Bridgman Public School District

Berrien County, Michigan

Financial Report
With Supplementary Information

June 30, 2024

KRUGGEL LAWTON CPA

St. Joseph, MI

BRIDGMAN PUBLIC SCHOOL DISTRICT
Bridgman, Michigan
June 30, 2024

BRIDGMAN PUBLIC SCHOOL DISTRICT
Bridgman, Michigan
June 30, 2024

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KRUGGEL LAWTON CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Bridgman Public School District
Bridgman, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgman Public School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District'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 aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024 on our consideration of the District'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 the District'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 the District's internal control over financial reporting and compliance.

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
October 28, 2024

Bridgman Public School District is a K-12 school district located in Berrien County, Michigan. The Management's Discussion and Analysis, a requirement of the Governmental Accounting Standards Board ("GASB") Statement No. 34 ("GASB 34"), is intended to be discussion and analysis of the financial results for the fiscal year ended June 30, 2024 of the management of Bridgman Public School District (the "District").

Generally accepted accounting principles ("GAAP") and GASB 34 require the reporting of two types of financial statements: District-wide Financial Statements and Fund Financial Statements.

District-Wide Financial Statements

The District-wide financial statements are full accrual basis statements. They report all of the District's assets, deferred outflows, liabilities and deferred inflows, short-term and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the debt service funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the District-wide financial statements.

Fund Financial Statements

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Service Fund – QSCB and 2015 Refunding Bonds (a debt service fund), Recreation Fund, Student Activity Fund and Food Services Fund (special revenue funds), and Sinking Fund (a capital projects fund).

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No capital asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

The District as Trustee — Reporting the District's Fiduciary Responsibilities

Fiduciary funds are for assets that belong to others, such as certain parent organizations where the District is a trustee or fiduciary. The District cannot use these assets to finance its operations, but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources. The District has no fiduciary funds.

Analysis of Financial Position

The district-wide net position of the District as of June 30 is summarized in the table below:

	2024	2023
Assets		
Current assets	$ 12,622,496	$ 10,825,230
Noncurrent assets	18,348,319	18,669,169
Total Assets	$ 30,970,815	$ 29,494,399
Deferred Outflows of Resources	$ 8,076,203	$ 10,275,332
Liabilities		
Current liabilities	$ 2,721,301	$ 2,671,374
Noncurrent liabilities	27,311,406	33,344,999
Total Liabilities	$ 30,032,707	$ 36,016,373
Deferred Inflows of Resources	$ 6,561,969	$ 4,703,624
Net Position (Deficit)		
Net investment in capital assets	$ 10,862,272	$ 10,406,702
Restricted	5,800,096	3,979,576
Unrestricted	(14,210,026)	(15,336,544)
Total Net Position (Deficit)	$ 2,452,342	$ (950,266)

During the fiscal year ended June 30, 2024, the District's net position increased by $3,402,608. A few of the significant factors affecting net position during the year are discussed below.

A. Current Assets

The District's current assets increased by 1,797,266 during the year, primarily due to an increase in cash and cash equivalents of $11,150,533, which was related to the increase in net position.

B. Capital Assets

The District's investment in capital assets decreased by $695,049 during the year. The net activity for the year is summarized in the following table:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Assets not being depreciated	$ 151,100	$ -	$ -	$ 151,100
Assets being depreciated	39,091,683	193,753	-	39,285,436
Less: Accumulated depreciation	(20,573,614)	(888,802)	-	(21,462,416)
Net capital assets	$ 18,669,169	$ (695,049)	$ -	$ 17,974,120

Current year capital addition of $193,753 is comprised of a MOSS paging system for the elementary and middle school, camera system upgrade, driveway improvements, and building improvements toward restrooms and catch basin.

C. Deferred Outflows of Resources

The District's deferred outflows of resources decreased by $2,199,125 during the year, primarily due to an decrease in deferred outflows of resources related to OPEB.

D. Long-Term Debt

During fiscal year 2010, the District issued $15,000,000 of general obligation – unlimited tax School Building and Site Bonds. The proceeds were used for acquiring, installing, and equipping instructional technology for school facilities; equipping and remodeling school facilities; construction and improvement of athletic facilities; developing and improving sites, and paying the costs of issuing the bonds. During the current fiscal year, the District made $1,150,000 of principal payments.

During fiscal year 2016, bonds totaling $3,605,000 were issued and recorded in the Debt Service – QSCB and 2015 Refunding Bonds Fund. The refunding was done for an estimated present value savings of $156,237. During the current fiscal year, the District made its scheduled debt payments for this bond, which were interest-only payments.

Results of Operations

A. District-wide

The District-wide results of operations for the fiscal years ended June 30 are summarized in the following table:

	2024	2023
Revenues		
General Revenues		
Property taxes levied for general operations	$ 10,974,327	$ 11,559,259
Property taxes levied for recreational purposes	834,265	745,975
Property taxes levied for debt service purposes	1,434,935	1,313,565
Property taxes levied for capital project purposes	681,426	641,485
State aid not restricted to specific purposes	87,586	90,258
Other general revenues	816,245	165,170
Total general revenues	$ 14,828,784	$ 14,515,712
Operating Grants/Contributions		
Federal	$ 1,015,734	$ 1,206,583
State of Michigan	3,902,541	3,371,876
Other operating grants	492,817	291,208
Total operating grants/contributions	$ 5,411,092	$ 4,869,667
Capital Grants/Contributions		
Federal bond interest subsidy	$ 243,226	$ 305,461
Other capital grants	11,979	27,518
Total capital grants/contributions	$ 255,205	$ 332,979
Charges for Services		
Food services	$ 51,743	$ 185,054
Student activities	229,118	230,067
Athletics	61,628	73,340
Recreation	40,370	55,481
Total charges for services	$ 382,859	$ 543,942
Total revenues	$ 20,877,940	$ 20,262,300
Expenses		
Instruction and instructional support	$ 8,591,322	$ 9,536,698
Support services	5,761,779	4,879,281
Food services	653,065	1,409,778
Student activities	232,329	203,314
Recreation	419,641	289,866
Athletics	487,003	482,874
Interest on long-term debt	441,391	511,624
Depreciation (unallocated)	888,802	1,049,916
Total expenses	$ 17,475,332	$ 18,363,351
Change in Net Position	$ 3,402,608	$ 1,898,949
Beginning Net Position (Deficit)	(950,266)	(2,849,215)
Ending Net Position (Deficit)	$ 2,452,342	$ (950,266)

B. General Fund

State of Michigan Aid (Net State Foundation Grant)

The State of Michigan aid is determined by the following variables:

1. State of Michigan State Aid Act per student foundation allowance,
2. Student Enrollment - Blended at 90 percent of current year fall count and 10 percent of prior year winter count, and
3. The District's non-homestead levy.

