

Depreciation/amortization expense has been charged as follows:

Instruction	$ 240,401
Support	27,013
Unallocated	1,730
	$ 269,144

NOTE E—INTERFUND TRANSFERS

During the year ended June 30, 2023, the General Fund transferred $19,200 to the School Improvement Fund as a required set-aside principal installment for the QZAB bond payment.

NOTE F—SHORT-TERM DEBT

The School District issues State of Michigan tax anticipation notes to provide short-term operating funds. The notes are obligations of the General Fund, which received the note proceeds, and were backed by the full faith, credit and resources of the School District. In the event of default, the government could withhold future property tax payments. The short-term debt activity for the year ended June 30, 2023 follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Tax anticipation note				
2022/2023 2.98% paid March 2023	**$ -**	**$ 500,000**	**$ 500,000**	**$ -**

NOTE G—LONG-TERM OBLIGATIONS

The School District issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The 2017 School Improvement Bond bears no interest and requires the School District to make annual deposits of $19,200 starting in September 2018 until they mature in September 2032. Notes from direct borrowings and direct placements include capital lease agreements.

The following is a summary of long-term obligations activity for the School District for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
Governmental activities					
Bonds	$ 1,973,000	$ -	$ 230,000	$ 1,743,000	$ 230,000
Premium	21,409	-	1,784	19,625	-
Notes from direct borrowings and direct placements	31,615	-	26,143	5,472	5,472
	$ 2,026,024	**$ -**	**$ 257,927**	**$ 1,768,097**	**$ 235,472**

The governmental activities refunding bonds are secured by future state aid and property tax revenues of the School District. If the School District defaults, the bonds are callable.

NOTE G—LONG-TERM OBLIGATIONS—Continued

The governmental activity notes from direct borrowings and direct placements are comprised of capital leases. The capital leases are non-cancellable by the School District and is secured by the equipment. The copier capital lease contains interest at 6.87 percent, requires monthly payments of $414 through July 2023, and contains a 12 percent late charge fee, if applicable. The computer lease requires an annual payment of $5,003 including 7.3 percent interest through November 2023 and contains a 5 percent late charge fee, if applicable.

General obligation bonds and notes from direct borrowings and direct placements consist of the following:

	Interest Rate	Date of Maturity	Balance
Governmental activities:			
General obligation bonds			
2013 Refunding Bonds	2.15-2.75%	May 2029	$ 1,455,000
2017 School Improvement Bond	0%	September 2032	288,000
			$ 1,743,000
Notes from direct borrowings and direct placements			
Capital lease payable - copier	6.87%	July 2023	$ 821
Capital lease payable - computers	7.3%	November 2023	4,651
			$ 5,472

The annual requirements of principal and interest to amortize the bonds and notes from direct borrowings and direct placements outstanding as of June 30, 2023 follow:

	Governmental activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
Year ended June 30,	**Principal**	**Interest**	**Principal**	**Interest**
2024	$ 230,000	$ 36,458	$ 5,472	$ 358
2025	235,000	31,282	-	-
2026	240,000	25,760	-	-
2027	245,000	19,880	-	-
2028	255,000	13,632	-	-
2029-2033	538,000	6,876	-	-
	$ 1,743,000	**$ 133,888**	**$ 5,472**	**$ 358**

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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

The System's financial statements are available on the ORS website at Michigan.gov/ORSSchools.

Benefits Provided – Pension
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 (Basic, Member Investment Plan (MIP), Pension Plus, Pension Plus 2), member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Pension Reform 2010
On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System who became a member after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4 percent of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50 percent (up to 1 percent of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012
On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional service or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension 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 the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – Pension—Continued

Pension Reform 2012—Continued

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a DC plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Employees in the Pension Plus and DC plans are immediately vested in their own contributions and earnings on those contributions. The employee becomes vested in the employer match contribution at the following rates: 50 percent after two years of service, 75 percent after three years of service, and 100 percent after four years of service. Non-vested contributions are forfeited upon termination of employment. Forfeitures during a plan year are credited to a forfeitures account. Forfeitures are first applied to restore any forfeited amounts that are required to be restored. The remaining amounts in the forfeitures account may be maintained in reserve, used to cover a portion of the plan's administrative expenses or offset future employer contributions, as determined by the plan administrator.

