HOLT PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

YEAR ENDED JUNE 30, 2023

Maner Costerisan

TABLE OF CONTENTS

TABLE OF CONTENTS

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Holt Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holt Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Holt 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 Holt Public Schools, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Holt 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.

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 Holt 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 judgment 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 Holt 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Holt 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 other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023 on our consideration of Holt 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 Holt 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 Holt Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

October 4, 2023

HOLT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS

Please read in conjunction with the District's financial statements which immediately follow this section.

Holt Public Schools, a K-12 school district located in Ingham County, Michigan.

FINANCIAL HIGHLIGHTS

In 2022-2023 the total general fund revenues were approximately $79.9 million dollars with expenditures of approximately $80.1 million dollars. In 2021-2022 the total general fund revenues were approximately $69.7 million dollars with expenditures approximately $70.9 million dollars. General fund revenues increased from the 2021-2022 school year due to an increase in revenues from state sources and federal grants. General fund expenditures increased from the 2021-2022 school year due to an increase in spending on instruction and supporting services with the increase in state and federal funding. The State Legislature also allocated additional funds to school districts to contribute more funds into the school employee pension plan to address the underfunded balance of the retirement fund which also increased expenses and revenues.

The food service fund finished the fiscal year with a decrease in fund balance of approximately $657,000 largely due to the spend down plan approved by the Michigan Department of Education and the Seamless Summer Option (SSO) ending at the end of the previous year, which allowed for free meals to all community students. Food service finished the year with a fund balance of approximately $752,000.

The capital projects fund was closed out during the current year as the District completed its spending of the general obligation energy improvement bonds that were issued during the previous year.

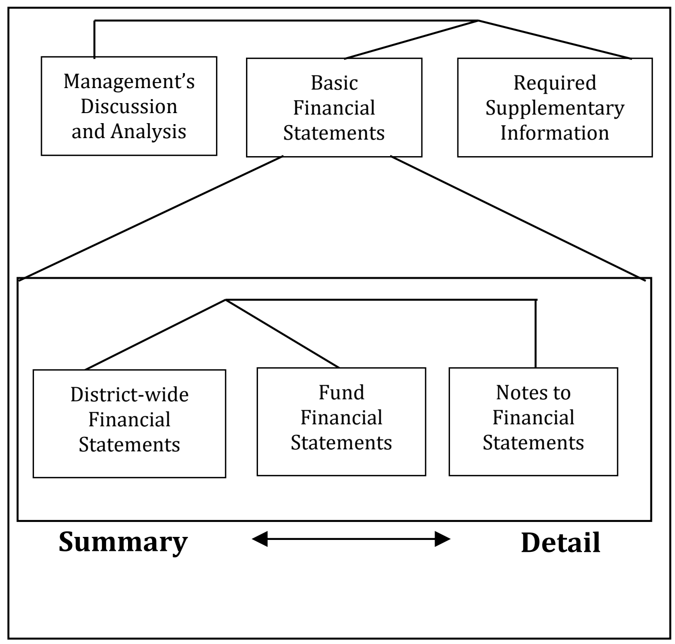
The 2021 building and site – series I fund was established during the previous year with the issuance of the 2021 general obligation building and site bonds. The 2021 building and site – series I fund accounts for the receipt of the bond issuance and related investment earnings and the acquisition of capital assets or construction of major capital projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations *in more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others. The District does not currently have any Fiduciary funds.

Figure A-1
Organization of Holt Public Schools’ Annual Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year as well as required information relating to the net pension and other postretirement benefits liabilities. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2
Major Features of District-wide and Fund Financial Statements

Category	District-wide Statements	Fund Financial Statements: Governmental Funds
Scope	* Entire District (except fiduciary funds)	* The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	* Accrual accounting and economic resources focus	* Modified accrual accounting and current financial resources focus
Type of asset/ liability information	* All assets and liabilities, both financial and capital, short-term and long-term	* Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/ outflow information	* All revenues and expenses during year, regardless of when cash is received or paid	* Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE FINANCIAL STATEMENTS

All of the District's assets, deferred outflows of resources, deferred inflows of resources, and liabilities are reported in the District-wide financial statements and are on a full accrual basis that is similar to those used by private-sector companies. For example, capital assets and long-term obligations of the District are reported in the statement of net position of the District-wide financial statements. The difference between the District's assets, deferred outflows of resources, deferred inflows of resources and liabilities (net position) is one way to measure the District's financial position. However, you need to consider other non-financial factors such as changes in the District's property tax base and the condition and age of the school buildings and other facilities.

The current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. These activities are financed through the state foundation grant, property taxes, and various federal and state programs.

The District's combined net position at the beginning of the fiscal year was ($76,483,815) and on June 30, 2023 it is ($68,179,124) which represents an increase of $8,304,691 as recorded in the statement of activities.

FUND FINANCIAL STATEMENTS

The fund financial statements are reported on a modified accrual basis and consist of governmental funds. Governmental funds include most of the District's basic services which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending on future District programs. Some of these funds are established by State law and by bond covenants while others can be established for the District to control and manage money for a particular purpose, such as food service.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position - The District's combined net deficit decreased as of June 30, 2023.

Table A-3
Holt Public Schools' Net Position

	2023	2022
ASSETS		
Current assets	$ 34,515,073	$ 46,894,733
Capital assets	82,073,135	64,038,247
TOTAL ASSETS	116,588,208	110,932,980
DEFERRED OUTFLOWS OF RESOURCES	50,193,430	25,564,252
LIABILITIES		
Long-term debt outstanding	53,661,161	59,542,062
Net pension liability	130,167,903	84,039,416
Net other postemployment benefits liability	7,390,874	5,436,643
Other liabilities	15,405,668	9,243,767
TOTAL LIABILITIES	206,625,606	158,261,888
DEFERRED INFLOWS OF RESOURCES	28,335,156	54,719,159
NET POSITION		
Net investment in capital assets	35,382,679	30,951,581
Restricted for debt service	1,665,049	1,420,980
Restricted for special revenue (food service)	-	138,521
Unrestricted	(105,226,852)	(108,994,897)
TOTAL NET POSITION	$ (68,179,124)	$ (76,483,815)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-4
Changes in Holt Public Schools' Net Position

	2023	2022
REVENUES		
Program revenues		
Charges for services	$ 2,802,509	$ 2,206,828
Operating grants and contributions	23,490,823	19,995,408
General revenues		
Property taxes	12,860,666	12,413,321
Investment earnings (loss)	685,853	(290,968)
State sources - unrestricted	39,721,661	38,387,283
Intermediate sources	7,191,004	7,019,115
Other	700,527	113,115
TOTAL REVENUES	87,453,043	79,844,102
EXPENSES		
Instruction	44,192,035	38,388,070
Support services	26,602,977	25,861,497
Community services	2,141,306	1,422,004
Student / school activities	533,718	383,672
Outgoing transfers and other	1,699,117	1,759,139
Food services	2,555,078	2,482,357
Interest on long-term debt	1,424,121	2,199,964
TOTAL EXPENSES	79,148,352	72,496,703
Change in net position	$ 8,304,691	$ 7,347,399

STATE OF MICHIGAN UNRESTRICTED AID (State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

a. The Michigan State Aid Act per student foundation allowance which was established under Proposal A has increased from $5,641 per student in 1995 to $9,150 per student in 2022-2023. The per student State foundation allowance increased by $450 in the current year when compared to 2021-2022. The foundation allowance increased $521 in the previous year when compared to 2020-2021.

b. The District's non-pre levy for 2022-23 was 18.0000 mills which the voters approved in March of 2016.

