Eau Claire Public Schools

Financial Report

With Supplementary Information

June 30, 2023

KRUGGEL LAWTON CPA
St. Joseph, MI

EAU CLAIRE PUBLIC SCHOOLS
Eau Claire, Michigan
June 30, 2023

BOARD OF EDUCATION

EAU CLAIRE PUBLIC SCHOOLS
Eau Claire, Michigan
June 30, 2023

KRUGGEL LAWTON CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Eau Claire Public Schools
Eau Claire, 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 Eau Claire Public Schools (the "District"), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprises the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
October 16, 2023

Eau Claire Public Schools' (the "District") management discussion and analysis ("MD&A") is intended to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position and its ability to address subsequent year changes. The MD&A identifies any material deviations from the financial plan and identifies individual fund issues or concerns. The MD&A is a requirement of the Governmental Accounting Standards Board Statement No. 34 ("GASB 34") "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*." The provisions and requirements under GASB 34 are intended to provide financial information for the fiscal year ending June 30, 2023.

District-wide Financial Statements

The District-wide financial statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds' current financial resources with capital assets, right-to-use assets, deferred outflows of resources, deferred inflows of resources and long-term obligations, regardless if they are currently available or not.

The Statement of Activities is a full accrual-based report, stating current year revenues and expenses, regardless of when cash is received or paid. The intent of this report is to summarize and simplify the user's analysis of the costs of the various District services.

Fund Financial Statements

The fund statements focus on the District's major funds rather than on the fund types. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are reported when received, except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period the goods and services are used in school programs. In addition, capital assets purchased are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

Fund types include the **General Fund, Special Revenue Fund, Debt Retirement Funds, and Capital Projects Funds**. The General Fund is used primarily to account for the general education requirements of the District. Its revenues are derived from property taxes, state and federal allocations and grants, and other local and intergovernmental revenues. The Special Revenue Funds are comprised of the Food Service and Student Activity Funds. The Debt Funds are used to record the funding and payment of principal and interest on bonded debt. The Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvement of major facilities along with capital purchases for athletics.

The table below presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and 2022.

	2023	2022
Revenues		
Program Revenues		
Charges for services	$ 183,900	$ 103,858
Operating grants and contributions	7,657,556	7,111,488
General Revenues		
Property taxes	1,146,475	980,334
State aid - unrestricted	2,083,511	2,386,208
Interest	22,764	22,377
Other	12,614	28,471
Loss on sale of asset	(5,663)	-
Total Revenues	$ 11,101,157	$ 10,632,736
Expenses		
Instruction and instructional support	$ 4,924,275	$ 4,628,937
Support services	3,267,509	2,668,854
Student activities	177,851	70,437
Athletics	229,257	279,619
Community	1,713	4,411
Food services	586,882	441,106
Interest on long-term debt	19,839	24,920
Depreciation/amortization (unallocated)	619,927	620,404
Total Expenses	$ 9,827,253	$ 8,738,688
Change in Net Position	$ 1,273,904	$ 1,894,048
Beginning Net Position	(10,557,098)	(12,451,146)
Ending Net Position	$ (9,283,194)	$ (10,557,098)

The District's total revenues for the fiscal year ended June 30, 2023 were $11.1 million. The total cost of all programs and services was $9.8 million.

		2023		2022
Assets				
Current assets	$	4,147,657	$	3,655,282
Capital assets				
Nondepreciable	$	190,164	$	507,746
Depreciable, net of accumulated depreciation/amortization		5,906,235		6,053,590
Capital assets, net book value	$	6,096,399	$	6,558,336
Total Assets	$	10,244,056	$	10,213,618
Deferred Outflows of Resources	$	6,440,781	$	3,574,816
Liabilities				
Current liabilities	$	1,859,980	$	1,707,439
Noncurrent liabilities		19,355,547		13,805,174
Total Liabilities	$	21,215,527	$	15,512,613
Deferred Inflows of Resources	$	4,752,504	$	8,832,919
Net Position (Deficit)				
Net investment in capital assets	$	4,944,101	$	4,800,005
Restricted		807,392		699,518
Unrestricted		(15,034,687)		(16,056,621)
Total Net Position (Deficit)	$	(9,283,194)	$	(10,557,098)

As indicated by the above table, total net position is a deficit of $9,283,194 at June 30, 2023. Net position can be separated into three categories: net investment in capital assets, restricted assets, and unrestricted net position.

