VANDERBILT AREA SCHOOL
Vanderbilt, Michigan

FINANCIAL STATEMENTS
June 30, 2023

Gardner | Provenzano
Thomas & Luplow
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

October 18, 2023

To the Board of Education
Vanderbilt Area School
Vanderbilt, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of Vanderbilt Area School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Vanderbilt Area School's 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 remaining fund information of Vanderbilt Area School, 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 Vanderbilt Area School, 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.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, *Subscriptions-based IT Arrangements.* Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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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 Vanderbilt Area School's 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 Vanderbilt Area School's 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 Vanderbilt Area School's 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023, on our consideration of Vanderbilt Area School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Vanderbilt Area School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vanderbilt Area School's internal control over financial reporting and compliance.

Gardner, Provenzano, Thomas & Kuplow, P.C.

Certified Public Accountants

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Vanderbilt Area School's ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents the information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide statements distinguish functions of the District that are principally supported by state aid and property taxes (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, community services, food service, facilities acquisition, construction and improvements, and interest on long-term debt. The District has no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Vanderbilt Area School, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories, governmental funds and fiduciary funds.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes.

The District maintains the following types of funds:

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds

Fiduciary funds are for assets that belong to others, such as certain student organizations where the District is the trustee or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

The District maintains one type of fiduciary fund. The Custodial fund reports resources held by the District in a custodial capacity for individuals, private organizations, and other governments.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in both the government-wide and the fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2023 and 2022.

Table 1

	2023	2022
Current assets	$ 567,539	$ 418,144
Capital assets	3,162,426	3,325,750
Total Assets	3,729,965	3,743,894
Deferred outflows of resources	1,119,860	376,712
Current liabilities	289,375	217,464
Noncurrent liabilities	2,678,789	1,633,547
Total liabilities	2,968,164	1,851,011
Total deferred inflows of resources	524,275	876,506
Net position		
Net investment in capital assets	2,972,426	3,090,750
Restricted for capital projects	43,740	13,381
Unrestricted (deficit)	(1,658,780)	(1,711,042)
Total net position	$ 1,357,386	$ 1,393,089

The District's net position was $1,357,386 at June 30, 2023. Capital assets, net of related debt totaling $2,972,426 compares the original cost, less depreciation of the District's capital assets to long-term debt used to finance the acquisition of those assets. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use that net position for day-to-day operations.

The remaining amount of net position, $(1,658,780) was unrestricted. This represents the accumulated results of all past years' operations. The implementation of GASB 68 and GASB 75 in prior years is the major reason for the deficit.

Table 2 summarizes the results of operations, on a district-wide basis for the years ended June 30, 2023 and 2022.

Table 2

	2023	2022
Revenues:		
Program revenues:		
Charges for Services	$ 2,669	$ 3,128
Operating Grants and Contributions	821,096	804,103
General revenues:		
Property taxes	1,026,453	1,232,772
State sources	41,292	21,036
Investment earnings	809	1,404
Other	24,137	75,118
Total revenues	1,916,456	2,137,561
Expenses:		
Instruction	882,685	747,210
Support services	755,722	619,442
Community services	1,355	994
Food service	97,169	82,359
Facilities Acquisition, Construction, and Improvements	8,950	4,632
Student activities	2,152	2,327
Interest and misc. expense on long-term debt	4,683	13,816
Depreciation (unallocated)	199,443	177,644
Total expenses	1,952,159	1,648,424
Increase (Decrease) in Net Position	$ (35,703)	$ 489,137

The District's net position decreased by $35,703 during the 2022-2023 school year, compared to an increase of $489,137 during the 2021-2022 school year. The most significant change from the prior year was in property taxes. In the 2022-2023 fiscal year, property taxes were no longer collected for the 2020 debt service fund.

Financial Analysis of the District's Funds

The fund balance of the General Fund was $206,499 at June 30, 2023, a decrease of $3,862 from the prior year.

