BELLAIRE PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS

JUNE 30, 2024

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Bellaire Public Schools
Bellaire, 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 Bellaire Public Schools, Bellaire, Michigan 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 Bellaire Public Schools, 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 Bellaire Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Bellaire Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 Bellaire Public Schools' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bellaire Public Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-9 and 44-49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2024, on our consideration of Bellaire Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bellaire Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bellaire Public Schools' internal control over financial reporting and compliance.

UHY LLP

Cadillac, Michigan
October 15, 2024

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

This section of Bellaire Public School's ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

A. Government-Wide Financial Statements

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

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

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

Both of the government-wide statements distinguish functions of the District that are principally supported by state aid and property taxes (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, payments to other governmental agencies, interest on long-term debt and unallocated deprecation.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bellaire Public Schools, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

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

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

C. Notes to Financial Statements

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

D. Other Information

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

E. Summary of Net Position

The following schedule summarizes the net position at fiscal year ended June 30,

	2024	2023
Assets		
Current Assets	$ 3,735,908	$ 3,367,973
Non Current Assets		
Capital Assets	20,385,696	20,205,288
Less Accumulated Depreciation	(8,454,982)	(7,999,145)
Net Other Postemployment Benefits Asset	127,575	0
Total Non Current Assets	12,058,289	12,206,143
Total Assets	15,794,197	15,574,116
Deferred Outflows of Resources	3,025,751	3,822,986
Liabilities		
Current Liabilities	1,453,278	1,450,293
Non Current Liabilities	14,617,670	16,873,032
Total Liabilities	16,070,948	18,323,325
Deferred Inflows of Resources	2,177,232	1,595,729
Net Position		
Net Investment in Capital Assets	3,826,453	3,396,033
Restricted for Specific Purposes	447,312	439,416
Unrestricted (Deficit)	(3,701,997)	(4,357,401)
Total Net Position (Deficit)	$ 571,768	$ (521,952)

F. Analysis of Financial Position

During the fiscal year ended June 30, 2024, the District's net position increased by $1,093,720. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation Expense

Districts are required to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2024, $455,837 was recorded for depreciation expense.

2. Pension and Other Postemployment Benefits (OPEB) Expense

GASB 68 and GASB 75 require the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension liability and OPEB asset increase or decrease in any given year.

G. Results of Operations

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30,

	2024	2023
General Revenues		
Property Taxes	$ 5,588,971	$ 5,469,773
Investment Earnings	212,305	111,916
State Sources	183,515	87,401
Other	19,284	46,272
Total General Revenues	6,004,075	5,715,362
Program Revenues		
Charges for Services	72,604	87,526
Operating Grants	1,770,682	1,557,483
Capital Grants	6,589	16,897
Total Program Revenues	1,849,875	1,661,906
Total Revenues	7,853,950	7,377,268

	2024	2023
Expenses		
Instruction	2,855,003	2,969,368
Supporting Services	3,117,680	2,652,258
Payments to Other Governmental Agencies	10,612	7,501
Interest on Long-Term Debt	321,098	347,961
Unallocated Depreciation	455,837	450,026
Total Expenses	6,760,230	6,427,114
Change in Net Position	$ 1,093,720	$ 950,154

H. Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	2024	2023	Increase (Decrease)
Major Funds			
General Fund	$ 2,540,904	$ 2,065,009	$ 475,895
2015 Debt Service Fund	370,704	495,026	(124,322)
Food Service Fund	0	0	0
Nonmajor Funds			
Student Activities Fund	106,989	98,255	8,734
Total Governmental Funds	$ 3,018,597	$ 2,658,290	$ 360,307

General Fund – In 2023-2024, the General Fund's fund balance increased by $475,895. The increase is mainly due to the increase in property tax revenue, which has a positive impact on the District due to the District being an out of formula district. Of the total fund balance of $2,540,904, $61,269 is nonspendable for prepaid expenditures and the remaining $2,479,635 is unassigned.

2015 Debt Service Fund – In 2023-2024 the 2015 Debt Service Fund's fund balance decreased by $124,322 due to the fund's debt service expenditures exceeding the revenues of the fund, which are primarily property taxes. The entire fund balance is restricted for debt service.

Food Service Fund – In 2023-2024, the Food Service Fund's fund balance remained at $0. The fund is supported by the General Fund and a transfer in of $108,693 kept the fund balance at $0.