Student Enrollment

Student enrollment decreased from 5,048 in 2021-2022 to 4,912 in 2022-2023. For the 2023-2024 school year, it is hopeful that enrollment will remain relatively stable with a slight decline due to the demographics in school age students.

GOVERNMENTAL FUNDS

The following summarizes the revenues and expenses by comparing fiscal year 2023 to 2022.

- State sources increased during the current year with the increase in the foundation allowance.

- Federal sources increased during the current year due to an increase in Education Stabilization Fund revenue that was used for expenditures in response to the COVID-19 pandemic, addressing learning loss, and other allowable uses. The increase in revenue from federal sources was also due to an increase in childcare stabilization grant funds recognized during the current year. The increases described in the previous two sentences were partially offset by a decrease in Child Nutrition Cluster revenue with the SSO ending at the end of the previous year.

- Expenses increased from $85.5 million in 2022 to $111.3 million in the current year, an increase of $25.9 million. This increase was caused by an increase in spending on instruction, supporting services, and capital outlay with the spending in the 2021 building and site – series I fund in the current year.

The Holt Public School District voters approved the 18-mill renewal in March 2016. The State of Michigan allows each school district to levy 18 mills on Non-PRE property and the foundation grant is calculated after the 18 mills.

GENERAL FUND AND BUDGET HIGHLIGHTS

Original vs. Final Budget

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The original 2022-2023 budget was approved in June 2022.

The 2022-2023 budget was revised four times throughout the fiscal year, with the final revision approved in June 2023. The final budget revision anticipated higher revenues and higher expenses than was expected in June 2022, when the original budget was approved. The increase in budgeted revenues was due to higher-than-expected revenues from state and federal sources while the increase in budgeted expenditures was due to increased spending on instruction and supporting services with the increase in budgeted available revenues.

CAPITAL ASSET AND LONG-TERM OBLIGATION ADMINISTRATION

Capital Assets

By the end of 2023, the District had invested $174.2 million in a broad range of capital assets.

Table A-5
Holt Public Schools' Capital Assets

	2023			2022
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value
Land	$ 1,566,242	$ -	$ 1,566,242	$ 1,566,242
Construction in progress	1,620,129	-	1,620,129	1,557,809
Building and improvements	147,719,970	72,692,281	75,027,689	58,279,626
Furniture and equipment	19,340,884	17,449,840	1,891,044	1,701,726
Buses and other vehicles	2,737,428	1,733,950	1,003,478	932,844
Right to use - leased equipment	1,205,691	241,138	964,553	-
Total	$ 174,190,344	$ 92,117,209	$ 82,073,135	$ 64,038,247

Long-term Obligations

At June 30, 2023, the District had approximately $53.7 million in long-term obligations which included approximately $51.6 million in general obligation bonds. The general obligation bonds balance decreased during the current year as the District continued to make its required principal and interest payments. $976.3 thousand of the District's long-term obligations are notes from direct borrowing and direct placement related to the lease agreement for copiers entered into during the current year. In addition to the general obligation bonds and notes from direct borrowing and direct placement, the District has obligations for compensated absences estimated at roughly $1.0 million at the end of the fiscal year.

Table A-6
Holt Public Schools
Outstanding Long-Term Obligations

	2023	2022
General obligation bonds - net	$ 51,643,576	$ 58,358,360
Compensated absences	1,041,244	1,183,702
Notes from direct borrowing and direct placement	976,341	-
	$ 53,661,161	$ 59,542,062

FACTORS BEARING ON THE DISTRICT'S FUTURE

There are several factors that could significantly affect the financial health of the District in the future.

- Our elected officials and administration consider many factors when setting the School District's 2023-2024 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2023-24 budget was adopted in June 2023 based on an estimate of students who will enroll in October 2023. Approximately 72.0 percent of total general fund revenue budgeted for fiscal year 2024 is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of 2024 school year, we anticipate that the fall student count will decline for the 2023-24 budget. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

- Since the School District's revenue is heavily dependent on state funding and the health of State's School Aid fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District.

- In May of 2021, the taxpayers of Holt Public School approved $148,000,000 in new bonds for the refurbishment of existing buildings. Work started in the summer of 2022. The first series is estimated to complete in December 2023. The new debt tax rate is 8.23 mills.

- Changes in projected construction costs may affect the current and future construction projects with the district. The district will need additional resources or remove project scope in current or future series.

- The district will be negotiating with the Holt Education Association (Teachers) and the Teamsters Local Union (Custodian/Maintenance) on contracts that expired June 30, 2024. The outcome of current negotiations will affect decisions on the original budget for 2024-2025.

- Holt was approved by the State for the community eligibility provision for food service Districtwide, which makes breakfast and lunch 100% free to students. The funding for the Districtwide program will be from state and federal revenues. The total financial impact to the food service fund is not yet known and the District is monitoring the situation closely so that the food service program is not negatively impacted in total.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the revenues it receives. If you have any questions about this report or need any additional information, please contact the Business Office.

BASIC FINANCIAL STATEMENTS

HOLT PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 11,080,665
Investments	8,813,438
Receivables	
Accounts receivable	14,265,323
Property taxes receivable	75,001
Inventories	50,990
Prepaids	229,656
Capital assets not being depreciated/amortized	3,186,371
Capital assets, net of accumulated depreciation/amortization	78,886,764
TOTAL ASSETS	116,588,208
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	944,160
Related to pensions	39,353,768
Related to other postemployment benefits	9,895,502
TOTAL DEFERRED OUTFLOWS OF RESOURCES	50,193,430
LIABILITIES	
Accounts payable	1,667,592
Construction and retainage payable	3,530,887
Accrued interest	294,070
Accrued salaries and related items	3,713,188
Accrued retirement	2,535,262
Notes payable	1,557,143
Unearned revenue	2,107,526
Noncurrent liabilities	
Due within one year	3,772,244
Due in more than one year	49,888,917
Net pension liability	130,167,903
Net other postemployment benefits liability	7,390,874
TOTAL LIABILITIES	206,625,606
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	3,133,628
Related to other postemployment benefits	15,798,286
Related to state aid funding for pensions	9,403,242
TOTAL DEFERRED INFLOWS OF RESOURCES	28,335,156
NET POSITION	
Net investment in capital assets	35,382,679
Restricted for debt service	1,665,049
Unrestricted	(105,226,852)
TOTAL NET POSITION	$ (68,179,124)

See notes to financial statements.