The District is an out-of-formula district, which means the District's non-homestead levy exceeded the total foundation granted by the State. As such, there are no State Foundation Allowance funds provided by the State, but the District does receive other State categorical grants.

Student Enrollment

The District's student enrollment for the fall count of 2023-2024 was 813 students. The District's enrollment decreased by 24 students from the prior year's student count. The following summarizes fall student enrollments for the past five years:

Fiscal Year	Student FTE	FTE Change from Prior Year
2023-2024	813	(24)
2022-2023	837	(1)
2021-2022	838	(21)
2020-2021	859	(29)
2019-2020	888	10

Subsequent to year end June 30, 2024, preliminary student enrollments for 2024-2025 indicate enrollments will remain consistent with the fiscal year 2024.

Property Taxes Levied for General Operations (General Fund Non-Homestead Taxes)

The District levies 8.88 mills of property taxes for operations (General Fund) on Non-Homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property levy for the 2023-2024 fiscal year produced revenue of $10,974,327. Revenue produced by the non-homestead tax levy decreased by 5.10% percent over the prior year.

Property Taxes Levied for General Operations (General Fund Non-Homestead Taxes), Concluded

The following summarizes the District's non-homestead levy over the past five years:

Fiscal Year	Non-Homestead Tax Levy	% Change from Prior Year
2023-2024	$ 10,974,327	-5.10%
2022-2023	11,559,259	5.90%
2021-2022	10,913,447	1.30%
2020-2021	10,773,396	0.50%
2019-2020	10,719,526	3.60%
	Five Year Average Increase	2.35%

C. Debt Service Funds

The District's debt service funds levies are based on the taxable valuation of all properties – homestead and non-homestead. It is used to pay principal and interest on bond obligations of the District.

For 2023-2024, the District's debt millage levies totaled .86 mills that generated revenue of $1,434,935.

D. Sinking Fund

The District's Sinking Fund is to be used for capital repairs. The sinking fund levy is determined by the difference of 1.28 mills and the debt levy. For 2023-2024, this was .4084 mills and resulted in Sinking Fund revenue of $681,426. The maximum Sinking Fund levy is .50 mills.

E. Recreation Fund

The District's recreation fund levies are based on the taxable valuation of all properties – homestead and non-homestead. The recreation fund levy is used to maintain community pool and other recreation facilities within the District. For 2023-2024, the millage was .50 mills and generated revenue of $834,265.

F. Food Sales to Students & Adults (School Lunch Program)

The District's food and milk sales to students and adults decreased by $185,054 to $51,743 from the prior school year due to the students are being to receive free lunch if they met the income threshold along with changes in State funding structure. School breakfast, lunch, and milk prices did not change from the prior year (because all students were free). The total expenditures and transfers from Food Services operations exceeded total revenue for the year by $14,260.

General Fund Expenditures Budget Vs. Actual—Five Year History

Fiscal Year	Expenditures Preliminary Budget	Expenditures Final Budget	Expenditures Final Audit	Variance: Audit vs. Prelim. Budget	Variance: Audit vs. Final Budget
2023-2024	$ 15,166,006	$ 16,278,246	$ 16,178,930	-6.68%	0.61%
2022-2023	13,845,480	15,673,036	15,632,155	-12.90%	0.26%
2021-2022	13,424,616	13,533,395	13,496,513	-0.54%	0.27%
2020-2021	12,719,269	13,240,294	13,142,166	-3.32%	0.74%
2019-2020	12,393,217	12,674,414	12,619,198	-1.82%	0.44%
			Five Year Average (-Over/Under) Budget	-5.05%	0.46%

General Fund Revenues Budget Vs. Actual—Five Year History

Fiscal Year	Revenues Preliminary Budget	Revenues Final Budget	Revenues Final Audit	Variance: Audit vs. Prelim. Budget	Variance: Audit vs. Final Budget
2023-2024	$ 14,412,464	$ 16,379,054	$ 16,495,664	14.45%	0.71%
2022-2023	13,933,534	16,416,287	16,485,366	18.31%	0.42%
2021-2022	13,585,534	14,263,326	14,315,224	5.37%	0.36%
2020-2021	12,857,655	13,780,261	13,817,267	7.46%	0.27%
2019-2020	12,423,918	13,035,757	12,883,975	3.70%	-1.16%
			Five Year Average (Over/-Under) Budget	8.75%	0.06%

Original vs. Final Budget

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, the District may amend its budget during the school year. For the 2023-2024 year, the District amended its original budget in February 2024 and June 2024.

Factors Bearing on District's Future

Lake Township and Indiana Michigan Power have reached a settlement regarding a tax tribunal appeal. This resolution will have direct implications for the District's financial outlook for the upcoming years. The settlement stipulates that for the tax years 2025, 2026, and 2027, Indiana Michigan Power's taxable value will revert to the 2022 value of $1,108,681,400. While this decision aims to provide stability for the involved parties, it will also have adverse financial consequences for the District. In tax years 2028, 2029, and 2030, the District will see an increase to Indiana Michigan Power's taxable value at a rate of 5% per year. The agreed-upon taxable value will result in an estimated loss of revenue of approximately $1.2 million in tax year 2025 and will stay flat for 2026 and 2027. This reduction in revenue will necessitate a reevaluation of the District's budget and financial planning strategies. The District will need to implement strategic financial planning measures to address the anticipated revenue shortfall. This may include exploring alternative funding sources, reassessing expenditures, and potentially adjusting staffing and program offerings to align with available resources. It is important to note that the settlement is still subject to approval by the Attorney General's Office. The finalization of this agreement will be closely monitored to project any further impact to the District's finances.

Contacting the District's Financial Management

The financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, please contact the Business Office at the District.

STATEMENT OF NET POSITION
JUNE 30, 2024

		Governmental Activities
Assets		
Cash and cash equivalents	$	11,150,533
Receivables		33,448
Due from other governmental units		1,178,699
Inventories		40,991
Prepaid expenditures		218,825
Capital assets not being depreciated		151,100
Capital assets being depreciated, net		17,823,020
Net OPEB asset		374,199
Total Assets	$	30,970,815
Deferred Outflows of Resources		
Deferred outflows of resources related to pension	$	6,454,088
Deferred outflows of resources related to OPEB		1,514,400
Deferred interest charges on bond issuance		107,715
Total Deferred Outflows of Resources	$	8,076,203
Liabilities		
Accounts payable	$	99,026
Accrued payroll and other liabilities		1,014,919
Accrued interest		61,950
Unearned revenue		384,991
Noncurrent liabilities		
Long-term debt, due within one year		1,160,415
Long-term debt, due in more than one year		6,059,148
Net pension liability		21,252,258
Total Liabilities	$	30,032,707
Deferred Inflows of Resources		
Deferred inflows of resources related to pension	$	3,551,505
Deferred inflows of resources related to OPEB		3,010,464
Total Deferred Inflows of Resources	$	6,561,969
Net Position (Deficit)		
Net investment in capital assets	$	10,862,272
Restricted for:		
Capital projects		2,876,144
Debt service		867,732
Recreation		1,682,021
Net OPEB asset		374,199
Unrestricted		(14,210,026)
Total Net Position	$	2,452,342

The Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Primary government -					
Governmental activities:					
Instruction	$ 8,591,322	$ -	$ 5,056,313	$ 11,979	$ (3,523,030)
Support services	5,761,779	-	-	-	(5,761,779)
Food services	653,065	51,743	354,779	-	(246,543)
Student activities	232,329	229,118	-	-	(3,211)
Recreation	419,641	40,370	-	-	(379,271)
Athletics	487,003	61,628	-	-	(425,375)
Interest on long-term debt	441,391	-	-	243,226	(198,165)
Depreciation (unallocated)	888,802	-	-	-	(888,802)
	$ 17,475,332	$ 382,859	$ 5,411,092	$ 255,205	$ (11,426,176)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	$ 10,974,327
Property taxes, levied for recreational purposes	834,265
Property taxes, levied for debt service purposes	1,434,935
Property taxes, levied for capital project purposes	681,426
State aid not restricted to specific purposes	87,586
Interest	696,321
Other	119,924
Total general revenues	$ 14,828,784
Change in Net Position	$ 3,402,608
Net Position (Deficit) - beginning of year	(950,266)
Net Position - end of year	$ 2,452,342

The Notes to Financial Statements are an integral part of this statement.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Recreation Fund	Debt Service Fund-QSCB and 2015 Refunding Bonds	Sinking Fund	Other Non-Major Governmental Funds	Total
Assets						
Cash and cash equivalents	$ 5,275,880	$ 1,692,308	$ 867,732	$ 2,876,144	$ 438,469	$ 11,150,533
Receivables	459	1,195	-	-	-	1,654
Due from other governmental units	1,164,136	-	-	-	14,563	1,178,699
Due from other governmental funds	-	-	-	-	3,302	3,302
Inventories	33,694	-	-	-	7,297	40,991
Prepaid expenditures	218,825	-	-	-	-	218,825
Total Assets	$ 6,692,994	$ 1,693,503	$ 867,732	$ 2,876,144	$ 463,631	$ 12,594,004
Liabilities						
Accounts payable	$ 85,158	$ 11,482	$ -	$ -	$ 2,386	$ 99,026
Accrued salaries and other liabilities	1,014,919	-	-	-	-	1,014,919
Unearned revenue	384,991	-	-	-	-	384,991
Due to other governmental funds	3,302	-	-	-	-	3,302
Total Liabilities	$ 1,488,370	$ 11,482	$ -	$ -	$ 2,386	$ 1,502,238
Fund Balances						
Non-spendable - inventories	$ 33,694	$ -	$ -	$ -	$ 7,297	$ 40,991
Non-spendable - prepaid items	218,825	-	-	-	-	218,825
Restricted for capital projects	-	-	-	2,876,144	-	2,876,144
Restricted for debt retirement	-	-	867,732	-	-	867,732
Restricted for food services	-	-	-	-	295,689	295,689
Restricted for recreation	-	1,682,021	-	-	-	1,682,021
Committed for student activities	-	-	-	-	158,259	158,259
Unassigned	4,952,105	-	-	-	-	4,952,105
Total Fund Balances	$ 5,204,624	$ 1,682,021	$ 867,732	$ 2,876,144	$ 461,245	$ 11,091,766
Total Liabilities and Fund Balances	$ 6,692,994	$ 1,693,503	$ 867,732	$ 2,876,144	$ 463,631	$ 12,594,004

The Notes to Financial Statements are an integral part of this statement.

Total Fund Balances - Governmental Funds	$ 11,091,766
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Federal receivable for interest subsidy related to the 2010 QSCB bond issuance that will be received after 60 days but earned by year-end.	31,794
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
Cost of the capital assets	39,436,536
Accumulated depreciation	(21,462,416)
Deferred outflows of resources related to:	
Pensions	6,454,088
OPEB	1,514,400
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Bonds payable	(7,105,000)
Unamortized premiums	(114,563)
Net pension liability	(21,252,258)
Net OPEB asset	374,199
Accrued interest on long-term debt is not included as a liability in governmental funds; it is recorded when paid.	(61,950)
Deferred interest charges from bond refunding are not capitalized in the governmental funds.	107,715
Deferred inflows of resources related to benefit changes in assumptions and in differences between projected and actual earnings on pension plan investments.	
Pensions	(3,551,505)
OPEB	(3,010,464)
Total Net Position - Governmental Activities	$ 2,452,342

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund	Recreation Fund	Debt Service Fund-QSCB and 2015 Refunding Bonds	Sinking Fund	Other Non-Major Governmental Funds	Total
Revenues						
Property taxes	$ 10,974,327	$ 834,265	$ 1,434,935	$ 681,426	$ -	$ 13,924,953
Local sources	209,975	40,370	-	-	280,861	531,206
State sources	3,751,518	-	-	-	238,609	3,990,127
Federal sources	660,955	-	253,450	-	354,779	1,269,184
Intermediate sources	466,149	-	-	-	-	466,149
Interest	432,740	83,494	40,785	139,302	-	696,321
Total Revenues	$ 16,495,664	$ 958,129	$ 1,729,170	$ 820,728	$ 874,249	$ 20,877,940
Expenditures						
Instruction and instructional support services	$ 9,653,809	$ -	$ -	$ -	$ -	$ 9,653,809
Support services	6,512,855	-	-	-	-	6,512,855
Food service	-	-	-	-	659,391	659,391
Student activities	-	-	-	-	232,329	232,329
Recreation	-	419,641	-	-	-	419,641
Debt service						
Principal	-	-	1,150,000	-	-	1,150,000
Interest	-	-	441,391	-	-	441,391
Intergovernmental payments	12,266	-	-	-	-	12,266
Capital outlay	-	-	-	50,674	-	50,674
Total Expenditures	$ 16,178,930	$ 419,641	$ 1,591,391	$ 50,674	$ 891,720	$ 19,132,356
Net Change in Fund Balances	$ 316,734	$ 538,488	$ 137,779	$ 770,054	$ (17,471)	$ 1,745,584
Fund Balances - Beginning of year	4,887,890	1,143,533	729,953	2,106,090	478,716	9,346,182
Fund Balances - End of year	$ 5,204,624	$ 1,682,021	$ 867,732	$ 2,876,144	$ 461,245	$ 11,091,766

The Notes to Financial Statements are an integral part of this statement.