Student Activities Fund – In 2023-2024, the Student Activities Fund's fund balance increased by a minimal amount. The entire fund balance is committed for student activities.

I. General Fund Budgetary Highlights

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

For the 2023-2024 fiscal year, the District amended the General Fund at various time throughout the year, with the Board adopting the changes as summarized below. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES	$ 5,942,212	$ 6,509,468	$ 6,473,188
EXPENDITURES			
Instruction	$ 3,134,595	$ 3,140,297	$ 2,976,603
Supporting Services	3,027,552	3,210,608	2,901,385
Community Services	150	0	0
Payments to Other Governmental Agencies	8,216	8,500	10,612
Total Expenditures	$ 6,170,513	$ 6,359,405	$ 5,888,600

The changes from original budget and final budget resulted from funding amounts for various programs and associated expenditures becoming clearer throughout the year. Variances between final budgeted revenues and actual revenues was minimal. The variance between budgeted expenditures and actual expenditures is the District budgeting for worst case scenario and coming in under budget in all functions except one.

J. Capital Asset and Debt Administration

1. Capital Assets

At the end of the 2023-2024 fiscal year, the District had invested $11,930,714, net of depreciation, in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net decrease of $275,429 from the prior fiscal year. Depreciation expense for the year amounted to $455,837 bringing the accumulation to $8,454,982 as of June 30, 2024. The District had the following major capital asset activity during the fiscal year:

- HVAC upgrades at a cost of $50,600.
- Bathroom partitions at a cost of $8,923.
- Scoreboard at a cost of $7,282.
- Food cart at a cost of $7,078.
- Lunchroom tables and chairs at a cost of $7,314.
- iPads at a cost of $7,494.
- Chromebooks at a cost of $18,296.
- Flex seating at a cost of $8,671.
- School bus at a cost of $64,750.

As of June 30, 2024, the District committed to spend $24,145 on the installation of heated sidewalks, $78,750 for playground equipment, and $6,939 for security boot locks.

Additional information on the District's capital assets can be found in the notes to this report.

2. Long-Term Obligations

At June 30, 2024, the District had $7,980,000 in obligations outstanding. This represents a decrease of $685,000 from the amount outstanding at the close of the prior fiscal year due to the District satisfying its required debt obligations for the year. Additionally, at June 30, 2024, the District reported its net share of the pension liability of $7,159,869, as well as a compensated absence liability of $38,540.

K. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- Certain one-time funding sources, primarily Federal funding, due to pandemic recovery efforts have been exhausted. As these funding sources go away, it is unlikely that the revenue received from these sources will be made up. The District will be cognizant of a drop in revenues and the impact these lost revenues have on the fund balance of the General Fund.

- State-wide pressures for equity in the funding of schools always poses the possibility that the State of Michigan makes changes in the funding structure for schools and that the District's "Out-of-Formula" status could be changed. Although not anticipated, district officials must plan for the eventual possibility of significantly less dollars per student should these demands for equity result in changes in State school funding.

- Supply chain shortages for many supplies and products that are used in day-to-day activities still exist and the District is doing what it can to mitigate these shortages.

- Staffing certain positions throughout the District remains a challenge the District faces. The District is doing what it can to make the District attractive to prospective employees.

- The District has placed a bond proposal on the November 2024 ballot. The bond consideration is to allow for continued assurance of safety, security and the upgrading of District facilities and grounds. Fencing to provide a secure playground area, external security cameras, and updated HVAC units highlight the needs of the bond. The bond, if approved, will be issued for $2,500,000. The District hopes the bond will pass so it may address the capital needs of the District.

L. Contacting the District's Financial Management

The financial report is designed to a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bellaire Public Schools, 204 W. Forest Home Ave., Bellaire, Michigan 49615.

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2024

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$	762,235
Investments		2,610,918
Accounts Receivable		16,312
Due from Other Governmental Units		277,255
Prepaid Expenses		61,269
Inventory		7,919
Total Current Assets		3,735,908
NON CURRENT ASSETS		
Capital Assets (Net of Accumulated Depreciation)		
Capital Assets Not Being Depreciated		912
Capital Assets Being Depreciated		11,929,802
Net Other Postemployment Benefits Asset		127,575
Total Non Current Assets		12,058,289
TOTAL ASSETS		15,794,197
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding		109,677
Deferred Outflows of Resources Related to Pensions		2,362,676
Deferred Outflows of Resources Related to Other Postemployment Benefits		553,398
TOTAL DEFERRED OUTFLOWS OF RESOURCES		3,025,751

The notes to the financial statements are an integral part of this statement.