The Sinking Fund balance increased by $30,359 during 2022-2023. The District does not consider this significant as the purpose of a sinking fund is to spend money on allowable items/projects.

The Food Service Fund balance decreased by $5,659 in 2022-2023, compared to an increase of $4,680 in the prior year. This fund transferred $6,330 to the General Fund to cover indirect costs.

The Student Activities Fund balance at June 30, 2023 was $14,693, which increased $2,286 from the prior year.

General Fund Budgetary Highlights

The Uniform Accounting and Budgeting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2022-2023 fiscal year, the District amended the General Fund throughout the year. Revenue increased $260,742 in the final budget from the original budget with the biggest increase in State sources. Final budgeted expenditures increased $207,845 from the original budget. There were changes in each category, none of which the District feels was significant.

The actual change in fund balance was a decrease of $(3,862) compared to a budgeted increase of $(10,142).

Capital Assets

As of June 30, 2023, the District had capital assets of $3,162,426 including land, building and improvements, buses and vehicles, and various types of furniture and equipment. This amount represents an decrease (including additions, disposals, and depreciation) of $163,324 from last year.

Table 3

Vanderbilt Area School's Capital Assets

	2023			2022
	Cost	Accumulated depreciation	Net book value	Net book value
Land	$ 11,500	$ -	$ 11,500	$ 11,500
Building and Improvements	5,935,312	2,890,031	3,045,281	3,180,442
Furniture and Equipment	524,457	443,851	80,606	83,731
Buses and Vehicles	127,185	102,146	25,039	50,077
Total	$ 6,598,454	$ 3,436,028	$ 3,162,426	$ 3,325,750

This year's additions included improvements to the well and additions of furniture and equipment. Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Debt

At June 30, 2023, the District had $190,000 in bonds outstanding. This represents a decrease of $45,000 from the amount outstanding at the close of the prior fiscal year. Additionally, at June 30, 2023, the District reported compensated absences of $19,533. Additional information on the District's long-term debt obligations can be found in Note 5 of this report.

Economic Factors and Next Year's Budget

When adopting the 2023-2024 budget, the District took a conservative approach to revenue predictions, and used planned expenditures known at the time. Being an "Out-of-Formula" school district, the District is positively and negatively impacted by our local non-homestead taxes as taxable values rise or fall. It is important that the District continues to monitor local tax tribunal cases. The District must continue to be proactive and aggressively defend any request for a reduction that lacks merit, as any reduction directly impacts the District financially. The District continues to work hard to keep operating expenditures down and to maintain revenue levels that are within their control.

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 money it receives. If you have questions about this report, or need additional financial information, please contact the Superintendent, Vanderbilt Area School, 947 Donovan Street, Vanderbilt, MI 49795.

BASIC FINANCIAL STATEMENTS

Vanderbilt Area School
District Wide
Statement of Net Position
June 30, 2023

	Governmental activities
Assets:	
Cash	$ 176,840
Due from other governmental units	390,699
Capital assets, net of accumulated depreciation	3,162,426
Total Assets	3,729,965
Deferred Outflows of Resources:	
Pension related	869,330
OPEB related	250,530
Total Deferred Outflows of Resources	1,119,860
Liabilities:	
Accounts payable	22,516
Due to other governmental units	47,141
Salaries and benefits payable	126,336
Accrued interest payable	650
Unearned revenue	92,732
Noncurrent liabilities:	
Bonds payable, due within one year	45,000
Bonds payable, due in more than one year	145,000
Compensated absences, due within one year	453
Compensated absences, due in more than one year	19,080
Net pension liability	2,327,732
Net OPEB liability	141,524
Total Liabilities	2,968,164
Deferred Inflows of Resources:	
Pension related	210,738
OPEB related	313,537
Total Deferred Inflows of Resources	524,275
Net Position:	
Net invested in capital assets	2,972,426
Restricted for capital projects	43,740
Unrestricted (deficit)	(1,658,780)
Total Net Position	$ 1,357,386

The accompanying notes are an integral part of these financial statements.