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Governmental Funds	$ 1,745,584
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	(888,802)
Capital additions	193,753
Federal receivable for interest subsidy related to the 2010 QSCB bond issuance that will be received after 60 days but earned for full accrual by year-end.	(10,224)
Repayment of bond principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	1,150,000
Change in benefit expense related to pension	134,122
Change in benefit expense related to OPEB	1,065,573
Amortization expense for bond premium	10,415
Current year use of deferred interest charges associated with the issuance of the 2015 refunding bonds	(9,792)
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	11,979
Change in Net Position of Governmental Activities	$ 3,402,608

The Notes to Financial Statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Bridgman Public School District (the "District") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units and with the rules prescribed in the accounting manual by the Michigan Department of Education. The following is a summary of the significant accounting policies used by the District.

Reporting Entity

The District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board ("GASB") for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the District's reporting entity, and which organizations are legally separate, component units of the District. Based on the application of the criteria, the District does not contain any component units.

District-Wide and Fund Financial Statements

The District-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements – The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

District-Wide Statements (concluded) – Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of inter-fund activity has been eliminated from the District-wide financial statements.

Fund Based Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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 severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The District reports the following major governmental funds:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the district, except those required to be accounted for in other funds.

The **Recreation Fund** is a fund that accounts for the income and expenditures from activities related to pool and recreation.

Debt Service Fund – Qualified School Construction Bonds ("QSCB") and 2015 Refunding Bonds is the fund that accounts for the accumulation of resources for, and the payments of, the long-term debt principal, interest, and other related costs of the 2010 QSCB bond and 2015 Refunding Bonds issued.

The **Sinking Fund** is used to account for financial resources that are restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan of Treasury Letter No. 2023-1.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Concluded)

Additionally, the District reports the following fund type:

Special Revenue Funds account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District maintains full control of these funds. The nonmajor special revenue funds maintained by the District are the Food Services and Student Activity Funds.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

Deposits and Cash Equivalents – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Property tax and other trade receivables are shown for the District. An allowance for uncollectible amounts is determined annually and is recorded as a liability on the statement of net position. For the District, taxpayers in the City of Bridgman and Lake Charter, Baroda, and Lincoln Townships, properties are assessed as of December 31 and the related property taxes are levied and become a lien on July 1 for 100 percent of the taxes, which are due September 15. The final collection date is February 28, after which uncollected taxes are added to the Berrien County delinquent tax rolls.

The State of Michigan (the "State") utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with State law and GAAP. The District is out of-formula and only receives state categoricals.

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

Inventories – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The inventory in the Food Service Fund includes United States Department of Agriculture ("USDA") commodities.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets – Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the District-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Right-of-use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized. The District does not have infrastructure type assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Buses and other vehicles	5 - 10 years
Furniture and other equipment	5 - 20 years
Land Improvements	10 - 20 years

Deferred Outflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. These deferred outflows relate to the pension plan and other post-employment benefits ("OPEB") plans, and deferred interest charges on bond issuance.

Compensated Absences – Employees are allowed to accrue varying amounts of sick leave each year depending on employee classification. However, no liability for unused sick leave is accrued, as such amounts cannot be reasonably estimated as compensation for future absences are contingent upon absences being caused by future illness. Vacation accruals have been recorded in the financial statements for those employees who earn and are allowed to accrue and be paid for unused vacation upon termination.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

Leases/Software-Based Information Technology Arrangements – As of June 30, 2024, the District had no right-of-use assets. The District recognizes right-of-use assets with an initial value of $25,000 or more.

Unearned Revenue – The District receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

Deferred Inflows of Resources – In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of sources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, for long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The District has two items that qualify for reporting in this category. These deferred inflows relate to the pension and OPEB plans.

Fund Equity – In accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District report fund balance using the following classifications: non-spendable, restricted, committed, assigned, and unassigned.

The following are definitions for the five fund balance classifications:

Non-spendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by what the external resource provides (for example grant providers, constitutionally, or through enabling legislation). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed constraint originally.

Assigned Fund Balance – includes amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Concluded)

Unassigned Fund Balance – is the residual classification for General Fund. This classification represents governmental fund balances that have not been assigned to other funds or that have not been restricted, committed, or assigned to specific purposes within the respective governmental fund balances.

The District board has adopted a formal fund balance policy. When multiple components of fund balance are available for the same expenditure (for example, a project has both restricted and unrestricted funds available for it), spending will occur in this order – restricted, committed, assigned, and unassigned.

Pension and Other Postemployment Benefit ("OPEB") Plans – For the purposes of measuring the net pension and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System ("MPSERS") and additions to/deductions from MPSERS fiduciary position have been determined on the same basis as they are reported by MPSERS. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. 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.

Comparative Data – Comparative data is not included in the District's basic financial statements.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and reported amount of expenditures during the reported period. Actual results may differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Budgetary Information – Annual budgets are adopted on a basis consistent with GAAP and State law for the General Fund and major special revenue funds. All annual appropriations lapse at fiscal year-end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the District to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of State Law. State law permits districts to amend its budgets during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be re-appropriated and honored during the subsequent year. There were no encumbrances at year end.

Fund Deficit – Under State Law, school districts are required to maintain positive fund balance in each fund. As of June 30, 2024, the District had no fund balances that were in deficit.

NOTE 2. CASH AND DEPOSITS

At year-end, the District's deposits and cash equivalents were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	$ 11,150,533

Bank Deposits: All cash of the District is on deposit with financial institutions which provide FDIC insurance coverage.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, $10,186,863 of the District's bank balances of $11,187,413 was exposed to custodial credit risk, because it was uninsured and collateralized with securities held by the pledging financial institution's trust depart or agent, but not in the District's name.

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.

NOTE 2. CASH AND DEPOSITS (CONCLUDED)

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 ("NRSRO's"). As of June 30, 2024, the District had no investments.

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. As of June 30, 2024, the District had no investments.

Custodial Credit Risk – Investments: For an Investment, this is the risk that in the event of bank failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2024, the District had no investments.

NOTE 3. CAPITAL ASSETS

	Beginning Balance	Additions	Disposals	Ending Balance
Assets not being depreciated:				
Land	$ 151,100	$ -	$ -	$ 151,100
Subtotal	$ 151,100	$ -	$ -	$ 151,100
Capital assets being depreciated:				
Building and building improvements	$ 29,527,605	$ 28,700	$ -	$ 29,556,305
Land improvements	4,417,431	29,073	-	4,446,504
Buses and other vehicles	1,578,064	-	-	1,578,064
Furniture and equipment	3,568,583	135,980	-	3,704,563
Subtotal	$ 39,091,683	$ 193,753	$ -	$ 39,285,436
Accumulated depreciation:				
Building and building improvements	$ 14,101,030	$ 482,126	$ -	$ 14,583,156
Land improvements	2,118,637	230,583	-	2,349,220
Buses and other vehicles	1,323,129	46,957	-	1,370,086
Furniture and equipment	3,030,818	129,136	-	3,159,954
Subtotal	$ 20,573,614	$ 888,802	$ -	$ 21,462,416
Net capital assets being depreciated	$ 18,518,069			$ 17,823,020
Net capital assets	$ 18,669,169			$ 17,974,120

Depreciation expense of $888,802 was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

NOTE 4. INTERFUND ACTIVITY

The composition of interfund balances is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
Food Services Fund	General Fund	$ 3,302

The amount due from General Fund to Food Services is related to the allocation of At Risk income to food services.