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2024

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	88,177
Salaries and Benefits Payable	507,923
Accrued Interest Payable	50,967
Unearned Revenue	121,211
Current Portion of Non Current Liabilities	685,000
Total Current Liabilities	1,453,278
NON CURRENT LIABILITIES	
Bonds Payable, Net of Premium	8,104,261
Net Pension Liability	7,159,869
Compensated Absences	38,540
Less Current Portion of Non Current Liabilities	(685,000)
Total Non Current Liabilities	14,617,670
TOTAL LIABILITIES	16,070,948
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	1,175,746
Deferred Inflows of Resources Related to Other Postemployment Benefits	1,001,486
TOTAL DEFERRED INFLOWS OF RESOURCES	2,177,232
NET POSITION	
Net Investment in Capital Assets	3,826,453
Restricted for Debt Service	319,737
Restricted for Net Other Postemployment Benefits	127,575
Unrestricted (Deficit)	(3,701,997)
TOTAL NET POSITION (DEFICIT)	$ 571,768

The notes to the financial statements are an integral part of this statement.

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS & CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES: NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 2,855,003	$ 0	$ 997,066	$ 0	$ (1,857,937)
Supporting Services	3,117,680	72,604	767,338	6,589	(2,271,149)
Payments to Other Governmental Agencies	10,612	0	0	0	(10,612)
Interest on Long-Term Debt	321,098	0	6,278	0	(314,820)
Unallocated Depreciation	455,837	0	0	0	(455,837)
TOTAL GOVERNMENTAL ACTIVITIES	$ 6,760,230	$ 72,604	$ 1,770,682	$ 6,589	(4,910,355)
GENERAL REVENUES					
Property Taxes - General Purposes					4,745,907
Property Taxes - Debt Service					843,064
Investment Earnings					212,305
State Sources					183,515
Other					19,284
Total General Revenues					6,004,075
Change in Net Position					1,093,720
NET POSITION - Beginning of Year - (Deficit)					(521,952)
NET POSITION - End of Year					$ 571,768

The notes to the financial statements are an integral part of this statement.

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2024

	GENERAL FUND	2015 DEBT SERVICE FUND	FOOD SERVICE FUND	NON-MAJOR FUND STUDENT ACTIVITIES FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 536,697	$ 0	$ 117,395	$ 108,143	$ 762,235
Investments	2,240,088	370,830	0	0	2,610,918
Accounts Receivable	12,530	0	3,382	400	16,312
Due from Other Funds	134,679	22	0	0	134,701
Due from Other Governmental Units	269,287	0	7,968	0	277,255
Prepaid Expenditures	61,269	0	0	0	61,269
Inventory	0	0	7,919	0	7,919
TOTAL ASSETS	$ 3,254,550	$ 370,852	$ 136,664	$ 108,543	$ 3,870,609
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 86,959	$ 148	$ 0	$ 1,070	$ 88,177
Salaries and Benefits Payable	507,923	0	0	0	507,923
Unearned Revenue	118,742	0	2,469	0	121,211
Due to Other Funds	22	0	134,195	484	134,701
Total Liabilities	713,646	148 .	136,664	1,554	852,012
FUND BALANCES					
Nonspendable, Inventory	0	0	7,919	0	7,919
Nonspendable, Prepaid Expenditures	61,269	0	0	0	61,269
Restricted for Debt Service	0	370,704	0	0	370,704
Committed for Student Activities	0	0	0	106,989	106,989
Unassigned	2,479,635	0	(7,919)	0	2,471,716
Total Fund Balances	2,540,904	370,704	0	106,989	3,018,597
TOTAL LIABILITIES AND FUND BALANCES	$ 3,254,550	$ 370,852	$ 136,664	$ 108,543	$ 3,870,609

The notes to the financial statements are an integral part of this statement.