Vanderbilt Area School
District Wide
Statement of Activities
For the Year Ended June 30, 2023

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Governmental activities: Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	$ 882,685	$ -	$ 602,456	$ (280,229)
Support services	755,722	2,200	115,499	(638,023)
Community services	1,355	-	-	(1,355)
Food service	97,169	469	98,223	1,523
Facilities Acquisition, Construction, and Improvements	8,950	-	-	(8,950)
Student/school activities	2,152	-	4,918	2,766
Interest and misc. expenses on long-term debt	4,683	-	-	(4,683)
Depreciation (unallocated)	199,443	-	-	(199,443)
Total governmental activities	$ 1,952,159	$ 2,669	$ 821,096	(1,128,394)
General revenues:				
Property taxes - general purposes				946,392
Property taxes - capital projects				80,061
State sources - unrestricted				41,292
Investment earnings				809
Other				24,137
Total general revenues				1,092,691
Change in net position				(35,703)
Net Position, beginning of year				1,393,089
Net Position, end of year				$ 1,357,386

The accompanying notes are an integral part of these financial statements.

Vanderbilt Area School
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Nonmajor Capital Projects Fund Sinking Fund	Nonmajor Food Service	Nonmajor Student Activities	Total governmental funds
Assets:					
Cash and cash equivalents	$ 122,168	$ 38,064	$ -	$ 16,608	$ 176,840
Due from other governmental units	387,575	-	3,124	-	390,699
Due from other funds	834	5,676	12,103	-	18,613
Total Assets	$ 510,577	$ 43,740	$ 15,227	$ 16,608	$ 586,152
Liabilities:					
Accounts payable	$ 21,171	$ -		$ -	$ 21,171
Checks written in excess of cash	-	-	1,345	-	1,345
Due to other governmental units	47,141	-	-	-	47,141
Salaries and benefits payable	126,336	-	-	-	126,336
Due to other funds	16,698	-	-	1,915	18,613
Unearned revenue	92,732	-	-	-	92,732
Total Liabilities	304,078	-	1,345	1,915	307,338
Fund Balances:					
Restricted for Capital projects	-	43,740	-	-	43,740
Committed for student activities	-	-	-	14,693	14,693
Assigned:					
Food service	-	-	13,882	-	13,882
Unassigned	206,499	-	-	-	206,499
Total Fund Balance	206,499	43,740	13,882	14,693	278,814
Total Liabilities and Fund Balances	$ 510,577	$ 43,740	$ 15,227	$ 16,608	$ 586,152

The accompanying notes are an integral part of these financial statements.

Vanderbilt Area School
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total governmental fund balances	$ 278,814
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds	3,162,426
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(190,000)
Compensated absences	(19,533)
Net pension liability	(2,327,732)
Net OPEB liability	(141,524)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows - pension	869,330
Deferred outflows - OPEB	250,530
Deferred inflows - pension	(210,738)
Deferred inflows - OPEB	(313,537)
Interest on long-term debt is accrued as a liability in the district-wide statements, but is not recognized in the governmental funds until due.	(650)
Net position of governmental activities	$ 1,357,386

The accompanying notes are an integral part of these financial statements.