NOTE 5. LONG-TERM DEBT

The District has issued bonds to provide for the improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligations Bonds					
Bonds	$ 8,255,000	$ -	$ (1,150,000)	$ 7,105,000	$ 1,150,000
Unamortized premiums	124,978	-	(10,415)	114,563	10,415
Total Long-Term Debt	$ 8,379,978	$ -	$ (1,160,415)	$ 7,219,563	$ 1,160,415

Governmental Activities:

General Obligation Bonds

$15,000,000 - 2010 School Building and Site Bonds, Series A, QSCB, (general obligation - unlimited tax); payable in installments of $1,150,000 to $1,175,000 beginning May 1, 2015 though May 1, 2027; interest from 3.8% to 6.50%.	$ 3,500,000
$3,605,000 - 2015 Refunding Bonds (general obligation - unlimited tax); payable in installments of $72,100 to $594,200 beginning May 1, 2016 though May 1, 2035; interest at 4.0%.	3,605,000
	$ 7,105,000

NOTE 5. LONG-TERM DEBT (CONCLUDED)

Annual debt service requirements to maturity for the bond and unamortized premiums are as follows:

Governmental Activities - General Obligation Bonds

	Principal	Interest	Total
2025	$ 1,150,000	$ 371,700	$ 1,521,700
2026	1,175,000	296,950	1,471,950
2027	1,175,000	220,576	1,395,576
2028	450,000	144,200	594,200
2029	450,000	126,200	576,200
2030-2034	2,250,000	361,000	2,611,000
2035-2038	455,000	18,200	473,200
Unamortized premiums	114,563	-	114,563
	$ 7,219,563	$ 1,538,826	$ 8,758,389

Interest expense of $441,391 was not allocated, as the District considers its debt to impact multiple activities and allocation is not practical. Future interest payments listed in the above schedules are presented gross and have not been offset by the interest subsidy anticipated to be received by the federal government for the Qualified School Construction Bonds.

Defeased Debt – During fiscal 2016, the District defeased $3,675,000 of unlimited tax refunding bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future interest and principal payments totaling $6,299,786. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of June 30, 2024, the amount of defeased debt outstanding, but removed from the District's financial statements, is $3,675,000. The final payment date for the 2015 refunding bonds is May 1, 2035.

NOTE 6. RISK MANAGEMENT

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

NOTE 7. PROVISION FOR UNCOLLECTIBLE PROPERTY TAXES

The Berrien County Treasurer's office assumes the responsibility of collecting delinquent real and personal property taxes. The County advances real property taxes in anticipation of collection, but it remits delinquent personal property taxes as it receives payment.

The District has been advised that it is responsible for repayment to the County, plus interest, of any uncollectible real property taxes. Accordingly, a provision of $18,000 for uncollectible real property taxes has been established to provide for such a repayment to the County. This amount is included in other liabilities.

NOTE 8. UNEARNED/UNAVAILABLE REVENUE

Governmental funds report unearned revenue in connection with resources received but not earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

	Description	Unearned
General Fund:	31a At Risk	$ 109,611
	35a Early literacy grant	7
	97 School safety	6,000
	31aa Mental health	190,548
	27k Student loan repayment	8,722
	35j Literacy PD	62,528
	67f FAFSA	4,166
	Other amounts	3,409
	Total	$ 384,991

NOTE 9. SINKING FUND EXPENDITURES

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of Section 1212 of the Revised School Code.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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

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

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

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

Benefits Provided – Pension - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit ("DB") pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

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

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Pension Reform 2012 - On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

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

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

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

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

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

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

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

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

Retiree Healthcare Reform of 2012 - Public Act 300 of 2012 granted all active members of the MPSERS, 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.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

Regular Retirement (no reduction factor for age) - Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan ("MIP") members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan ("PPP") members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

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

Employer Contributions - Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2023 were determined as of the September 30, 2020 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020 are amortized over an 16-year period beginning October 1, 2022 and ending September 30, 2038.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

	Pension	Other Postemployment Benefits
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended 2024 were equal to the required contribution total. Total defined benefit and defined pension contributions were approximately $2,812,000.

The District's OPEB contributions for the year ended 2024 were equal to the required contribution total. Total defined benefit and defined contribution OPEB contributions were approximately $547,000.

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

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

The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university employers	September 30, 2023	September 30, 2022
Total pension liability	$ 94,947,828,557	$ 95,876,795,620
Plan fiduciary net position	62,581,762,238	58,268,076,344
Net pension liability	32,366,066,319	37,608,719,276
Proportionate share	0.06566%	0.065824%
Net pension liability for the District	21,252,258	24,755,733

For the year ended June 30, 2024, the District recognized pension expense of $2,993,877.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 670,869	$ 32,555
Changes of assumptions	2,879,778	1,660,414
Net difference between projected and actual earnings on pension plan investments	-	434,890
Changes in proportion and differences between District contributions and proportionate share of contributions	350,668	128,630
District contributions subsequent to the measurement date*	2,552,773	-
Revenues in support of contributions subsequent to the measurement date	-	1,295,016
Total	$ 6,454,088	$ 3,551,505

*The contributions subsequent to the measurement date as a reduction of the net pension liability in the following year.

Deferred inflows of resources of $1,295,016 resulting from the pension portion of the State Aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for 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:

Year Ending	Amount
2024	$ 672,981
2025	382,003
2026	910,549
2027	(320,707)
	$ 1,644,826

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

The net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

MPSERS (Plan) Non-university employers	September 30, 2023	September 30, 2022
Total other postemployment benefits liability	$ 11,223,648,949	$ 12,522,713,324
Plan fiduciary net position	11,789,347,341	10,404,650,683
Net other post employment benefits liability (asset)	(565,698,392)	2,118,062,641
Proportionate share	0.06615%	0.06467%
Net other postemployment benefits liability (asset) for the District	(374,199)	1,369,702

For the year ended June 30, 2024, the District recognized OPEB benefit of $552,175.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,827,641
Change of assumptions	833,033	100,313
Net difference between projected and actual earnings on OPEB investments	1,141	-
Changes in proportion and differences between District contributions and proportionate share of contributions	226,749	82,510
District contributions subsequent to the measurement date*	453,477	-
Total	$ 1,514,400	$ 3,010,464

*The contributions subsequent to the measure date as a reduction of the net OPEB liability in the following year.