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

JUNE 30, 2024

Total Governmental Fund Balances		$ 3,018,597
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 20,385,696	
Accumulated depreciation is	(8,454,982)	11,930,714
Bond discounts (premiums) and deferred charges for bonds issued are expenditures at the modified accrual level, but are capitalized and written off over the life of the bonds at the full accrual level.		
Deferred Charges		109,677
Bond Discount (Premium)		(124,261)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(7,980,000)
Net Pension Liability		(7,159,869)
Compensated Absences		(38,540)
Some assets are not current financial resources and therefore are not reported in the funds.		
Other Postemployment Benefits Asset		127,575
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions and Other Postemployment Benefits		2,916,074
Deferred Inflows of Resources Related to Pensions and Other Postemployment Benefits		(2,177,232)
Accrued interest on bonds is not included as a liability in government funds, it is recorded when paid.		(50,967)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 571,768

The notes to the financial statements are an integral part of this statement.

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	GENERAL FUND	2015 DEBT SERVICE FUND	FOOD SERVICE FUND	NON-MAJOR FUND STUDENT ACTIVITIES FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	$ 4,963,257	$ 884,088	$ 45,819	$ 87,892	$ 5,981,056
State Sources	1,125,153	6,278	77,597	0	1,209,028
Federal Sources	250,412	0	125,472	0	375,884
Other Transactions	134,366	0	0	0	134,366
Total Revenues	6,473,188	890,366	248,888	87,892	7,700,334
EXPENDITURES					
Instruction	2,976,603	0	0	0	2,976,603
Supporting Services	2,901,385	1,500	357,581	79,158	3,339,624
Payments to Other Governmental Agencies	10,612	0	0	0	10,612
Debt Service	0	1,013,188	0	0	1,013,188
Total Expenditures	5,888,600	1,014,688	357,581	79,158	7,340,027
Excess (Deficiency) of Revenues over Expenditures	584,588	(124,322)	(108,693)	8,734	360,307
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	(108,693)	0	108,693	0	0
Net Change in Fund Balance	475,895	(124,322)	0	8,734	360,307
FUND BALANCE - Beginning of Year	2,065,009	495,026	0	98,255	2,658,290
FUND BALANCE - End of Year	$ 2,540,904	$ 370,704	$ 0	$ 106,989	$ 3,018,597

The notes to the financial statements are an integral part of this statement.

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

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

YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances Total Governmental Funds	$ 360,307
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.	
Capital Outlay	180,408
Depreciation Expense	(455,837)
Certain items are recorded in the Statement of Activities when incurred; they are not recorded in governmental funds until paid:	
Accrued Interest Payable - Beginning of Year	55,610
Accrued Interest Payable - End of Year	(50,967)
Compensated Absences - Beginning of Year	42,653
Compensated Absences - End of Year	(38,540)
Governmental funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension and other postemployment benefits earned net of employee contributions are reported as expenses.	
Change in Pension and Other Postemployment Benefits Related Items	159,023
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147C pension contributions subsequent to the measurement date.	
Change in State Aid Funding for Pension Benefits	153,616
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the Statement of Activities (where it is a reduction of liabilities). Also, governmental funds report the effects of premiums, discounts, and similar items when obligations are first issued, whereas these amounts are deferred and amortized in the Statement of Activities over the life of the long-term obligation issued.	
Amortization of Deferred Charges	(18,402)
Amortization of Bond Premium	20,849
Repayment of Principal	685,000
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 1,093,720

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District ("the District") is located in Antrim County with its administrative offices located in Bellaire, Michigan. The District operates under an elected board of education which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2015 DEBT SERVICE FUND* accounts for the revenues and expenditures related to the 2015 General Obligation Bonds.

The *FOOD SERVICE FUND* accounts for revenue sources that are legally restricted to expenditures for food service.

Other non-major fund:

The *STUDENT ACTIVITIES FUND* accounts for revenue sources that are received and ultimately expended on student activities.

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

F. Budgetary Information

1. Budgetary Basis of Accounting

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

The District's approved budgets were adopted at the function level for the General and Special Revenue Funds. These are the legal enacted levels under the State Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations).

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

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

a. In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.

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

c. Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

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

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

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

g. Budgeted amounts are as originally adopted in June 2023, or as amended by the School Board of Education throughout the year.

2. Excess of Expenditures Over Appropriations

	APPROPRIATIONS	EXPENDITURES
General Fund		
Payments to Other Governmental Agencies	$ 8,500	$ 10,612

This overage was covered by available fund balance.

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

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

2. Investments

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

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

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

c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

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

e. Bankers' acceptances of United States banks.