Vanderbilt Area School
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General Fund	Nonmajor Capital Projects Fund Sinking Fund	Nonmajor Food Service	Nonmajor Student Activities	Total governmental funds
Revenues:					
Local sources	$ 963,510	$ 78,449	$ 495	$ 4,917	$ 1,047,371
State sources	378,539	1,728	3,005	-	383,272
Federal sources	351,347	-	95,218	-	446,565
Other sources	39,248	-	-	-	39,248
Total revenues	1,732,644	80,177	98,718	4,917	1,916,456
Expenditures:					
Instruction	927,543	-	-	-	927,543
Supporting services	804,930	-	-	-	804,930
Community services	1,413	-	-	-	1,413
Food service	-	-	98,047	-	98,047
Student activities	-	-	-	2,631	2,631
Facilities acquisition, construction and improvements	8,950	-	-	-	8,950
Debt service			-		
Principal	-	45,000	-	-	45,000
Interest	-	4,818	-	-	4,818
Total expenditures	1,742,836	49,818	98,047	2,631	1,893,332
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,192)	30,359	671	2,286	23,124
Other Financing Sources (Uses):					
Transfers in	6,330	-		-	6,330
Transfers out	-	-	(6,330)	-	(6,330)
Total other financing sources (uses)	6,330	-	(6,330)	-	-
Net Change in Fund Balances	(3,862)	30,359	(5,659)	2,286	23,124
Fund Balance-Beginning of year	210,361	13,381	19,541	12,407	255,690
Fund Balance-End of year	$ 206,499	$ 43,740	$ 13,882	$ 14,693	$ 278,814

The accompanying notes are an integral part of these financial statements.

Vanderbilt Area School
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances total governmental funds	$ 23,124
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation	(199,443)
Capital outlay	36,119
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	785
Accrued interest payable, end of the year	(650)
Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt). Also governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect is as follows:	
Repayment of principal	45,000
(Increases) decreases in compensated absences is an expenditure in the governmental funds, but not in the statement of activities (where it increases long-term debt).	16,319
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	(181,118)
Governmental funds report pension and OPEB healthcare contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an expense.	
Net pension and OPEB expense	224,161
Change in net position of governmental activities	$ (35,703)

The accompanying notes are an integral part of these financial statements.

Vanderbilt Area School
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2023

	Custodial Fund
Assets:	
Cash	$ 2,000
Net Position:	
Restricted for Student Scholarships	$ 2,000

The accompanying notes are an integral part of these financial statements.

Vanderbilt Area School
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
June 30, 2023

	Custodial Fund
Additions	
Student scholarship income	$ -
Deductions	
Payments made for student scholarships	-
Net increase (decrease) in Fiduciary Net Position	-
Net Position - beginning of year	2,000
Net Position - end of year	$ 2,000

The accompanying notes are an integral part of these financial statements.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District ("the District") is located in Otsego County with its administrative offices located in Vanderbilt, Michigan. The District operates under an elected 5-member board of education and provides services to its 95 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, and athletics. The District receives funding from local, state, and federal government 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 generally accepted accounting principles. 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.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. 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, 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.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major and nonmajor governmental funds, each displayed in a separate column. Major and nonmajor individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

> 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.

Other Non-Major Funds:

> *Special revenue funds* account for revenue sources that are legally restricted and assigned to expenditures for specific purposes. The District accounts for its food service activities and student activities in special revenue funds.

> The *sinking fund* accounts for the acquisition of capital assets or construction of major capital projects, financed with property tax revenue.

Additionally, the District reports Fiduciary Funds. Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *custodial fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in a custodial capacity.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations and acquisitions under leases 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end).

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

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

F. Budgetary Information

1. Budgetary Basis of Accounting

   Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

   Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

   a) Prior to July 1, the business office submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.

   b) A public hearing is conducted during June to obtain taxpayer comments.

c) Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. 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 financial 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.

d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The District considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

Investments are carried at amortized cost which approximates fair value. The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.

b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.

c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

e) United States government or federal agency obligation repurchase agreements.

f) Bankers' acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation (FDIC).

g) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

h) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

3. Inventory and Prepaid Items

Inventory is valued at cost using the first-in-first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

Certain payments made 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.

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

4. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land is not depreciated and construction in progress is not depreciated until the underlying assets are placed in service upon completion of the project. At that time, the asset costs are reclassified out of construction in progress and into the appropriate depreciable category.

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

Buildings, Additions and Land Improvements	10-50 years
Furniture and Equipment	2-15 years
Buses and Vehicles	7-15 years

The District's capitalization policy is to capitalize individual amounts exceeding $1,000 and aggregate purchases of similar items purchased at the same time, such as textbooks for a classroom.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements 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 two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide *Statement of Net Position*. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expenses in the plan year in which they apply.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. The 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 two items that qualify for reporting in this category. They 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.