HOLT PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

		Program Revenues		Governmental Activities
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 44,192,035	$ 430,661	$ 10,197,042	$ (33,564,332)
Support services	26,602,977	208,356	5,556,282	(20,838,339)
Community services	2,141,306	1,638,044	5,119,473	4,616,211
Outgoing transfers and other	1,699,117	-	-	(1,699,117)
Food services	2,555,078	525,448	2,089,662	60,032
Student / school activities	533,718	-	528,364	(5,354)
Interest on long-term debt	1,424,121	-	-	(1,424,121)
Total governmental activities	$ 79,148,352	$ 2,802,509	$ 23,490,823	(52,855,020)
General revenues				
Property taxes, levied for general purposes				4,846,547
Property taxes, levied for debt service				8,014,119
Investment earnings				685,853
State sources				39,721,661
Intermediate sources				7,191,004
Other				700,527
Total general revenues				61,159,711
CHANGE IN NET POSITION				8,304,691
NET POSITION, beginning of year				(76,483,815)
NET POSITION, end of year				$ (68,179,124)

See notes to financial statements.

HOLT PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Debt Service Fund	2021 Building and Site - Series I	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 7,663,303	$ 1,864,416	$ 2,750	$ 1,550,196	$ 11,080,665
Investments	-	-	8,813,438	-	8,813,438
Receivables					
Property taxes receivable	-	75,001	-	-	75,001
Accounts receivable	14,259,194	-	-	6,129	14,265,323
Due from other funds	407,334	19,702	-	18,390	445,426
Inventories	-	-	-	50,990	50,990
Prepaids	229,656	-	-	-	229,656
TOTAL ASSETS	$ 22,559,487	$ 1,959,119	$ 8,816,188	$ 1,625,705	$ 34,960,499
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,620,828	$ -	$ -	$ 46,764	$ 1,667,592
Construction and retainage payable	-	-	3,530,887	-	3,530,887
Accrued salaries and related items	3,706,169	-	-	7,019	3,713,188
Accrued retirement	2,519,671	-	-	15,591	2,535,262
Due to other funds	36,349	-	300,000	109,077	445,426
Notes payable	1,557,143	-	-	-	1,557,143
Unearned revenue	2,057,080	-	-	50,446	2,107,526
TOTAL LIABILITIES	11,497,240	-	3,830,887	228,897	15,557,024
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	50,990	50,990
Prepaids	229,656	-	-	-	229,656
Restricted for					
Debt service	-	1,959,119	-	-	1,959,119
Food service	-	-	-	701,437	701,437
Capital projects	-	-	4,985,301	-	4,985,301
Committed for					
Student / school activities	-	-	-	644,381	644,381
Carryover projects	225,437	-	-	-	225,437
Infrastructure	2,689,000	-	-	-	2,689,000
Assigned for					
Energy improvement projects	594,883	-	-	-	594,883
Subsequent year's expenditures	856,414	-	-	-	856,414
Unassigned	6,466,857	-	-	-	6,466,857
TOTAL FUND BALANCES	11,062,247	1,959,119	4,985,301	1,396,808	19,403,475
TOTAL LIABILITIES AND FUND BALANCES	$ 22,559,487	$ 1,959,119	$ 8,816,188	$ 1,625,705	$ 34,960,499

See notes to financial statements.

HOLT PUBLIC SCHOOLS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total governmental fund balances		$ 19,403,475
Amounts reported for governmental activities in the statement of net position are different because		
Deferred outflows of resources - deferred charge on refunding		944,160
Deferred outflows of resources - related to pensions		39,353,768
Deferred outflows of resources - related to other postemployment benefits		9,895,502
Deferred inflows of resources - related to pensions		(3,133,628)
Deferred inflows of resources - related to other postemployment benefits		(15,798,286)
Deferred inflows of resources - related to state aid funding for pensions		(9,403,242)
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
The cost of the capital assets is	$ 174,190,344	
Accumulated depreciation is	(92,117,209)	
		82,073,135
Long-term liabilities are not due and payable in the current period and are not reported in the funds		
General obligation bonds		(51,643,576)
Notes from direct borrowing and direct placements		(976,341)
Compensated absences		(1,041,244)
Accrued interest		(294,070)
Net pension liability		(130,167,903)
Net other postemployment benefits liability		(7,390,874)
Net position of governmental activities		$ (68,179,124)

See notes to financial statements.

HOLT PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Debt Service Fund	2021 Building and Site - Series I	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	$ 4,846,547	$ 8,014,119	$ -	$ -	$ 12,860,666
Tuition	23,154	-	-	-	23,154
Investment earnings	154,168	61,586	456,221	13,878	685,853
Food sales	-	-	-	525,448	525,448
Athletics	208,356	-	-	-	208,356
Community services	2,045,551	-	-	-	2,045,551
Student/school activities	-	-	-	526,351	526,351
Other	698,116	2,411	-	2,013	702,540
Total local sources	7,975,892	8,078,116	456,221	1,067,690	17,577,919
State sources	58,106,542	-	-	122,869	58,229,411
Federal sources	6,579,423	-	-	1,966,793	8,546,216
Intermediate school districts	7,191,004	-	-	-	7,191,004
TOTAL REVENUES	79,852,861	8,078,116	456,221	3,157,352	91,544,550
EXPENDITURES					
Current					
Instruction	46,585,472	-	-	-	46,585,472
Supporting services	29,257,680	-	-	-	29,257,680
Food service activities	-	-	-	2,420,604	2,420,604
Student / school activities	-	-	-	533,718	533,718
Community service activities	2,147,695	-	-	-	2,147,695
Outgoing transfers and other	1,699,117	-	-	-	1,699,117
Capital outlay	-	-	19,468,636	945,505	20,414,141
Debt service					
Principal repayment	369,350	5,900,000	-	-	6,269,350
Interest	29,978	1,982,769	-	-	2,012,747
Other	-	1,378	-	-	1,378
TOTAL EXPENDITURES	80,089,292	7,884,147	19,468,636	3,899,827	111,341,902
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(236,431)	193,969	(19,012,415)	(742,475)	(19,797,352)
OTHER FINANCING SOURCES (USES)					
Proceeds from leases	1,205,691	-	-	-	1,205,691
Transfers in	114,944	-	-	-	114,944
Transfers out	-	-	-	(114,944)	(114,944)
TOTAL OTHER FINANCING SOURCES (USES)	1,320,635	-	-	(114,944)	1,205,691
NET CHANGE IN FUND BALANCES	1,084,204	193,969	(19,012,415)	(857,419)	(18,591,661)
FUND BALANCES					
Beginning of year	9,978,043	1,765,150	23,997,716	2,254,227	37,995,136
End of year	$ 11,062,247	$ 1,959,119	$ 4,985,301	$ 1,396,808	$ 19,403,475

See notes to financial statements.