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

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

3. *Inventory and Prepaid Items*

Inventories are valued at cost using the first in/first out method. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures. The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

4. *Capital Assets*

Capital assets, which include property and equipment, are reported in the governmental activities column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date of the donation. Donated capital assets are only reported under the accrual method of accounting.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Additions	30-50
Improvements, other than Buildings	10-20
Buses and Vehicles	10
Furniture and Equipment	3-10

5. Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. Unearned revenue in both the General and Food Service funds are related to state and interdistrict grants received and unspent due to restrictions on how they can be spent as well as student account balances.

6. Defined Benefit Plans

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

7. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related obligation.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the obligation issued is reported as other financing sources. Premiums received on obligation issuances are reported as other financing sources while discounts on obligation issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual obligation proceeds received, are reported as other transactions expenditures.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets 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 items that qualify for reporting in this category related to its pension plan and other postemployment benefits plan, which are discussed in Note 3-I and Note 3-J of this report, as well as a deferred loss on a bond refunding.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category except those related to its pension plan and other postemployment benefits plan, which are discussed in Note 3-I and Note 3-J of this report.

9. *Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. *Fund Balance Flow Assumption*

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

11. *Fund Balance Policies*

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

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

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

12. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The local portion of the foundation is funded primarily by non-homestead property taxes. Since the District's property tax collections exceed the state's formula, the foundation grant approach does not apply to the District. Instead, the District uses it's locally collected property taxes to fund the District.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, 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.

2. Program Revenues

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

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1, and due July 1. The levy becomes delinquent as of February 14 for all taxpayers. After these dates, unpaid taxes are subject to penalties and interest.

For the year ended June 30, 2024, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund - Non-Homestead	18.0000
General Fund - Commercial PPT	6.0000
Debt Service Funds - PRE, Non-PRE, Commercial Personal Property	1.8500

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note I.F.2, on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2024.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2024 the District had deposits and investments subject to the following risks:

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2024, the District's bank balance was $762,039 and $262,039 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2024, deposits of $761,735 and petty cash of $500 are reported on the financial statements as cash and cash equivalents.

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.

	Fair Value	Weighted Average Maturity (Years)
MILAF+ Cash Management Class	$ 803,960	N/A
MILAF+ MAX Class	1,806,958	N/A
	$ 2,610,918	
Portfolio Weighted Average Maturity		N/A

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

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

	Fair Value	Standard & Poor's Rating
MILAF+ Cash Management Class	$ 803,960	AAAm
MILAF+ MAX Class	1,806,958	AAAm
	$ 2,610,918	

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

Custodial Credit Risk –Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

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

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

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

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

	Amortized Cost
MILAF+ Cash Management Class	$ 803,960
MILAF+ MAX Class	1,806,958
	$ 2,610,918

The cash and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2024:

	Primary Government
Cash and Cash Equivalents	$ 762,235
Investments	2,610,918
	$ 3,373,153

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds are as follows:

	General	Food Service	Total
Receivables			
Accounts	$ 12,530	$ 3,782	$ 16,312
Due from Other Governments	269,287	7,968	277,255
Total Receivables	$ 281,817	$ 11,750	$ 293,567

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the financial statements at June 30, 2024, were:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	$ 134,195
General Fund	Student Activities Fund	484
2015 Debt Service	General Fund	22
Total		$ 134,701

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2024, are expected to be repaid within one year.

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

Transferred From:	Transferred To:	Amount
General Fund	Food Service Fund	$ 108,693

D. Capital Assets

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

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets Not Being Depreciated				
Land	$ 912	$ 0	$ 0	$ 912
Capital Assets Being Depreciated				
Land Improvements	787,118	0	0	787,118
Buildings and Improvements	17,715,744	66,805	0	17,782,549
Furniture and Equipment	1,529,405	48,853	0	1,578,258
Buses and Vehicles	172,109	64,750	0	236,859
Subtotal	20,204,376	180,408	0	20,384,784

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Less Accumulated Depreciation for:				
Land Improvements	663,281	41,794	0	705,075
Buildings and Improvements	5,885,068	342,417	0	6,227,485
Furniture and Equipment	1,401,440	47,940	0	1,449,380
Buses and Vehicles	49,356	23,686	0	73,042
Accumulated Depreciation	7,999,145	455,837	0	8,454,982
Net capital assets being depreciated	12,205,231	(275,429)	0	11,929,802
Net capital assets	$ 12,206,143	$ (275,429)	$ 0	$ 11,930,714