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

Year Ending	Amount
2024	$ (603,176)
2025	(593,414)
2026	(234,462)
2027	(244,955)
2028	(182,224)
Thereafter	(91,310)
	$ (1,949,541)

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions:

Retirees: PubT-2010 Male and Female Healthy Annuitant Mortality Tables scaled by 116% for males and 116% for females and adjusted for morality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for morality improvements using projection scale from 2010.

Disabled Retirees: PunNS-2010 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2022. Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023 valuation.

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit – Pre 65, 7.50% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and graded to 3.5% in year fifteen.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Additional Assumptions for Other Postemployment Benefit Only - Applies to individuals hired before September 4, 2012:

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

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

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

The target asset allocation as September 30, 2023 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
International Equity Pools	15.0%	6.8%
Private Equity Pools	16.0%	9.6%
Real Estate and Infrastructure Pools	10.0%	6.4%
Fixed Income Pools	13.0%	1.3%
Absolute Return Pools	9.0%	4.8%
Real Return / Opportunistic Pools	10.0%	7.3%
Short-Term Investment Pools	2.0%	0.3%
TOTAL	100.0%	

*Long-term rates of return are net of administrative expenses and 2.7% inflation.

Rate of Return - For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
$ 28,711,739	$ 21,252,258	$ 15,041,971

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB asset calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	Current Discount Rate	1% Increase
$ 387,932	$ (374,199)	$ (1,029,176)

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ (1,030,809)	$ (374,199)	$ 336,468

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONCLUDED)

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

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

NOTE 11. OTHER BENEFITS

In addition to the pension benefits described previously, the District also provides 403(b) tax deferred annuity plans. All employees are eligible to participate in the plans and are fully vested immediately for all contributions.

The District is also able to offer a tax deferred "buy-in" program for years of service for all eligible employees in the state-provided pension plan. The percentage rate for the employee's contribution was calculated based on the previous year's salary and age.

NOTE 12. CONTINGENT LIABILITIES

Grants – In the normal course of operations, the district receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 13. TAX ABATEMENT

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by various municipalities within the District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. For the fiscal year ended June 30, 2024, the District's property tax revenues were decreased by approximately $3,000 under these programs.

NOTE 14. UPCOMING PRONOUNCEMENTS

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

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

a. Management's discussion and analysis (MD&A);
    i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
        1) Overview of the Financial Statements,
        2) Financial Summary,
        3) Detailed Analyses,
        4) Significant Capital Asset and Long-Term Financing Activity,
        5) Currently Known Facts, Decisions, or Conditions;
    ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
    iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
b. Unusual or infrequent items;

NOTE 14. UPCOMING PRONOUNCEMENTS (CONCLUDED)

c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
   i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
   ii. Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses and defines subsidies;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

NOTE 15. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 28, 2024, the date the financial statements were available to be issued.

In September 2024, Lake Township approved the agreement with Indiana Michigan Power at their monthly board meeting. The agreement may affect the District’s tax revenue next fiscal year. See section “Factor’s Bearing on District’s Future” in the District's Management Discussion and Analysis.

REQUIRED SUPPLEMENTARY

INFORMATION

REQUIRED SUPPLEMENTARY SCHEDULE
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance (Negative) Positive
Revenues				
Property taxes	$ 11,549,718	$ 10,971,837	$ 10,974,327	$ 2,490
Local sources	127,600	282,306	209,975	(72,331)
State sources	2,329,416	3,617,002	3,751,518	134,516
Federal sources	165,719	613,963	660,955	46,992
Intermediate sources	140,000	466,149	466,149	-
Interest	100,011	427,797	432,740	4,943
Total Revenues	$ 14,412,464	$ 16,379,054	$ 16,495,664	$ 116,610
Expenditures				
Instruction				
Basic programs	$ 7,046,406	$ 7,287,868	$ 7,482,558	$ (194,690)
Added needs	2,364,208	2,325,133	2,004,434	320,699
Adult and continuing education	28,201	26,404	166,817	(140,413)
Supporting services				
Pupil	744,069	820,092	1,391,023	(570,931)
Instructional staff	778,969	840,025	372,994	467,031
General administration	639,248	640,409	730,201	(89,792)
School administration	838,884	843,131	961,163	(118,032)
Business services	451,514	844,551	467,228	377,323
Athletics	467,124	510,357	505,109	5,248
Operations and maintenance	1,397,941	1,709,703	1,687,867	21,836
Transportation	401,406	417,050	397,270	19,780
Intergovernmental payments	8,036	13,523	12,266	1,257
Total Expenditures	$ 15,166,006	$ 16,278,246	$ 16,178,930	$ 99,316
Net Change in Fund Balances	$ (603,542)	$ 100,808	$ 316,734	$ 215,926
Fund Balances - Beginning of year	4,887,890	4,887,890	4,887,890	
Fund Balances - End of year	$ 4,284,348	$ 4,988,698	$ 5,204,624	

The Notes to Required Supplementary Information are an integral part of this statement.

REQUIRED SUPPLEMENTARY SCHEDULE
BUDGETARY COMPARISON SCHEDULE — RECREATION FUND
YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance (Negative) Positive
Revenues				
Property taxes	$ 721,363	$ 928,417	$ 834,265	$ (94,152)
Local sources	-	-	40,370	40,370
Interest	-	-	83,494	83,494
Total Revenues	$ 721,363	$ 928,417	$ 958,129	$ 29,712
Expenditures				
Recreation	$ 718,988	$ 427,108	$ 419,641	$ 7,467
Total Expenditures	$ 718,988	$ 427,108	$ 419,641	$ 7,467
Excess of Revenues over Expenditures	$ 2,375	$ 501,309	$ 538,488	$ 37,179
Net Change in Fund Balances	$ 2,375	$ 501,309	$ 538,488	$ 37,179
Fund Balances - Beginning of year	1,143,533	1,143,533	1,143,533	
Fund Balances - End of year	$ 1,145,908	$ 1,644,842	$ 1,682,021	

The Notes to Required Supplementary Information are an integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AMOUNTS WERE DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30TH

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability	0.06566%	0.06582%	0.06531%	0.06338%	0.06071%	0.05894%	0.05843%	0.05656%	0.05652%	0.05188%
District's proportionate share of net pension liability	21,252,258	$ 24,755,733	$ 15,461,903	$ 21,772,416	$ 20,104,031	$ 17,717,731	$ 15,144,001	$ 14,111,958	$ 13,804,730	$ 11,426,867
District's covered-employee payroll	$ 6,542,089	$ 6,224,279	$ 5,920,882	$ 5,652,652	$ 5,396,425	$ 4,996,976	$ 4,961,329	$ 4,770,734	$ 4,874,967	$ 4,630,281
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	324.85%	397.73%	261.14%	385.17%	372.54%	354.57%	305.24%	295.80%	283.18%	246.79%
Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.20%