HOLT PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances Total Governmental Funds	$ (18,591,661)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation/amortization:	
Depreciation/amortization expense	(4,490,638)
Capital outlay	22,525,526
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	344,170
Accrued interest payable, end of the year	(294,070)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Proceeds from leases	(1,205,691)
Payments on bonded debt	6,040,000
Payments on notes from direct borrowings and direct placement	229,350
Amortization of deferred charges on refunding	(134,880)
Amortization of bond premium	674,784
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences, beginning of the year	1,183,702
Accrued compensated absences, end of the year	(1,041,244)
Some revenues and 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:	
Pension related items	1,320,740
Other postemployment benefits related items	5,836,110
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147c pension contributions subsequent to the measurement period:	
State aid funding for pension, beginning of the year	5,311,735
State aid funding for pension, end of the year	(9,403,242)
Change in net position of governmental activities	$ 8,304,691

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Holt Public Schools (the "District") is governed by the Holt Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Description of Government-wide 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 District. All fiduciary activities, if any, are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds (currently none), even though the latter are excluded from the government-wide financial statements.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the 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 District reports the following *Major Governmental Funds:*

> The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
>
> The *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 *2021 Building and Site - Series I Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The *2021 Building and Site – Series I Fund* includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Revised School Code.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the *2021 Building and Site – Series I Fund* activity:

Revenues and other financing sources	$ 26,998,021
Expenditures and other financing uses	$ 22,012,720

The above revenue and other financing sources figure does include the total 2021 bond proceeds and premium of $26,838,341.

Nonmajor 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 District accounts for its food service and student/school activities as special revenue funds.

The *Capital Projects Fund* accounts for costs of the energy conservation construction and capital improvements project. Financing is provided by 2021 Energy Conservation and Improvement Bonds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to 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 the 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 process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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 District considers revenues to be available if they are generally 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 leases/subscriptions are reported as other financing sources.

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 districts. For the current year ended, the foundation allowance was based on pupil membership counts.

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 as well as 6 mills for Commercial Personal Property Tax. 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 accounts receivable.

The 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 generally considered to be measurable and available only when cash is received by the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrance accounting is employed in governmental funds. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year-end. The commitments will be re-appropriated and honored during the subsequent year.

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

a. 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.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). 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.

d. Transfers may be made for budgeted amounts between 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 School Board.

e. The budget was amended four times during the year. The final budget was approved prior to the June 30, 2023 year-end with more than expected revenues and appropriations due to more favorable state and federal funding than previously anticipated at the time the original budget was adopted. The District does not consider these amendments to be out of the ordinary or significant.

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

Cash and Cash Equivalents

The 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. 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.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

Capital assets, which include land, construction in progress, building and improvements, furniture and equipment, buses and other vehicles, and right to use – leased equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Building and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Buses and other vehicles	5 - 15 years
Right to use - leased equipment	5 years

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public 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

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/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

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. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

Sometimes the District 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 to report as restricted - net position and unrestricted - net position 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 District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the 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 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 District 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 District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. 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.

In the general fund, the goal of the District shall be to maintain a minimum fund balance of no less than 10% of the preceding year's expenditures.

Leases and Subscription-based IT Arrangements (SBITA)

Lessee/subscriber: At times, the District is a lessee for noncancelable leases/subscriptions of equipment and/or subscription-based IT arrangements. When significant, the District recognizes a lease/SBITA liability and an intangible right-to-use lease/subscription asset in the government-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value that it considers significant to the government-wide financial statements, or with annual lease payments that are considered significant to the fund in which they are accounted for.

At the commencement of a lease/subscription, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/subscription term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/subscription payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/subscription payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

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

- The District uses the interest rate charged by the lessor/SBITA vendor as the discount rate. When the interest rate charged by the lessor/SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITAs.

- The lease/subscription term includes the noncancelable period of the lease/subscription. Lease/subscription payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of 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 date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2023, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General Fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property (CPP)	6.0000
Debt Service Fund	
PRE, Industrial Personal Property, Non-PRE, CPP	8.2300

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee leaves, resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures 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.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023 the District had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, $10,728,082 of the District's bank balance of $11,478,672 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $11,080,665.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (years)
MILAF External Investment pool - CMC	$ 1,150,466	N/A
Federal Agency Bond Notes	3,234,117	0.1817
U.S. Treasury Notes	4,428,855	0.2938
Total fair value	$ 8,813,438	
Portfolio weighted average maturity		0.2465

One day maturity equals 0.0027, one year equals 1.00.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment pool - CMC	$ 1,150,466	AAAm	Standard & Poor's

Foreign Currency Risk

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

Fair Value Measurement

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

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

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

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	Level 1	Level 2	Level 3	Balance at June 30, 2023
Investments by fair value level				
Federal Agency Bond Notes	$ -	$ 3,234,117	$ -	$ 3,234,117
U.S. Treasury Notes	4,428,855	-	-	4,428,855
Total	$ 4,428,855	$ 3,234,117	$ -	$ 7,662,972

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The District voluntarily invests certain excess funds in an external pooled investment fund which included money market funds. The pooled investment fund utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. The District is not currently invested in the MILAF (MAX Class) fund. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment pool - CMC	$ 1,150,466

The cash and cash equivalents referred to above have been reported in the cash and cash equivalents captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government
Cash and cash equivalents	$ 11,080,665
Investments	8,813,438
	$ 19,894,103

NOTE 3 - ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2023 consist of the following:

	Government-wide
State aid	$ 10,583,998
Federal revenue	3,511,020
Other	170,305
	$ 14,265,323

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2022	Additions/ Reclassification	Deletions/ Reclassification	Balance June 30, 2023
Capital assets not being depreciated/amortized				
Land	$ 1,566,242	$ -	$ -	$ 1,566,242
Construction in progress	1,557,809	1,620,129	1,557,809	1,620,129
Total assets not being depreciated/amortized	3,124,051	1,620,129	1,557,809	3,186,371
Capital assets being depreciated/amortized				
Building and improvements	127,747,627	19,972,343	-	147,719,970
Furniture and equipment	18,594,535	1,048,860	302,511	19,340,884
Buses and other vehicles	2,530,966	236,312	29,850	2,737,428
Right to use - leased equipment	-	1,205,691	-	1,205,691
Subtotal	148,873,128	22,463,206	332,361	171,003,973
Accumulated depreciation/amortization				
Building and improvements	69,468,001	3,224,280	-	72,692,281
Furniture and equipment	16,892,809	859,542	302,511	17,449,840
Buses and other vehicles	1,598,122	165,678	29,850	1,733,950
Right to use - leased equipment	-	241,138	-	241,138
Total accumulated depreciation/amortization	87,958,932	4,490,638	332,361	92,117,209
Net capital assets being depreciated/amortized	60,914,196	17,972,568	-	78,886,764
Net governmental capital assets	$ 64,038,247	$ 19,592,697	$ 1,557,809	$ 82,073,135

Depreciation/amortization expense was charged to programs of the primary government as follows:

Instruction	$ 2,439,166
Support services	1,773,039
Community services	112,451
Food service	165,982
	$ 4,490,638

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTE

At June 30, 2023, the District had two state aid anticipation notes outstanding. The first note is 2022A-1 in the amount of $2,500,000, with an interest rate of 1.97% and matures July 20, 2023. The second note is 2022A-2 in the amount of $1,200,000, with an interest rate of 1.99% and matures August 22, 2023. The proceeds of the notes were used to fund school operations. The notes were secured by the full faith and credit of the District as well as pledged state aid. In the event of the unavailability or insufficiency of state school aid for any reason, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. Note 2022A-1 required payments to an irrevocable set-aside account of $2,142,857 at June 30, 2023. At year end the balance of these payments are considered defeased debt and are not included in the year-end balance. Activity for the year ended June 30, 2023 is as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
$ -	$ 3,700,000	$ 2,142,857	$ 1,557,143

The District does not anticipate the need to execute state aid anticipation notes for the fiscal year ended June 30, 2024.