6. Defined Benefit Plans

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

7. Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. Unearned revenue related to state and federal grants received and unspent due to restrictions on how it can be spent.

8. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities 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 obligation.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

At June 30, 2023, the District's Net Pension Liability amounted to $2,327,732. This constitutes their unfunded pension benefit obligation as of the measurement date of the Michigan Public School Employees Retirement System Plan. Additional information on the District's Net Pension Liability can be found in Note 11 of this report.

At June 30, 2023, the District's Net OPEB Liability amounted to $141,524. This constitutes their unfunded OPEB obligation as of the measurement date of the Michigan Public School Employees Retirement System Plan. Additional information on the District's Net OPEB Liability can be found in Note 12 of this report.

9. 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.

10. Fund Balance Flow Assumption

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.

11. 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 governing board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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 governing board has authorized the superintendent or business manager to assign fund balance. The board 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.

12. Use of Estimates

The process of preparing basic 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 expenditures. 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.

H. Revenues and Expenditures/Expenses

1. State Revenue

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 year ended June 30, 2023, the foundation allowance was based on a blended count to determine pupil membership based on counts taken in October 2022 and February 2022. For the fiscal year ended June 30, 2023, the per pupil foundation allowance was $9,150 for Vanderbilt Area Schools.

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. Categorical funds received which are not expended by the close of the fiscal year are recorded as unearned revenue.

2. Federal Revenue

   Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

3. Program Revenues

   Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

4. Property Taxes

   Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of July 1 and due by September 14. After this date, unpaid taxes are subject to penalties and interest.

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

Fund	Mills
General Fund	
Non-Principal Residence Exemption (PRE)	17.566
Commercial Personal Property (CPP)	5.556
Sinking Fund	
PRE, Non-PRE, CPP	0.7287

5. Compensated Absences

   It is the District's policy to permit employees to accumulate earned but unused sick pay, vacation time and other benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 2-DEPOSITS AND INVESTMENTS

Custodial credit risk (deposits) - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2023, all of the District's bank balance of $191,094 was insured. The carrying value on the books for deposits at the end of the year is $178,840. The risk is spread amongst the District's funds. Although the District's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the deposits.

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.

Credit risk - State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

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.

Foreign currency risk - The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

NOTE 3-INTERGOVERNMENTAL RECEIVABLES

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

	Government-wide
State aid	$ 121,835
Federal revenue	268,864
	$ 390,699

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

NOTE 4-CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 11,500	$ -	$ -	$ 11,500
	11,500	-	-	11,500
Capital assets being depreciated:				
Buildings and Improvements	5,926,362	8,950		5,935,312
Furniture and Equipment	501,445	27,169	4,157	524,457
Buses and Vehicles	127,185	-	-	127,185
Depreciable capital assets	6,554,992	36,119	4,157	6,586,954
Accumulated depreciation:				
Buildings and Improvements	2,745,920	144,111	-	2,890,031
Furniture and Equipment	417,714	30,294	4,157	443,851
Buses and Vehicles	77,108	25,038	-	102,146
Total Accumulated Depreciation	3,240,742	199,443	4,157	3,436,028
Net depreciable capital assets	3,314,250	(163,324)	-	3,150,926
Net governmental capital assets	$ 3,325,750	$ (163,324)	$ -	$ 3,162,426

Depreciation for the fiscal year ended June 30, 2023, amounted to $199,443. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5-LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2022:

	Balance 7/1/2022	Additions	Retirements	Balance 6/30/2022	Current Portion
Governmental Activities					
General Obligation Bonds	$ 235,000	$ -	$ 45,000	$ 190,000	$ 45,000
Compensated Absences	35,852	-	16,319	19,533	453
Totals	$ 270,852	$ -	$ 61,319	$ 209,533	$ 45,453