The Notes to Required Supplementary Information are an integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AMOUNTS WERE DETERMINED AS OF THE YEAR ENDED JUNE 30TH

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 2,812,544	$ 3,036,263	$ 2,197,887	$ 1,915,373	$ 1,728,806	$ 1,602,852	$ 1,498,981	$ 1,396,936	$ 1,314,076	$ 1,022,706
Contributions in relation to statutorily required contributions	2,812,544	3,036,263	2,197,887	1,915,373	1,728,806	1,602,852	1,498,981	1,396,936	1,314,076	1,022,706
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,804,041	$ 6,398,636	$ 5,975,905	$ 5,862,095	$ 5,603,177	$ 5,334,809	$ 4,935,377	$ 5,098,838	$ 4,896,859	$ 7,868,348
Contributions as a percentage of covered-employee payroll	41.34%	47.45%	36.78%	32.67%	30.85%	30.05%	30.37%	27.40%	26.84%	21.01%

The Notes to Required Supplementary Information are an integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY(ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AMOUNTS WERE DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30TH

	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (asset)	0.06615%	0.06467%	0.06590%	0.06397%	0.06184%	0.05875%	0.05824%
District's proportionate share of net OPEB liability (asset)	$ (374,199)	$ 1,369,703	$ 1,005,939	$ 3,427,273	$ 4,438,378	$ 4,669,877	$ 5,157,688
District's covered-employee payroll	$ 6,542,089	$ 6,224,279	$ 5,920,882	$ 5,396,425	$ 5,396,425	$ 4,996,976	$ 4,961,329
District's proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	-5.72%	22.01%	16.99%	63.51%	82.25%	93.45%	103.96%
Plan fiduciary net position as a percentage of total OPEB liability (asset)	105.04%	83.09%	87.33%	59.76%	48.67%	43.10%	36.53%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AMOUNTS WERE DETERMINED AS OF THE YEAR ENDED JUNE 30TH

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 547,136	$ 519,044	$ 467,563	$ 462,725	$ 437,152	$ 414,699	$ 352,970
Contributions in relation to statutorily required contributions	547,136	519,044	467,563	462,725	437,152	414,699	352,970
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,804,041	$ 6,398,636	$ 5,975,905	$ 5,862,095	$ 5,603,177	$ 5,334,809	$ 4,935,377
Contributions as a percentage of covered-employee payroll	8.04%	8.11%	7.82%	7.89%	7.80%	7.77%	7.15%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

The Notes to Required Supplementary Information are an integral part of this statement.

NOTE 1 – PENSION INFORMATION

Benefit changes – there were no changes of benefit terms in 2023.

Changes of assumptions – the assumption changes for 2023 were:

- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

NOTE 2 – OPEB INFORMATION

Benefit changes – there were no changes of benefit terms in 2023.

Changes of assumptions – the assumption changes for 2023 were:

- Healthcare cost tread rate:
    - Pre 65 decreased to 7.50% from year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen.
    - Post 65 increased to 6.25% for year one graded to 3.50% for year fifteen from 5.25% for year one and graded to 3.50% for year fifteen.
- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Budgeted Funds — See Budgetary Comparison Schedule for budget variances as they apply to the District.

OTHER SUPPLEMENTARY
INFORMATION

	Special Revenue Funds		
	Food Services Fund	**Student Activity Fund**	**Total Non-Major Governmental Funds**
Assets			
Cash and cash equivalents	$ 280,210	$ 158,259	$ 438,469
Due from other governmental units	14,563	-	14,563
Due from other governmental funds	3,302	-	3,302
Inventories	7,297	-	7,297
Total Assets	$ 305,372	$ 158,259	$ 463,631
Liabilities			
Accounts payable	$ 2,386	$ -	$ 2,386
Total Liabilities	$ 2,386	$ -	$ 2,386
Fund Balances			
Non-spendable - inventories	$ 7,297	$ -	$ 7,297
Restricted for food services	295,689	-	295,689
Committed for student activities	-	158,259	158,259
Total Fund Balances	$ 302,986	$ 158,259	$ 461,245
Total Liabilities and Fund Balances	$ 305,372	$ 158,259	$ 463,631

	Special Revenue Funds		
	Food Services Fund	Student Activity Fund	Total Non-Major Governmental Funds
Revenues			
Local sources	$ 51,743	$ 229,118	$ 280,861
State sources	238,609	-	238,609
Federal sources	354,779	-	354,779
Total Revenues	$ 645,131	$ 229,118	$ 874,249
Expenditures			
Food services	$ 659,391	$ -	$ 659,391
Student activities	-	232,329	232,329
Total Expenditures	$ 659,391	$ 232,329	$ 891,720
Net Change in Fund Balances	$ (14,260)	$ (3,211)	$ (17,471)
Fund Balances - Beginning of year	317,246	161,470	478,716
Fund Balances - End of year	$ 302,986	$ 158,259	$ 461,245

SINGLE AUDIT INFORMATION

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/Project Number	Federal Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2023	Federal Funds/ In-Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2024
U.S Department of Agriculture								
Passed through the Michigan Department of Education:								
Child Nutrition Cluster								
National School Lunch Program:								
Non-Cash Assistance (Donated Foods) - Entitlement Commodities - 2023/2024	N/A	10.555	$ 31,943	$ -	$ -	$ 31,943	$ 31,943	$ -
Non-Cash Assistance (Donated Foods) - Bonus - 2023/2024	N/A	10.555	-	-	-	-	-	-
Total Non-Cash Assistance - National School Lunch Program			$ 31,943	$ -	$ -	$ 31,943	$ 31,943	$ -
Cash Assistance:								
National School Lunch Program	231960	10.555	$ 221,266	$ 186,525	$ 6,726	$ 34,741	$ 28,015	$ -
National School Lunch Program	240910	10.555	24,655	-	-	24,655	24,655	-
National School Lunch Program	241960	10.555	197,631	-	-	197,631	197,631	-
Total Cash Assistance - National School Lunch Program			$ 443,552	$ 186,525	$ 6,726	$ 257,027	$ 250,301	$ -
Total National Lunch Program			$ 475,495	$ 186,525	$ 6,726	$ 288,970	$ 282,244	$ -
School Breakfast Program:								
School Breakfast Program	231970	10.553	$ 46,230	$ 37,761	$ 1,722	$ 8,469	$ 6,747	$ -
School Breakfast Program	241970	10.553	49,353	-	-	49,353	49,353	-
Total School Breakfast Program			$ 95,583	$ 37,761	$ 1,722	$ 57,822	$ 56,100	$ -
Summer Food Service Program for Children:								
SFSP Operating	230900	10.559	$ 12,256	$ 4,356	$ 4,356	$ 12,256	$ 7,900	$ -
SFSP Operating	240900	10.559	8,535	-	-	-	8,535	8,535
Total Summer Food Service Program for Children			$ 20,791	$ 4,356	$ 4,356	$ 12,256	$ 16,435	$ 8,535
Total Cash Assistance			$ 559,926	$ 228,642	$ 12,804	$ 327,105	$ 322,836	$ 8,535
Total Child Nutrition Cluster			$ 591,869	$ 228,642	$ 12,804	$ 359,048	$ 354,779	$ 8,535
Total U.S. Department of Agriculture			**$ 591,869**	**$ 228,642**	**$ 12,804**	**$ 359,048**	**$ 354,779**	**$ 8,535**

See accompanying notes to Schedule of Expenditures of Federal Awards.