NOTE 6 - LONG-TERM OBLIGATIONS

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

	General Obligation Bonds	Direct Borrowing and Direct Placement	Compensated Absences	Total
Balance July 1, 2022	$ 58,358,360	$ -	$ 1,183,702	$ 59,542,062
Additions	-	1,205,691	-	1,205,691
Deletions	(6,714,784)	(229,350)	(142,458)	(7,086,592)
Balance June 30, 2023	51,643,576	976,341	1,041,244	53,661,161
Due within one year	(3,300,000)	(233,227)	(239,017)	(3,772,244)
Due in more than one year	$ 48,343,576	$ 743,114	$ 802,227	$ 49,888,917

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2023 are comprised of the following issues:

General Obligation Bonds	
2019 Refunding bonds due in annual installments of $3,150,000 to $3,475,000 through May 1, 2030, with an interest rate of 5.00%.	$ 23,410,000
2021 Building and Site bonds (Series I) due in annual installments of $1,075,000 to $1,500,000 through May 1, 2046, with interest rates ranging from 2.00% to 5.00%.	20,735,000
2021 Energy Conservation and Improvement bonds dated August 31, 2021, due in annual installments of $150,000 to $225,000 through May 1, 2033, with interest rates ranging from 3.00% to 5.00%.	1,835,000
Plus issuance premium	5,663,576
Total general obligation bonds	51,643,576
Direct Borrowing and Direct Placement	
Copier lease due in monthly installments of $21,611 through June 1, 2027, with a stated interest rate of 3.00%.	976,341
Total general obligation bonds and direct borrowing and direct placement	52,619,917
Compensated absences	1,041,244
Total general long-term obligations	$ 53,661,161

The District's outstanding notes from direct borrowings and direct placement related to governmental activities of $976,341 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023, $25,015,000 of bonds outstanding are considered defeased.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding, exclusive of compensated absences payments as of June 30, 2023, are as follows:

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Direct Borrowing and Direct Placement Principal	Direct Borrowing and Direct Placement Interest	Compensated Absences	Total
2024	$ 3,300,000	$ 1,764,418	$ 233,227	$ 26,101	$ -	$ 5,323,746
2025	3,385,000	1,600,918	240,321	19,007	-	5,245,246
2026	3,460,000	1,433,218	247,631	11,697	-	5,152,546
2027	3,540,000	1,261,818	255,162	4,165	-	5,061,145
2028	3,615,000	1,086,468	-	-	-	4,701,468
2029 - 2033	11,280,000	3,071,542	-	-	-	14,351,542
2034 - 2038	6,180,000	1,598,045	-	-	-	7,778,045
2039 - 2043	6,810,000	916,165	-	-	-	7,726,165
2044 - 2046	4,410,000	198,003	-	-	-	4,608,003
	45,980,000	12,930,595	976,341	60,970	-	59,947,906
Issuance premium	5,663,576	-	-	-	-	5,663,576
Compensated absences	-	-	-	-	1,041,244	1,041,244
	$ 51,643,576	$ 12,930,595	$ 976,341	$ 60,970	$ 1,041,244	$ 66,652,726

Interest expense (all funds) for the year ended June 30, 2023 was approximately $2,013,000.

The District has approximately $1,959,000 in the debt service fund restricted for servicing the debt obligations.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2023 are as follows:

Receivable Fund		Payable Fund	
General fund	$ 407,334	General fund	$ 36,349
Food service fund	18,390	Food service fund	102,981
Debt service fund	19,702	Student/school activities fund	6,096
		2021 building and site fund	300,000
	$ 445,426		$ 445,426

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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 option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

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 of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 (MPSERS) who became a member of MPSERS 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% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% 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 services 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.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 Plan 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 Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (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 health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - 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.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. 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 normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

Pension and OPEB contributions made in the fiscal year ending September 30, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately $16,338,000. Of the total pension contributions approximately $15,956,000 was contributed to fund the Defined Benefit Plan and approximately $382,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately $3,148,000. Of the total OPEB contributions approximately $2,903,000 was contributed to fund the Defined Benefit Plan and approximately $245,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2022	September 30, 2021
Total Pension Liability	$ 95,876,795,620	$ 86,392,473,395
Plan Fiduciary Net Position	$ 58,268,076,344	$ 62,717,060,920
Net Pension Liability	$ 37,608,719,276	$ 23,675,412,475
Proportionate Share	0.34611%	0.35496%
Net Pension Liability for the District	$ 130,167,903	$ 84,039,416

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

For the year ended June 30, 2023, the District recognized pension expense of $14,635,238.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual pension plan investment earnings	$ 305,244	$ -
Differences between expected and actual experience	1,302,133	(291,042)
Changes in proportion and differences between employer contributions and proportionate share of contributions	400,386	(2,842,586)
Changes of assumptions	22,367,510	-
Reporting Unit's contributions subsequent to the measurement date	14,978,495	-
	$ 39,353,768	$ (3,133,628)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

$14,978,495, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2023	$ 5,957,885
2024	4,397,183
2025	3,676,402
2026	7,210,175

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2022	September 30, 2021
Total other postemployment benefits liability	$ 12,522,713,324	$ 12,046,393,511
Plan fiduciary net position	$ 10,404,650,683	$ 10,520,015,621
Net other postemployment benefits liability	$ 2,118,062,641	$ 1,526,377,890
Proportionate share	0.34895%	0.35618%
Net other postemployment benefits liability for the District	$ 7,390,874	$ 5,436,643

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

For the year ended June 30, 2023, the District recognized OPEB benefit of $2,932,670.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual other postemployment benefits plan investment earnings	$ 577,655	$ -
Differences between expected and actual experience	-	(14,475,891)
Changes in proportion and differences between employer contributions and proportionate share of contributions	226,832	(785,985)
Changes of assumptions	6,587,723	(536,410)
Reporting Unit's contributions subsequent to the measurement date	2,503,292	-
	$ 9,895,502	$ (15,798,286)

$2,503,292, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2023	$ (2,962,609)
2024	(2,614,834)
2025	(2,297,082)
2026	(282,569)
2027	(229,357)
2028	(19,625)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

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

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class 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	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%
	100.0%	

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

Rate of Return - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit'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 than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 171,773,274	$ 130,167,903	$ 95,883,203

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit'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 than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 12,397,480	$ 7,390,874	$ 3,174,690

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 3,094,945	$ 7,390,874	$ 12,213,140

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The 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 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 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 10 - TRANSFERS

During the year, the food service fund transferred $114,944 to the general fund for indirect cost reimbursement.