Pension Reform 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan (Pension Plus 2) with similar plan benefit calculations, but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6 percent. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85 percent for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Regular Retirement

The pension benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Post-Retirement Adjustments

A retiree who became a Member Investment Plan member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – Pension—Continued

Plan Status
The Basic, MIP, and Pension Plus plans are closed to new entrants. The Pension Plus 2 plan and the DC plan are still open to new entrants.

Benefits Provided – OPEB
Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80 percent beginning January 1, 2013; 90 percent for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions – Pension and OPEB
School 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 a 17-year period beginning October 1, 2021, and ending September 30, 2038.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Contributions – Pension and OPEB—Continued
The schedules below summarize contribution rates in effect for the System's fiscal year ended September 30, 2022.

Pension Contribution Rates

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

OPEB Contribution Rates

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

The School District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Pension contributions were approximately $795,600 including Section 147c(1) and Section 147c(2) contributions.

For the year ended June 30, 2023, the School District and employee defined contribution plan contributions were approximately $16,800 and $26,900, respectively.

The School District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. OPEB contributions were approximately $131,000.

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
At June 30, 2023, the School District reported a liability of $6,751,096 for its proportionate share of the MPSERS net pension liability and a liability of $374,218 for its proportionate share of the MPSERS net OPEB liability.

The net pension and OPEB liabilities were measured as of September 30, 2022, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation rolled forward from September 30, 2020. The School District's proportion of the net pension and OPEB liabilities was determined by dividing each employer's statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions, respectively, required from all applicable employers during the measurement period. At September 30, 2022 and 2021, the School District's pension proportion was 0.01795 and 0.01822 percent, respectively. At September 30, 2022 and 2021, the School District's OPEB proportion was 0.01767 and 0.01830 percent, respectively.

For the year ended June 30, 2023, the School District recognized pension expense (benefit) of $766,490 and OPEB expense (benefit) of $(162,659).

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources—Continued

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 67,535	$ 15,095	$ -	$ 732,949
Changes of assumptions	1,160,080	-	333,552	27,160
Net difference between projected and actual earnings on plan investments	15,831	-	29,248	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,265	93,914	8,935	49,367
State of Michigan Section 147c(1) UAAL rate stabilization and Section 147c(2) one time deposit state aid payments subsequent to the measurement date	-	475,142	-	-
School District contributions subsequent to the measurement date	753,785	-	113,634	-
Total	**$ 1,998,496**	**$ 584,151**	**$ 485,369**	**$ 809,476**

The School District's contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB resulting from employer contributions subsequent to the measurement date, in the chart above, will be recognized as a reduction of the net pension liability and the net OPEB liability, respectively, in the year ended June 30, 2024. The State of Michigan Section 147c(1) UAAL rate stabilization and 147c(2) one time deposit state aid payments subsequent to the measurement date reported as deferred inflows of resources will be recognized as revenue in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in expense as follows:

Year ending June 30,	Pension	OPEB
2024	$ 312,432	$ (156,070)
2025	237,735	(135,100)
2026	205,172	(118,326)
2027	380,363	(14,050)
2028	-	(12,867)
Thereafter	-	(1,328)
	$ 1,135,702	**$ (437,741)**

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

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 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.