General Obligation Bonds		
$275,000 2021 School Building and Site Bonds due in annual installments of $40,000 to $50,000 through May 1, 2027; Interest at 2.05%	$	190,000
Other Long-term Obligations		
Compensated absences		19,533
	$	209,533

The annual requirements to amortize all general long-term obligations outstanding except compensated absences, net pension liability, and net other postemployment benefit liability as of June 30, 2023, are as follows:

Year ending June 30,	Principal	Interest	Total
2024	$ 45,000	$ 3,895	$ 48,895
2025	45,000	2,973	47,973
2026	50,000	2,050	52,050
2027	50,000	1,025	51,025
Totals	$ 190,000	$ 9,943	$ 199,943

The annual requirements to amortize the compensated absences, the pension liability, and the net other postemployment benefit liability are uncertain and, therefore, not shown above because it is unknown when the repayments will be made. Compensated absences will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

NOTE 6-INTERFUND RECEIVABLES AND PAYABLES AND TRANSERS

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2023, were:

Interfund receivable			Interfund payable		
General Fund	$	834	Student Activity Fund	$	834
Food Service Fund		11,022	General Fund		11,022
Food Service Fund		1,081	Student Activity Fund		1,081
Sinking Fund		5,676	General Fund		5,676
	$	18,613		$	18,613

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. All interfund balances outstanding at June 30, 2023, are expected to be repaid within one year.

Transfers between the governmental funds were as follows:

Transfers Out		Transfers In	
Food Service	$ 6,330	General Fund	$ 6,330

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7-CONTINGENCIES

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

NOTE 8-COMMITMENTS

The District has active capital projects outstanding at June 30, 2023. Approximately $43,740 is restricted and recorded as fund balance in the Sinking Fund.

NOTE 9-STATEMENT NO. 77 – TAX ABATEMENT DISCLOSURES

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by Corwith Township. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2023, (tax year 2022) the District's property tax revenues were reduced by $2,313 under these programs.

NOTE 10-SINKING FUND

The School District's Sinking Fund records capital projects activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of section 1212(1) of the Revised School Code.

NOTE 11-PENSION PLAN

Plan Description

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

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

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

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

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members. A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

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

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

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

Pension Contribution Rates

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

Required contributions to the pension plan from the District were $210,659 for the year ended September 30, 2022.

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

At June 30, 2023, the District reported a liability of $2,327,732 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The District’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period.

At September 30, 2022, the District's proportion was 0.00618 percent, which was an increase of 0.00056 percent from its proportion measured as of September 30, 2021.

For the year ending June 30, 2023, the District recognized pension expense of $279,954. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,285	$ 5,205
Changes of assumptions	399,988	
Net difference between projected and actual earnings on pension plan investment	5,459	
Changes in proportion and differences between District contributions and proportionate share of contributions	155,083	24,415
District contributions subsequent to the measurement date	285,515	
Total	$ 869,330	$ 29,620

In addition to the deferred inflows of resources noted above, the District also has $181,118 in deferred inflows related to the 147(c) UAAL stabilization allocation from the state of Michigan at year end.

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

Deferred (Inflow) and Deferred Outflow of Resources by Year
(to be Recognized in Future Pension Expenses)

Plan Year Ended	
2023	$ 149,890
2024	$ 137,371
2025	$ 118,704
2026	$ 148,230

Actuarial Assumptions

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

Additional information as of the lates actuarial valuation follows:

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

Notes:

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.3922

Recognition period for assets in years: 5.0000.

Full actuarial assumptions are available in 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return of Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity	15.0%	6.7%
Fixed Income Pools	13.0%	-2.0%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.00%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	-5.0%
Total	100.0%	

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

Rate of Return

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

Discount Rate

A discount rate of 6.0% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan).

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$ 3,071,741	$ 2,327,732	$ 1,714,634

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at Michigan.gov/ORSSchools.

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

As of June 30, 2023, the District reported payables in the amount of $49,718 to the pension plan.