NOTE 11 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

NOTE 12 - COMMITMENTS

The District has active capital projects outstanding at June 30, 2023. The District has $4,985,301 recorded as restricted fund balance in the 2021 building and site – series I fund.

Subsequent to year end, the District issued 2023 school building and site bonds (series II), in the par amount of $32,865,000.

NOTE 13 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement 77 (*Tax Abatements*).

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by Delhi Charter Township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for the general fund and debt service fund by municipality under these programs are as follows:

Municipality	Taxes Abated
Delhi Charter Township	$ 806,043

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

There are no abatements made by the District.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

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

Summary:

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

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

REQUIRED SUPPLEMENTARY INFORMATION

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 7,663,369	$ 7,599,660	$ 7,975,892	$ 376,232
State sources	51,779,370	57,540,699	58,106,542	565,843
Federal sources	5,900,682	7,136,793	6,579,423	(557,370)
Intermediate school districts	7,115,506	6,967,276	7,191,004	223,728
TOTAL REVENUES	72,458,927	79,244,428	79,852,861	608,433
EXPENDITURES				
Current				
Instruction				
Basic programs	33,345,046	35,880,174	34,740,137	1,140,037
Added needs	10,562,806	11,749,178	11,845,335	(96,157)
Total instruction	43,907,852	47,629,352	46,585,472	1,043,880
Supporting services				
Pupil	5,789,691	6,142,901	6,252,729	(109,828)
Instructional staff	3,636,581	3,757,585	4,022,665	(265,080)
General administration	596,519	712,987	694,403	18,584
School administration	3,677,748	3,975,609	3,971,590	4,019
Business	1,304,886	2,579,382	2,226,091	353,291
Operation/maintenance	6,319,129	6,621,647	6,526,513	95,134
Pupil transportation	1,679,162	1,986,670	2,010,040	(23,370)
Central	2,105,803	2,299,851	2,361,582	(61,731)
Athletics	1,036,212	1,220,666	1,192,067	28,599
Total supporting services	26,145,731	29,297,298	29,257,680	39,618
Community services	1,824,583	2,173,770	2,147,695	26,075
Outgoing transfers and other	1,756,000	1,756,000	1,699,117	56,883
Debt service				
Principal repayment	290,000	140,000	369,350	(229,350)
Interest	-	-	29,978	(29,978)
Total debt service	290,000	140,000	399,328	(259,328)
TOTAL EXPENDITURES	73,924,166	80,996,420	80,089,292	907,128
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,465,239)	(1,751,992)	(236,431)	1,515,561
OTHER FINANCING SOURCES (USES)				
Proceeds from leases	-	1,205,691	1,205,691	-
Transfers in	85,000	110,000	114,944	4,944
TOTAL OTHER FINANCING SOURCES (USES)	85,000	1,315,691	1,320,635	4,944
NET CHANGE IN FUND BALANCE	$ (1,380,239)	$ (436,301)	1,084,204	$ 1,520,505
FUND BALANCE				
Beginning of year			9,978,043	
End of year			$ 11,062,247	

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.34611%	0.35496%	0.35253%	0.35422%	0.35860%	0.35814%	0.35427%	0.35751%	0.35881%
Reporting Unit's proportionate share of net pension liability	$ 130,167,903	$ 84,039,416	$ 121,098,144	$ 117,307,298	$ 107,802,731	$ 92,809,234	$ 88,386,461	$ 87,322,218	$ 79,031,405
Reporting Unit's covered-employee payroll	$ 33,781,118	$ 32,025,575	$ 31,292,487	$ 30,725,572	$ 30,454,316	$ 30,153,862	$ 29,775,976	$ 29,779,615	$ 31,496,351
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	385.33%	262.41%	386.99%	381.79%	353.98%	307.79%	296.84%	293.23%	250.92%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED
OF THE YEAR ENDED JUNE 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required pension contributions	$ 15,955,978	$ 11,594,435	$ 10,368,074	$ 9,508,311	$ 9,463,645	$ 9,188,979	$ 8,368,719	$ 8,270,397	$ 6,135,491
Pension contributions in relation to statutorily required contributions	15,955,978	11,594,435	10,368,074	9,508,311	9,463,645	9,188,979	8,368,719	8,270,397	6,135,491
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (pension)	$ 35,193,303	$ 33,581,074	$ 31,152,988	$ 31,441,425	$ 30,591,845	$ 30,369,225	$ 29,925,467	$ 29,684,961	$ 30,818,064
Pension contributions as a percentage of covered-employee payroll	45.34%	34.53%	33.28%	30.24%	30.94%	30.26%	27.97%	27.86%	19.91%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (%)	0.34895%	0.35618%	0.35421%	0.35173%	0.35811%	0.35764%
Reporting Unit's proportionate share of net other post employment benefits liability	$ 7,390,874	$ 5,436,643	$ 18,976,111	$ 25,246,460	$ 28,465,607	$ 31,670,737
Reporting Unit's covered-employee payroll	$ 33,781,118	$ 32,025,575	$ 31,292,487	$ 30,725,572	$ 30,454,316	$ 30,153,862
Reporting Unit's proportionate share of net other postemployment benefits liability as a percentage of its covered-employee payroll	21.88%	16.98%	60.64%	82.17%	93.47%	105.03%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers)	83.09%	87.33%	59.76%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED
OF THE YEAR ENDED JUNE 30)

	2023	2022	2021	2020	2019	2018
Statutorily required other postemployment benefits contributions	$ 2,903,440	$ 2,794,470	$ 2,734,993	$ 2,661,719	$ 2,402,997	$ 2,193,486
Other postemployment benefits contributions in relation to statutorily required contributions	2,903,440	2,794,470	2,734,993	2,661,719	2,402,997	2,193,486
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 35,193,303	$ 33,581,074	$ 31,152,988	$ 31,441,425	$ 30,591,845	$ 30,369,225
Other post employment benefit contributions as a percentage of covered-employee payroll	8.25%	8.32%	8.78%	8.47%	7.86%	7.22%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HOLT PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

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

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate decreased to 6.00% from 6.95%.