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/Project Number	Federal Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2023	Federal Funds/ In-Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2024
U.S. Department of Education								
Passed through Michigan Department of Education								
Grants to Local Educational Agencies - Title I, Part A								
Title I, Part A 2023	231530	84.010	$ 126,750	$ 125,497	$ 31,750	$ 31,750	$ -	$ -
Title I, Part A 2024	241530	84.010	150,824	-	-	-	134,408	134,408
Total Title I, Part A			$ 277,574	$ 125,497	$ 31,750	$ 31,750	$ 134,408	$ 134,408
Student Support and Academic Enrichment Grant - Title IV, Part A								
Title IV, Part A 2023	230750	84.424	$ 13,638	$ 10,446	$ 2,906	$ 2,906	$ -	$ -
Title IV, Part A 2024	240750	84.424	13,193	-	-	-	9,241	9,241
Total Title IV, Part A			$ 26,831	$ 10,446	$ 2,906	$ 2,906	$ 9,241	$ 9,241
Improving Teacher Quality - Title II, Part A								
Title II, Part A 2023	230520	84.367	$ 25,331	$ 21,860	$ 15,647	$ 15,647	$ -	$ -
Title II, Part A 2024	240520	84.367	27,239	-	-	-	27,239	27,239
Total Title II, Part A			$ 52,570	$ 21,860	$ 15,647	$ 15,647	$ 27,239	$ 27,239
Education Stabilization Fund								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III) 2021-2022	213713	84.425U	$ 872,956	$ 429,879	$ 107,064	$ 298,194	$ 443,076	$ 251,946
Total COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III) 2021-2022			$ 872,956	$ 429,879	$ 107,064	$ 298,194	$ 443,076	$ 251,946
Total Education Stabilization Fund			$ 872,956	$ 429,879	$ 107,064	$ 298,194	$ 443,076	$ 251,946
Total Passed Through Michigan Department of Education			$ 1,229,931	$ 587,682	$ 157,367	$ 348,497	$ 613,964	$ 422,834
Passed through the Berrien RESA								
Career and Technical Education - Basic Grants to State (Perkins V)	N/A	84.048	$ 20,992	$ -	$ -	$ 20,992	$ 20,992	$ -
Total Career and Technical Education - Basic Grants to State (Perkins V)			$ 20,992	$ -	$ -	$ 20,992	$ 20,992	$ -
Total U.S. Department of Education			**$ 1,250,923**	**$ 587,682**	**$ 157,367**	**$ 369,489**	**$ 634,956**	**$ 422,834**
U.S. Department of Health and Human Services								
Passed through the Berrien RESA								
Medicaid Cluster								
Medicaid Outreach - 2023-2024	N/A	93.778	$ 25,999	$ -	$ -	$ 25,999	$ 25,999	$ -
Total Medicaid Cluster			$ 25,999	$ -	$ -	$ 25,999	$ 25,999	$ -
Total U.S. Department of Health and Human Services			**$ 25,999**	**$ -**	**$ -**	**$ 25,999**	**$ 25,999**	**$ -**
Total Federal Financial Assistance			**$ 1,868,791**	**$ 816,324**	**$ 170,171**	**$ 754,536**	**$ 1,015,734**	**$ 431,369**

See accompanying notes to Schedule of Expenditures of Federal Awards.

SECTION I –SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditors report issued based on financial statements prepared in accordance with generally accepted accounting principles:	*Unmodified*	
Internal control over financial reporting:		
Material weakness(es) identified?	[ ] Yes	[X] No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	[ ] Yes	[X] None reported
Noncompliance material to financial statements noted?	[ ] Yes	[X] No

Federal Awards

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

Identification of major programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.556, 10.559, & 10.582	Child Nutrition Cluster

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

SECTION II – STATUS OF PRIOR YEAR FINDINGS

There were no prior year financial statement findings.

SECTION III – FINANCIAL STATEMENT FINDINGS

There are no current year financial statement findings.

SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year federal award findings and questioned costs.

NOTE 1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bridgman Public Schools (the "District") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

The District qualified for low-risk status for the year ended June 30, 2024. Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule.

NOTE 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Passthrough entity identifying numbers are presented where available.

NOTE 3. **FOOD DISTRIBUTION**

The amounts reported on the Recipient Entitlement Balance Report ("PAL report"), agree with this schedule for USDA donated food commodities and are reported in the Federal Funds/In-Kind Payments column. Spoilage or pilferage, if any, is included in expenditures.

NOTE 4. **SCHEDULE OF RECONCILIATION OF EXPENDITURES WITH EXPENDITURES FOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The actual Federal source expenditures amounted to $1,015,734 per the audit of the financial statements. The related expenditures are composed of the following:

	Amount
Actual cash expenditures	$ 983,791
Entitlement commodities used	31,943
Entitlement bonus commodities used	-
	$ 1,015,734

NOTE 4. SCHEDULE OF RECONCILIATION OF EXPENDITURES WITH EXPENDITURES FOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS (CONCLUDED)

The actual Federal source revenues amounts to $1,269,184 per the audit of the financial statements. The related revenues are composed of the following:

Financial Statement Reporting Units:		
General Fund	$	660,955
Debt Service Fund - QSCB and 2015 Refunding Bond		253,450
Non-Major Fund - Food Services Fund		354,779
Total Federal Revenues reported in Financial Statement Audit	$	1,269,184
Less Federal Revenues that are excluded from Uniform Guidance consideration:		
Federal interest subsidy in debt service fund		(253,450)
Total Uniform Guidance regulated Federal Expenditures	$	1,015,734

NOTE 5. INDIRECT COSTS

The District has elected not to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

NOTE 6. PASS-THROUGH SUBRECIPIENTS

The District did not pass-through any federal award dollars to any subrecipients.

MANAGEMENT COMPLIANCE LETTERS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education of
Bridgman Public School District
Bridgman, 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, each major fund, and the aggregate remaining fund information of Bridgman Public School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards,* Concluded

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
October 28, 2024

KRUGGEL LAWTON CPA

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education of
Bridgman Public School District
Bridgman, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bridgman Public School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, Continued

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, Concluded

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
October 28, 2024