Summary of Actuarial Assumptions

Valuation date –	September 30, 2021
Actuarial cost method –	Entry age, normal
Wage inflation rate –	2.75%
Investment rate of return –	6.00% a year for the MIP and Basic plans 6.00% a year for the Pension Plus plan 6.00% a year for the Pension Plus 2 plan 6.00% a year for OPEB
Salary increases –	2.75%-11.55%, including wage inflation at 2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members
Healthcare cost trend rate –	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3% Year 120
	Post-75: 5.25% Year 1 graded to 3.5% Year 15; 3% Year 120

Mortality Assumptions

The healthy life post-retirement mortality tables used in this valuation of the System were the RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82 percent for males and 78 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Opt-Out Assumption

21 percent of eligible participants hired before July 1, 2008 and 30 percent of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage

80 percent of male retirees and 67 percent of female retirees are assumed to have coverages continuing after the retiree's death.

Coverage Election at Retirement

75 percent of male and 60 percent of female future retirees are assumed to elect coverage of one or more dependents.

Experience Study

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

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Actuarial Assumptions—Continued

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on 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 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 plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Investment Category	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 Pools	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
Total	**100.0** %	

*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 plan investments, net of plan investment expense, was (4.18) percent and (4.99) percent on pension plan and OPEB plan investments, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

In the current year, the discount rates used to measure the total pension and OPEB liabilities were 6.0 percent (6.0 percent for the Pension Plus plan and 6.0 percent for the Pension Plus 2 plan, hybrid plans provided through non-university employers only), and 6.0 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2022 were 6.8 percent (6.8 percent for the Pension Plus plan and 6.0 percent for the Pension Plus 2 plan, hybrid plans provided through non-university employers only), and 6.95 percent, respectively. These discount rates for the current year were based on the long-term expected rates of return on pension plan and OPEB investments of 6.0 percent (6.0 percent for the Pension Plus plan and 6.0 percent for the Pension Plus 2 plan), and 6.0 percent, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

NOTE H— PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB)—Continued

Sensitivity of the net pension liability to changes in the discount rate
The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.0 percent (6.0 percent for the Pension Plus plan and 6.0 percent for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower * (5.0% / 5.0% / 5.0%)	Discount Rate * (6.0% / 6.0% / 6.0%)	1% Higher * (7.0% / 7.0% / 7.0%)
$ 8,908,939	$ 6,751,096	$ 4,972,937

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

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

1% Lower (5.0%)	Discount Rate (6.0%)	1% Higher (7.0%)
$ 627,714	$ 374,218	$ 160,742

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

1% Lower	Current Healthcare Cost Trend Rate	1% Higher
$ 156,704	$ 374,218	$ 618,380

Pension and OPEB Plans Fiduciary Net Position
Detailed information about the pension and OPEB plans' fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System Annual Comprehensive Financial Report available at www.michigan.gov/orsschools.

NOTE H— PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB)—Continued

Payable to the pension and OPEB plan

At year end the School District is current on all required pension and OPEB payments. Accruals for July and August deferred payroll and for July and August Section 147c(1) and Section 147c(2) amounts are not considered payables for this purpose.

NOTE I—COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Commitments

In March 2023, the school ordered two electric busses and charging stations for approximately $766,000. This will be funded entirely by the EPA Clean School Bus 2022 Rebate Program.

NOTE J—OTHER INFORMATION

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The School District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The School District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of $500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The School District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2023 or any of the prior three years.

NOTE K—UPCOMING ACCOUNTING 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 School District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

NOTE K—UPCOMING ACCOUNTING PRONOUNCEMENTS—Continued

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 lease 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 School District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Pentwater Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended June 30, 2023