ADDITIONAL SUPPLEMENTARY INFORMATION

HOLT PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2023

	Special Revenue			
	Food Service	Student/ School Activities	Capital Projects	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	$ 889,310	$ 660,886	$ -	$ 1,550,196
Accounts receivable	6,129	-	-	6,129
Due from other funds	18,390	-	-	18,390
Inventories	50,990	-	-	50,990
TOTAL ASSETS	$ 964,819	$ 660,886	$ -	$ 1,625,705
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 36,355	$ 10,409	$ -	$ 46,764
Accrued salaries and related items	7,019	-	-	7,019
Accrued retirement	15,591	-	-	15,591
Due to other funds	102,981	6,096	-	109,077
Unearned revenue	50,446	-	-	50,446
TOTAL LIABILITIES	212,392	16,505	-	228,897
FUND BALANCES				
Nonspendable				
Inventories	50,990	-	-	50,990
Restricted	701,437	-	-	701,437
Committed	-	644,381	-	644,381
TOTAL FUND BALANCES	752,427	644,381	-	1,396,808
TOTAL LIABILITIES AND FUND BALANCES	$ 964,819	$ 660,886	$ -	$ 1,625,705

HOLT PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2023

	Special Revenue			
	Food Service	Student/School Activities	Capital Projects	Total Nonmajor Funds
REVENUES				
Food sales	$ 525,448	$ -	$ -	$ 525,448
Student / school activities	-	526,351	-	526,351
State sources	122,869	-	-	122,869
Federal sources	1,966,793	-	-	1,966,793
Investment earnings	12,745	15	1,118	13,878
Other	-	2,013	-	2,013
TOTAL REVENUES	2,627,855	528,379	1,118	3,157,352
EXPENDITURES				
Current				
Salaries	542,566	-	-	542,566
Benefits	342,360	-	-	342,360
Purchased services	305,115	-	-	305,115
Supplies and materials	83,784	-	-	83,784
Food purchases	651,751	-	-	651,751
Donated commodities	402,151	-	-	402,151
Student / school activities	-	528,517	-	528,517
Other expenses	92,877	5,201	-	98,078
Capital outlay	749,449	-	196,056	945,505
TOTAL EXPENDITURES	3,170,053	533,718	196,056	3,899,827
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(542,198)	(5,339)	(194,938)	(742,475)
OTHER FINANCING USES				
Transfers out	(114,944)	-	-	(114,944)
NET CHANGE IN FUND BALANCES	(657,142)	(5,339)	(194,938)	(857,419)
FUND BALANCES				
Beginning of year	1,409,569	649,720	194,938	2,254,227
End of year	$ 752,427	$ 644,381	$ -	$ 1,396,808

HOLT PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023

2019 Refunding bonds.

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 3,150,000	$ 585,250	$ 585,250	2024	$ 4,320,500
3,230,000	506,500	506,500	2025	4,243,000
3,300,000	425,750	425,750	2026	4,151,500
3,375,000	343,250	343,250	2027	4,061,500
3,440,000	258,875	258,875	2028	3,957,750
3,475,000	172,875	172,875	2029	3,820,750
3,440,000	86,000	86,000	2030	3,612,000
$ 23,410,000	$ 2,378,500	$ 2,378,500		$ 28,167,000

HOLT PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023

2021 Building and site bonds - Series I.

	Interest Due		Debt Service Requirement for Fiscal Year	
Principal Due May 1	May 1	November 1	June 30,	Amount
$ -	$ 258,634	$ 258,634	2024	$ 517,268
-	258,634	258,634	2025	517,268
-	258,634	258,634	2026	517,268
-	258,634	258,634	2027	517,268
-	258,634	258,634	2028	517,268
-	258,634	258,634	2029	517,268
-	258,634	258,634	2030	517,268
1,075,000	258,634	258,634	2031	1,592,268
1,115,000	231,760	231,759	2032	1,578,519
1,145,000	209,460	209,459	2033	1,563,919
1,175,000	192,285	192,284	2034	1,559,569
1,210,000	174,660	174,659	2035	1,559,319
1,240,000	156,510	156,509	2036	1,553,019
1,265,000	144,110	144,109	2037	1,553,219
1,290,000	131,460	131,459	2038	1,552,919
1,315,000	118,560	118,559	2039	1,552,119
1,340,000	105,410	105,409	2040	1,550,819
1,360,000	92,010	92,009	2041	1,544,019
1,385,000	78,410	78,409	2042	1,541,819
1,410,000	63,695	63,694	2043	1,537,389
1,440,000	48,713	48,712	2044	1,537,425
1,470,000	33,414	33,413	2045	1,536,827
1,500,000	16,876	16,875	2046	1,533,751
$ 20,735,000	$ 3,866,405	$ 3,866,390		$ 28,467,795

HOLT PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023

2021 Energy conservation and improvement bonds.

	Interest Due		Debt Service Requirement for Fiscal Year	
Principal Due May 1	May 1	November 1	June 30,	Amount
$ 150,000	$ 38,325	$ 38,325	2024	$ 226,650
155,000	35,325	35,325	2025	225,650
160,000	32,225	32,225	2026	224,450
165,000	29,025	29,025	2027	223,050
175,000	25,725	25,725	2028	226,450
185,000	21,350	21,350	2029	227,700
200,000	16,725	16,725	2030	233,450
205,000	11,725	11,725	2031	228,450
215,000	6,600	6,600	2032	228,200
225,000	3,375	3,375	2033	231,750
$ 1,835,000	$ 220,400	$ 220,400		$ 2,275,800

HOLT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
Entitlement Donated Foods	10.555	N/A	$ 128,368	$ -	$ -	$ -	$ 128,368	$ 128,368	$ -
Entitlement Donated Foods - Bonus	10.555	N/A	1,111	-	-	-	1,111	1,111	-
Total non-cash assistance			129,479	-	-	-	129,479	129,479	-
Cash Assistance									
National School Lunch Program - Supply Chain Assistance	10.555	230910	49,806	-	-	-	49,806	49,806	-
National School Lunch Program - Supply Chain Assistance	10.555	220910	97,866	-	-	-	97,866	97,866	-
National School Lunch Program	10.555	231960	995,661	-	-	-	995,661	995,661	-
National School Lunch Program	10.555	221960	178,713	-	-	(9,438)	178,713	169,275	-
National School Lunch Program - Seamless Summer Option	10.555	221961	1,486,542	58,115	1,486,542	-	-	58,115	-
Total ALN 10.555			2,938,067	58,115	1,486,542	(9,438)	1,451,525	1,500,202	-
School Breakfast Program - Seamless Summer Option	10.553	221971	591,988	33,903	591,988	-	-	33,903	-
School Breakfast Program	10.553	231970	432,050	-	-	-	432,050	432,050	-
School Breakfast Program	10.553	221970	79,651	-	-	(7,947)	79,651	71,704	-
Total ALN 10.553			1,103,689	33,903	591,988	(7,947)	511,701	537,657	-
Summer Food Service Program Operating	10.559	220900	20,952	-	-	-	20,952	14,824	6,128
Summer Food Service Program Operating	10.559	220904	3,634	3,634	3,634	-	-	3,634	-
Total ALN #10.559			24,586	3,634	3,634	-	20,952	18,458	6,128
Total cash assistance			3,936,863	95,652	2,082,164	(17,385)	1,854,699	1,926,838	6,128
Total Child Nutrition Cluster			4,066,342	95,652	2,082,164	(17,385)	1,984,178	2,056,317	6,128
COVID-19 - Pandemic EBT Local Level Costs	10.649	220980	3,135	-	-	-	3,135	3,135	-
Total U.S. Department of Agriculture			4,069,477	95,652	2,082,164	(17,385)	1,987,313	2,059,452	6,128

The accompanying notes are an integral part of this schedule.