Depreciation for the fiscal year ended June 30, 2024, amounted to $455,837. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

E. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligation transactions for the District for the year ended June 30, 2024:

	GENERAL OBLIGATION BONDS	COMPENSATED ABSENCES	TOTAL
Balance, July 1, 2023	$ 8,665,000	$ 42,653	$ 8,707,653
Additions	0	8,927	8,927
Deletions	(685,000)	(13,040)	(698,040)
Balance, June 30, 2024	7,980,000	38,540	8,018,540
Less current portion	(685,000)	Unknown	(685,000)
Total due after one year	$ 7,295,000	$ 38,540	$ 7,333,540

At June 30, 2024, the District's long-term obligations consisted of the following:

2015 Refunding Bonds due in annual installments of $640,000 to $685,000 through May 1, 2036, interest at 2.00% to 4.00%.	$	7,980,000
Compensated Absences		38,540
Total	$	8,018,540

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2024, including interest payments of $1,999,328 are as follows:

	General Obligation Bonds		
Year Ending June 30,	Principal	Interest	Total
2025	$ 685,000	$ 300,788	$ 985,788
2026	680,000	273,388	953,388
2027	680,000	246,188	926,188
2028	670,000	246,188	916,188
2029	660,000	205,688	865,688
2030-2034	3,320,000	650,088	3,970,088
2035-2036	1,285,000	77,000	1,362,000
	$ 7,980,000	$ 1,999,328	9,979,328
Compensated Absences			38,540
			$ 10,017,868

Interest expense for the year ended June 30, 2024, was approximately $321,000.

The annual requirements to amortize the compensated absences are uncertain because it is unknown when the repayments will be made. This liability will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

F. Defined Benefit Plan and Post-Employment Benefits

Plan Description – The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual 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 the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

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

Benefits Provided- Overall

Introduction

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.

Pension Reform 2012

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

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

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

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

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

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transient 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).

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

Depending on the plan selected, member contributions range from 0% to 7% for pension and 0% to 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 plan year ending September 30, 2023, were determined as of the September 30, 2020, actuarial valuations. For the pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020, are amortized over a 17-year period beginning October 1, 2022 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 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 June 30, 2024, were equal to the required contribution total. Total pension contributions were approximately $992,800. Of the total pension contributions, approximately $939,800 was contributed to fund the Defined Benefit Plan and approximately $53,000 was contributed to fund the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2024, were equal to the required contribution total. Total OPEB contributions were approximately $199,800. Of the total OPEB contributions, approximately $172,600 was contributed to fund the Defined Benefit Plan and approximately $27,200 was contributed to fund the Defined Contribution Fund.

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

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

Pension Liabilities

The net pension liability was measured as of September 30, 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 Net Pension Liability

	September 30, 2023	September 30, 2022
Total Pension Liability	$ 94,947,828,557	$ 95,876,795,620
Fiduciary Net Position	(62,581,762,238)	(58,268,076,344)
Net Pension Liability	$ 32,366,066,319	$ 37,608,719,276
District's Proportionate Share %	0.02212153%	0.02190901%
District's Proportionate Share of Net Pension Liability	$ 7,159,869	$ 8,239,698

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

For the year ended June 30, 2024, the District recognized total pension expense of $1,100,393.

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	$ 226,015	$ 10,968
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	454,284
Changes of assumptions	970,195	559,392
Net difference between projected and actual earnings on pension plan investments	0	146,514
Changes in proportion and differences between District contributions and proportionate share of contributions	268,708	4,588
District contributions subsequent to the measurement date	897,758	0
Total	$ 2,362,676	$ 1,175,746

$897,758 reported as deferred outflows of resources and $454,284 reported as deferred inflows or resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2024	$ 312,667
2025	187,835
2026	340,464
2027	(97,510)
	$ 743,456

H. OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities/Assets

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability (asset) used to calculate the net OPEB liability (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 liability (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.

MPSERS (Plan) Non-University Employers Net OPEB Liability (Asset)

	September 30, 2023	September 30, 2022
Total OPEB Liability	$ 11,223,648,949	$ 12,522,713,324
Fiduciary Net Position	(11,789,347,341)	(10,404,650,683)
Net OPEB Liability (Asset)	$ (565,698,392)	$ 2,118,062,641
District's Proportionate Share %	0.02255181%	0.02198096%
District's Proportionate Share of Net OPEB Liability (Asset)	$ (127,575)	$ 465,571

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

For the year ended June 30, 2024, the District recognized total OPEB benefit of $179,002.