	Budgeted amounts			Variance with
	Original	**Final**	**Actual**	**final budget**
REVENUES				
Local sources	$ 3,221,379	$ 3,241,644	$ 3,187,499	$ (54,145)
State sources	431,800	884,331	833,371	(50,960)
Federal sources	82,656	475,863	287,158	(188,705)
Total revenues	3,735,835	4,601,838	4,308,028	(293,810)
EXPENDITURES				
Current				
Instruction				
Basic programs	1,934,913	2,011,369	1,975,884	35,485
Added needs	419,027	561,791	408,126	153,665
Support services				
Pupil	101,681	149,504	135,775	13,729
Instructional staff	167,868	182,772	175,776	6,996
General administration	234,226	258,124	255,310	2,814
School administration	126,822	147,926	146,126	1,800
Business	43,765	49,230	48,189	1,041
Operations and maintenance	355,222	503,001	466,790	36,211
Pupil transportation services	109,167	119,693	103,347	16,346
Central	179,874	188,209	171,775	16,434
Athletics	135,707	142,510	131,212	11,298
Community services	250	250	-	250
Outgoing transfers and other transactions	74,932	119,608	71,036	48,572
Total expenditures	3,883,454	4,433,987	4,089,346	344,641
Excess (deficiency) of revenues over (under) expenditures	**$ (147,619)**	**$ 167,851**	218,682	**$ 50,831**
Fund balance at beginning of year			795,946	
Fund balance at end of year			**$ 1,014,628**	

Pentwater Public Schools

REQUIRED SUPPLEMENTARY INFORMATION

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

Michigan Public School Employees Retirement System

Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
School District's proportion of the net pension liability (%)	0.01795%	0.01822%	0.01822%	0.01839%	0.01879%	0.01888%	0.01816%	0.01784%	0.01644%
School District's proportionate share of the net pension liability	$ 6,751,096	$ 4,314,721	$ 6,257,666	$ 6,088,914	$5,649,010	$4,892,092	$4,531,320	$4,358,570	$3,620,351
School District's covered payroll	$ 1,705,854	$ 1,642,125	$ 1,608,035	$ 1,589,556	$1,666,564	$1,609,822	$1,554,135	$1,513,224	$1,463,243
School District's proportionate share of the net pension liability as a percentage of its covered payroll	395.76%	262.75%	389.15%	383.06%	338.96%	303.89%	291.57%	288.03%	247.42%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Note: For years prior to 2014 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Pentwater Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement System
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Statutorily required contributions	$ 320,480	$ 327,809	$ 308,354	$ 298,115	$ 282,658	$ 279,660	$ 301,300	$ 341,200	$ 359,400
Contributions in relation to the statutorily required contributions	320,480	327,809	308,354	298,115	282,658	279,660	301,300	341,200	359,400
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's covered payroll	$1,649,098	$1,706,975	$ 1,623,828	$1,604,296	$1,590,406	$1,578,901	$1,598,541	$1,583,558	$1,532,625
Contributions as a percentage of covered payroll	19.43%	19.20%	18.99%	18.58%	17.77%	17.71%	18.85%	21.55%	23.45%

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Pentwater Public Schools

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Michigan Public School Employees Retirement System

Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2022	**2021**	**2020**	**2019**	**2018**	**2017**
School District's proportion of the net OPEB liability (%)	0.01767%	0.01830%	0.01816%	0.01820%	0.01864%	0.01894%
School District's proportionate share of the net OPEB liability	$ 374,218	$ 279,365	$ 972,618	$ 1,306,091	$1,481,743	$1,676,880
School District's covered payroll	$ 1,705,854	$ 1,642,125	$ 1,608,035	$ 1,589,556	$1,666,564	$1,609,822
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.94%	17.01%	60.48%	82.17%	88.91%	104.17%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Note: For years prior to 2017 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Pentwater Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement System
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 130,931	$ 136,514	$ 134,091	$ 128,094	$ 124,517	$ 116,139
Contributions in relation to the statutorily required contributions	130,931	136,514	134,091	128,094	124,517	116,139
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's covered payroll	$1,649,098	$1,706,975	$ 1,623,828	$1,604,296	$1,590,406	$1,578,901
Contributions as a percentage of covered payroll	7.94%	8.00%	8.26%	7.98%	7.83%	7.36%

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Pentwater Public Schools
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the year ended June 30, 2023

<u>Pension Information</u>

Benefit changes – there were no changes of benefit terms in 2022.

Changes of assumptions – there were no changes of benefit assumptions in 2022.

<u>OPEB Information</u>

Benefit changes – there were no changes of benefit terms in 2022.

Changes of assumptions – there were no changes of benefit assumptions in 2022.