NOTE 12-POSTEMPLOYMENT BENEFITS

Plan Description

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

Benefits Provided

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

Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

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

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

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

OPEB Contribution Rates

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

Required contributions to the OPEB plan from the District were $50,897 for the year ended September 30, 2022.

<u>OPEB Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

At June 30, 2023, Vanderbilt Area Schools reported a liability of $141,524 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was 0.00668 percent, which is an increase of .001 percent from proportion measured as of October 1, 2021.

For the year ending June 30, 2023, the District recognized OPEB expense of ($61,608). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Source Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 277,191
Changes of assumptions	126,145	10,271
Net difference between projected and actual earnings on OPEB plan investments	11,061	-
Changes in proportion and differences between District contributions and proportionate share of contributions	68,838	26,075
District contributions subsequent to the measurement date	44,486	-
Total	$ 250,530	$ 313,537

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

Deferred (Inflow) and Deferred Outflow of Resources by Year
(to be Recognized in Future OPEB Expenses)

Plan Year Ended		
2023	$	(55,146)
2024	$	(39,293)
2025	$	(27,825)
2026	$	5,790
2027	$	6,827
Thereafter	$	2,154

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality: Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt-Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2250

Recognition period for assets in years: 5.0000.

Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return of Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity	15.0%	6.7%
Fixed Income Pools	13.0%	-2.0%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.00%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	-5.0%
Total	100.0%	

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

Rate of Return

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

Discount Rate

A discount rate of 6.00% 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 237,392	$ 141,524	$ 60,790

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 59,263	$ 141,524	$ 233,862

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS CAFR, available on the ORS website at Michigan.gov/ORSSchools.

NOTE 13-CHANGE IN ACCOUNTING PRINCIPLE

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements.* 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 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. 96, *Subscription-based Information Technology Arrangements*, as amended. There was no material impact on the District's financial statements after the adoption of GASB Statement No. 96.

REQUIRED SUPPLEMENTARY INFORMATION

Vanderbilt Area School
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023

	Original budget	Final budget	Actual	Variance with final budget
Revenues:				
Local sources	$ 988,185	$ 996,728	$ 963,510	$ (33,218)
State sources	186,040	387,454	378,539	(8,915)
Federal sources	306,490	350,560	351,347	787
Incoming transfers and other transactions	810	7,525	45,578	38,053
Total Revenues	1,481,525	1,742,267	1,738,974	(3,293)
Expenditures:				
Instruction:				
Basic programs	647,430	709,726	735,437	25,711
Added needs	207,600	217,779	192,106	(25,673)
Total instruction	855,030	927,505	927,543	38
Support services:				
Pupil services	116,915	107,312	95,701	(11,611)
Instructional staff	1,420	4,500	4,598	98
General administration	30,740	50,135	46,639	(3,496)
School administration	190,915	206,280	239,525	33,245
Business	59,390	68,100	71,002	2,902
Operations and maintenance	183,010	223,410	220,311	(3,099)
Pupil transportation services	34,725	50,159	44,200	(5,959)
Support services - central	18,840	58,759	60,114	1,355
Support services - other	30,320	21,990	22,840	850
Total support services	666,275	790,645	804,930	14,285
Community services	2,975	1,975	1,413	(562)
Site improvement services	-	12,000	8,950	(3,050)
Total expenditures	1,524,280	1,732,125	1,742,836	10,711
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,755)	10,142	(3,862)	(14,004)
Fund balance - beginning of year	210,361	210,361	210,361	-
Fund balance - end of year	$ 167,606	$ 220,503	$ 206,499	$ (14,004)