HOLT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	231530-2223	$ 630,631	$ -	$ -	$ -	$ 472,356	$ 194,809	$ 277,547
Title I Grants to Local Educational Agencies	84.010	221530-2122	612,122	136,813	582,131	-	-	136,813	-
Total ALN 84.010			1,242,753	136,813	582,131	-	472,356	331,622	277,547
English Language Acquisition State Grants	84.365	230580-2223	36,721	-	-	-	920	-	920
English Language Acquisition State Grants	84.365	220580-2122	24,524	4,417	16,251	-	-	4,417	-
Total ALN 84.365			61,245	4,417	16,251	-	920	4,417	920
Supporting Effective Instruction State Grants	84.367	230520-2223	176,481	-	-	-	170,459	83,600	86,859
Supporting Effective Instruction State Grants	84.367	220520-2122	169,449	21,989	116,112	-	-	21,989	-
Total ALN 84.367			345,930	21,989	116,112	-	170,459	105,589	86,859
Student Support and Academic Enrichment	84.424	230750-2223	84,996	-	-	-	72,177	29,146	43,031
Student Support and Academic Enrichment	84.424	220750-2122	84,257	23,413	23,413	-	-	23,413	-
Total ALN 84.424			169,253	23,413	23,413	-	72,177	52,559	43,031
Education Stabilization Fund									
COVID-19 - Elementary and Secondary School									
Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	1,992,645	30,698	1,465,067	-	527,578	362,459	195,817
Emergency Relief Fund (ESSER II - Section 98c)	84.425D	213782-2223	261,025	-	-	-	151,319	-	151,319
Emergency Relief Fund (ESSER III - Formula)	84.425U	213713-2122	4,478,380	197	274,336	-	1,899,171	560,067	1,339,301
Emergency Relief Fund (ESSER III - State Equalization Payments (11t))	84.425U	213723-2122	1,532,682	188,795	188,795	-	1,239,937	188,795	1,239,937
Total ALN 84.425 and Education Stabilization Fund			8,264,732	219,690	1,928,198	-	3,818,005	1,111,321	2,926,374

The accompanying notes are an integral part of this schedule.

HOLT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
U.S. Department of Education									
Passed through Ingham Intermediate School District									
Special Education Cluster									
IDEA Flowthrough	84.027	220450-2122	$ 4,763	$ -	$ -	$ -	$ 4,547	$ -	$ 4,547
IDEA Flowthrough	84.027	210450-2021	4,296	4,296	4,296	-	-	4,296	-
Total ALN 84.027			9,059	4,296	4,296	-	4,547	4,296	4,547
Special Education Preschool Grants	84.173	230460-2223	38,047	-	-	-	38,047	-	38,047
Special Education Preschool Grants	84.173	220460-2022	29,668	14,935	29,668	-	-	14,935	-
Total ALN 84.173			67,715	14,935	29,668	-	38,047	14,935	38,047
Total Special Education Cluster			76,774	19,231	33,964	-	42,594	19,231	42,594
Total U.S. Department of Education			10,160,687	425,553	2,700,069	-	4,576,511	1,624,739	3,377,325
U.S. Department of Health and Human Services									
Passed through Ingham Intermediate School District									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	29,646	-	-	-	29,646	29,646	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	N/A	10,656	(6,615)	380	-	9,615	3,000	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	207406-2223	224,000	-	-	-	224,000	96,433	127,567
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	206838-2122	119,976	119,976	119,976	-	-	119,976	-
Total ALN 93.323			343,976	119,976	119,976	-	224,000	216,409	127,567
Total U.S. Department of Health and Human Services			384,278	113,361	120,356	-	263,261	249,055	127,567
U.S. Department of Treasury									
Passed through Ingham Intermediate School District									
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	222390-GSRP2122	154,211	39,640	109,658	-	42,475	82,115	-
TOTAL FEDERAL AWARDS			$ 14,768,653	$ 674,206	$ 5,012,247	$ (17,385)	$ 6,869,560	$ 4,015,361	$ 3,511,020

The accompanying notes are an integral part of this schedule.

HOLT PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Holt Public Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Holt Public Schools, it is not intended to and does not present the financial position or changes in net position of Holt Public Schools.

The District qualifies for low-risk auditee status. Management has utilized the Cash Management System, NexSys, and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Holt Public Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements June 30, 2023:

General fund	$ 6,579,423
Other nonmajor governmental funds	1,966,793
Total federal revenue in the fund financial statements	8,546,216
Less	
Federal expenditures reported in the prior year but paid back during the current year	17,385
Federal assistance funding not subject to single audit act	(1,694,041)
Expenditures per schedule of expenditures of federal awards	$ 6,869,560

NOTE 4 - ADJUSTMENTS

Adjustments were made for Assistance Listing Numbers #10.553 ($7,947) and #10.555 ($9,438) for federal expenditures reported in the prior year but paid back to the Michigan Department of Education during the current year.

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

To the Board of Education of
Holt Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holt Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Holt Public Schools' basic financial statements, and have issued our report thereon dated October 4, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maner Costerisan PC

October 4, 2023

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

To the Board of Education of
Holt Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Holt Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Holt Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Holt Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Maner Costerisan PC

October 4, 2023

HOLT PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:	*Unmodified*			
Internal control over financial reporting:				
➢ Material weakness(es) identified?		Yes	X	None
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	None

Federal Awards

Internal control over major programs:				
➢ Material weakness(es) identified?		Yes	X	None
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*			
Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?		Yes	X	No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund
10.553, 10.555, and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Question Costs

None noted

HOLT PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Financial Statement Findings and Questioned Costs

Finding 2022-001: Considered a significant deficiency in internal control over financial reporting and on compliance and other matters.

Criteria: In order to comply with Michigan Department of Education requirements, the District's food service fund balance cannot exceed three months of operating expenditures.

Condition: Holt Public Schools currently has more than the allowable fund balance in the non-profit food service fund. As a result, the District will be required to develop a spending plan to reduce the balance to an acceptable level during the 2022-2023 school year. The plan must be submitted to the Michigan Department of Education prior to implementation. Excess funds cannot be transferred to the general fund except to the extent of the allowable indirect costs transfer.

Cause: The District's received more funding than anticipated through the seamless summer option meals. The District was aware of the increased funding and attempted to spend down fund balance but experienced shipping delays for allowable equipment and capital expenditures. Accordingly, the District was unable to reduce the fund balance to an acceptable level before year end.

Effect: The District has excess fund balance in the non-profit food service fund.

Recommendation: The District should submit and implement a spend down plan for the 2022-2023 school year that will adequately reduce the food service fund balance to an acceptable level in accordance with MDE guidelines.

District's Response: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

Status: Resolved.

Maner Costerisan

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October 4, 2023

To the Board of Education of
Holt Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holt Public Schools for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Holt Public Schools are described in Note 1 to the financial statements. During the 2023 fiscal year, the District implemented Governmental Accounting Standard No. 96, *Subscription-Based Information Technology Arrangements*. The application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 4, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

A separate management letter was not issued.

Restriction on Use

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

Very truly yours,

Maner Costerisan PC