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	$ 0	$ 964,024
Changes of assumptions	284,005	34,200
Net difference between projected and actual earnings on OPEB plan investments	389	0
Changes in proportion and differences between District contributions and proportionate share of contributions	112,735	3,262
District contributions subsequent to the measurement date	156,269	0
Total	$ 553,398	$ 1,001,486

$156,269 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the subsequent fiscal year.

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

Year Ended September 30,		Amount
2024	$	(185,290)
2025		(183,791)
2026		(69,424)
2027		(76,048)
2028		(59,417)
Thereafter		(30,387)
	$	(604,357)

I. Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-202 adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree 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 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.

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 electing two-person coverage are assumed to have coverage continuing after the retiree's death.

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

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

Investment Category	**Target Allocation**	**Long-Term Expected Real Rate of Return***
Domestic Equity Pools	25.00%	5.80%
Private Equity Pools	16.00%	9.60%
International Equity Pools	15.00%	6.80%
Fixed Income Pools	13.00%	1.30%
Real Estate & Infrastructure Pools	10.00%	6.40%
Absolute Return Pools	9.00%	4.80%
Real Return/Opportunistic Pools	10.00%	7.30%
Short-Term Investment Pools	2.00%	0.30%
	100%	

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

Rate of Return

For 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.

OPEB Discount Rate

A single discount rate of 6.00% was used to measure the total OPEB liability/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 liability/asset.

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

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

	Pension	
1% Decrease	**Pension Discount Rate**	**1% Increase**
$ 9,672,962	$ 7,159,869	$ 5,067,628

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

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB liability (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:

OPEB		
1% Decrease	OPEB Discount Rate	1% Increase
$ 132,257	$ (127,575)	$ (350,876)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate as well as what the District's proportionate share of the net other postemployment benefit liability (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:

OPEB		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
$ (351,432)	$ (127,575)	$ 114,712

J. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2023 Annual Comprehensive Financial Report.

K. Payables to the Pension and OPEB Plan

As of June 30, 2024, the District is current on all required pension and OPEB plan payments. As of June 30, 2024, the District reported payables in the amount of $152,962 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

L. 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 participates in a distinct pool of Educational Institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

M. GASB Statement No. 96 – Subscription-Based Information Technology Arrangements

It has been determined that the District has subscription-based information technology arrangements as defined by GASB Statement No. 96. However, the total of these subscription-based information technology arrangements has been determined they are not significant enough to warrant disclosure.

N. Contingencies

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

O. Commitments

As of June 30, 2024, the District committed to spend $24,145 on the installation of heated sidewalks, $78,750 for playground equipment, and $6,939 for security boot locks.

NOTE 4 – UPCOMING ACCOUNTING PRONOUCEMENTS

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;

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.

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2024

	GENERAL FUND				FOOD SERVICE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES								
Local Sources	$ 4,693,282	$ 4,945,038	$ 4,963,257	$ 18,219	$ 43,280	$ 46,915	$ 45,819	$ (1,096)
State Sources	890,853	1,158,449	1,125,153	(33,296)	9,201	70,951	77,597	6,646
Federal Sources	260,677	271,423	250,412	(21,011)	87,596	120,795	125,472	4,677
Other Transactions	97,400	134,558	134,366	(192)	0	0	0	0
Total Revenues	5,942,212	6,509,468	6,473,188	(36,280)	140,077	238,661	248,888	10,227
EXPENDITURES								
Instruction								
Basic Programs	2,649,407	2,681,900	2,531,016	(150,884)	0	0	0	0
Added Needs	485,188	458,397	445,587	(12,810)	0	0	0	0
Supporting Services								
Pupil Support Services	414,273	288,582	281,174	(7,408)	0	0	0	0
Instructional Staff	232,968	235,062	200,806	(34,256)	0	0	0	0
General Administration	154,530	257,951	252,650	(5,301)	0	0	0	0
School Administration	529,248	567,229	543,146	(24,083)	0	0	0	0
Business	128,944	126,879	125,188	(1,691)	0	0	0	0
Operation and Maintenance	1,032,469	1,166,433	986,166	(180,267)	0	0	0	0
Pupil Transportation Services	353,229	350,254	314,524	(35,730)	0	0	0	0
Support Services - Central	0	10,375	7,343	(3,032)	0	0	0	0
Support Services - Other	181,891	207,843	190,388	(17,455)	355,067	367,492	357,581	(9,911)
Community Services	150	0	0	0	0	0	0	0
Payments to Other Governmental Agencies	8,216	8,500	10,612	2,112	0	0	0	0
Total Expenditures	6,170,513	6,359,405	5,888,600	(470,805)	355,067	367,492	357,581	(9,911)
Excess (Deficiency) of Revenues over Expenditures	(228,301)	150,063	584,588	434,525	(214,990)	(128,831)	(108,693)	20,138
OTHER FINANCING SOURCES (USES)								
Transfers In (Out)	(214,990)	(128,831)	(108,693)	20,138	214,990	128,831	108,693	(20,138)
Net Change in Fund Balance	(443,291)	21,232	475,895	454,663	0	0	0	0
FUND BALANCE - Beginning of Year	1,921,695	2,065,009	2,065,009	0	0	0	0	0
FUND BALANCE - End of Year	$ 1,478,404	$ 2,086,241	$ 2,540,904	$ 454,663	$ 0	$ 0	$ 0	$ 0