Vanderbilt Area School
Schedule of the District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
(Amounts were determined as of 9/30 of each fiscal year)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. District's proportion of net pension liability (%)	0.00618%	0.00562%	0.00547%	0.00547%	0.00615%	0.00660%	0.00687%	0.00637%	0.00678%
B. District's proportionate share of net pension liability	$ 2,327,732	$ 1,330,615	$ 1,878,462	$ 1,810,407	$ 1,849,871	$ 1,709,755	$ 1,714,278	$ 1,557,286	$ 1,494,199
C. District's covered payroll	$ 651,042	$ 514,882	$ 502,011	$ 460,215	$ 501,026	$ 525,783	$ 600,361	$ 476,933	$ 420,716
D. District's proportionate share of net pension liability as a percentage of its covered payroll (%	357.54%	258.43%	374.19%	393.38%	369.22%	325.18%	285.54%	326.52%	355.16%
E. Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Vanderbilt Area School
Schedule of District's Pension Contributions
Michigan Public School Employees Retirement Plan
(Amounts were determined as of 6/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	$ 249,938	$ 118,212	$ 170,092	$ 148,768	$ 148,691	$ 155,838	$ 155,093	$ 122,997	$ 105,354
B. Contributions in relation to statutorily required contributions*	$ 249,938	$ 118,212	$ 170,092	$ 148,768	$ 148,691	$ 155,838	$ 155,093	$ 122,997	$ 105,354
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. District's covered payroll	$ 674,666	$ 600,459	$ 511,594	$ 490,004	$ 464,431	$ 506,091	$ 551,752	$ 476,933	$ 420,716
E. Contributions as a percentage of covered payroll	37.05%	19.69%	33.25%	30.36%	32.02%	30.79%	28.11%	25.79%	25.04%

*Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms in FY 2022.
Changes of assumptions: There were no changes of benefit assumptions in FY 2022.

Vanderbilt Area School
Schedule of the District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
(Amounts were determined as of 9/30 of each fiscal year)

	2022	2021	2020	2019	2018	2017
A. District's proportion of net OPEB liability (%)	0.00680%	0.00565%	0.00565%	0.00524%	0.00588%	0.00660%
B. District's proportionate share of net OPEB liability	$ 141,524	$ 86,305	$ 302,813	$ 376,231	$ 467,522	$ 584,446
C. District's covered payroll	$ 651,042	$ 514,882	$ 502,011	$ 460,215	$ 501,026	$ 525,783
D. District's proportionate share of net OPEB liability as a percentage of its covered payroll (%)	21.74%	16.76%	60.32%	81.75%	93.31%	111.16%
E. Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Vanderbilt Area School
Schedule of District's OPEB Contributions
Michigan Public School Employees Retirement Plan
(Amounts were determined as of 6/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018
A. Statutorily required contributions	$ 57,731	$ 52,590	$ 40,262	$ 37,474	$ 35,711	$ 36,870
B. Contributions in relation to statutorily required contributions*	$ 57,731	$ 52,590	$ 40,262	$ 37,474	$ 35,711	$ 36,870
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
D. District's covered payroll	$ 674,666	$ 600,459	$ 511,594	$ 490,004	$ 464,431	$ 506,091
E. Contributions as a percentage of covered payroll	8.56%	8.76%	7.87%	7.65%	7.69%	7.29%

*Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the OPEB Plan, as distin
from the statutorily required contributions.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms in FY 2022.
Changes of assumptions: There were no changes of benefit assumptions in FY 2020.

Gardner | Provenzano
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CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
Heather A. Thomas
Brett A. Luplow

NDEPENDENT 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*

October 18, 2023

To the Board of Education
Vanderbilt Area School
Vanderbilt, Michigan

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, the major fund, and the remaining fund information of Vanderbilt Area School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Vanderbilt Area School's basic financial statements and have issued our report thereon dated October 18, 2023.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Vanderbilt Area School's 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 Vanderbilt Area School's internal control. Accordingly, we do not express an opinion on the effectiveness of Vanderbilt Area School's 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.

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To the Board of Education
Vanderbilt Area School
Vanderbilt, Michigan
Page Two

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 may exist that have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether Vanderbilt Area School's 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 determination of financial statement amounts. 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 is 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.

Gardner, Provenzano, Thomas & Luplow, P.C.

Certified Public Accountants