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)	0.02212%	0.02191%	0.02142%	0.02042%	0.01902%	0.01869%	0.01930%	0.01986%	0.01956%	0.01945%
District's proportionate share of net pension liability	$ 7,159,869	$ 8,239,698	$ 5,070,961	$ 7,015,076	$ 6,299,056	$ 5,618,031	$ 5,000,215	$ 4,955,277	$ 4,776,646	$ 4,283,181
District's covered payroll	2,300,240	2,175,950	2,004,547	1,855,483	1,711,501	1,558,862	1,619,143	1,756,771	1,697,888	1,749,861
District's proportionate share of net pension liability as a percentage of its covered payroll	311.27%	378.67%	252.97%	378.07%	368.04%	360.39%	308.82%	282.07%	281.33%	244.77%
Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 939,828	$ 1,042,320	$ 750,925	$ 640,773	$ 558,262	$ 499,737	$ 471,329	$ 504,947	$ 504,265	$ 502,075
Contributions in relation to statutorily required contributions *	939,828	1,042,320	750,925	640,773	558,262	499,737	471,329	504,947	504,265	502,075
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 2,438,226	$ 2,349,058	$ 2,186,208	$ 1,953,991	$ 1,836,549	$ 1,662,621	$ 1,610,530	$ 1,578,350	$ 1,651,593	$ 1,661,957
Contributions as a percentage of covered payroll	38.55%	44.37%	34.35%	32.79%	30.40%	30.06%	29.27%	31.99%	30.53%	30.21%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY/ASSET
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2024

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability/asset (%)				0.02255%	0.02198%	0.02193%	0.02099%	0.01961%	0.01834%	0.01936%
District's proportionate share of net OPEB liability (asset)				$ (127,575)	$ 465,571	$ 334,755	$ 1,124,311	$ 1,407,289	$ 1,457,614	$ 1,714,744
District's covered payroll				2,300,240	2,175,950	2,004,547	1,855,483	1,711,501	1,558,862	1,588,030
District's proportionate share of net OPEB liability/asset as a percentage of its covered payroll				-5.55%	21.40%	16.70%	60.59%	82.23%	93.51%	107.98%
Plan fiduciary net position as a percentage of total OPEB liability/asset				105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

BELLAIRE PUBLIC SCHOOLS
BELLAIRE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2024

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions				$ 172,602	$ 169,514	$ 159,607	$ 153,133	$ 141,784	$ 126,125	$ 110,966
Contributions in relation to statutorily required contributions *				172,602	169,514	159,607	153,133	141,784	126,125	110,966
Contribution deficiency (excess)				$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll				$ 2,438,226	$ 2,349,058	$ 2,186,208	$ 1,953,991	$ 1,836,549	$ 1,662,621	$ 1,543,308
Contributions as a percentage of covered payroll				7.08%	7.22%	7.30%	7.84%	7.72%	7.59%	7.19%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2024

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2023.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 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.

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2023.

Changes of Assumptions – The assumption changes for the plan year ending September 30, 2023 were:

Healthcare cost trend rate

- Pre 65 decreased to 7.50% for 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 and graded to 3.5% for year fifteen from 5.25% for year one and graded to 3.5% 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.