Net investment in capital assets are a combination of capital assets at original cost less accumulated depreciation/amortization and related debt. The original cost of capital assets, and right of use assets is $16,504,352 representing the accumulation of capital assets year after year less any capital disposals. The accumulated depreciation/amortization of $10,407,953 is based on original capital assets costs less any salvage value calculated over the useful life of the asset.

Restricted net position of $807,392 represents net position restricted for debt retirement and capital projects as of June 30, 2023. Unrestricted net deficit of $15,034,687 is the accumulation of prior years' operating results.

FINANCIAL HIGHLIGHTS

General Fund

The District's final fiscal 2023 budget for the General Fund projected a deficit of $132,044, while the actual results for the year show a surplus of $215,721. The major differences in the budgeted versus actual results are:

- Federal sources of revenue were $471,046 under budget.
- Pupil expenditures were $559,157 over budget.
- Operations and maintenance expenditures were $544,897 under budget.

The ending General Fund balance of $1,120,604 represents approximately 12% of total General Fund expenditures. Significant financial factors include:

- The foundation allowance for 2022-2023 was $9,150 per student, a $450 increase from the prior year.
- The blended enrollment for 2022-2023 was 649, a decrease of 27 from the prior year.

Debt Service Funds and Debt Activity

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. During the year, $340,000 of principal payments were made in these funds. In addition, $266,033 capital lease payments were made in the fiscal year.

School Service Fund

The School Service Fund is made up of Food Service activities.

During the 2022-23 fiscal year, the Food Service program had revenues of $622,729 and expenditures of $610,674 for an increase in fund balance of $12,055.

Fiduciary (Student Activity) Fund

The Student Activity Fund includes money held by the District on behalf of various student and building accounts. These are not District funds; however, the District has a fiduciary responsibility to manage them.

Capital Assets

By the end of the 2022-23 fiscal year, the District had $6,096,399 in capital assets net of accumulated depreciation/amortization. This includes a cost basis of $16,504,352 and accumulated depreciation/amortization of $10,407,953. The District has a capitalization policy that recognizes only assets that have a unit cost of $5,000 or more and right of use assets at $25,000 or more. Assets include land, buildings, site improvements, furniture and equipment, school buses and other vehicles. A breakdown by major asset, net of accumulated depreciation/amortization, is detailed below as of June 30:

	2023	2022
Land	$ 190,164	$ 190,164
Construction-in-progress	-	314,582
Buildings and site improvements	5,618,321	5,442,747
Right of use - leased building	88,046	104,825
Buses and other vehicles	9,045	44,951
Furniture and equipment	190,823	187,561
Right of use - leased equipment	-	273,506
Total	$ 6,096,399	$ 6,558,336

Factors Bearing on the District's Future

The District continues to strengthen its financial health. Whereas once the district was on the State Watch List, we are working hard to ensure the district does not get to that point again. Through Board and Administration recognition of spending patterns early in the school year, positive results were gained to help the district curtail a possible fiscal year deficit and instead end up in the positive.

The ending fund balance of $1,120,604 represents a significant increase of $215,721 from the beginning of the year. This underscores the organization's improved financial stability and growth potential.

In summary, the data highlights the importance of carefully managing local, state, and federal revenue sources, optimizing expenditure control, and monitoring variances in different expense categories. The positive overall financial result suggests effective financial management, and these takeaways can serve as a basis for making informed decisions regarding budget adjustments, resource allocation, and financial planning in the coming fiscal years.

With positive guidance received from our Board of Education, as well as valuable input from our community, parents, and staff, we look forward to building an even stronger District.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Eau Claire Public Schools at 6190 West Main Street, Eau Claire, Michigan 49111 or by phone at (269) 461-6947.

STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

		Governmental Activities
Assets		
Cash and cash equivalents	$	2,259,489
Due from other governmental units		1,384,686
Inventory		6,124
Capital assets, not being depreciated		190,164
Capital assets being depreciated/amortized		16,314,188
Less: accumulated depreciation/amortization		(10,407,953)
Total Assets	$	10,244,056
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	$	5,178,490
Deferred outflows of resources related to OPEB		1,262,291
Total Deferred Outflows of Resources	$	6,440,781
Liabilities		
Accounts payable	$	315,985
Accrued payroll and related liabilities		1,000,765
Interest payable		1,530
Unearned revenue		21,788
State anticipation notes		519,912
Noncurrent liabilities		
Capital lease - current		40,346
Capital lease - noncurrent		71,952
Bonds and notes payable - current		340,000
Bonds and notes payable - noncurrent		700,000
Net pension liability		17,199,167
Net OPEB liability		963,130
Compensated absences - current		4,095
Compensated absences - noncurrent		36,857
Total Liabilities	$	21,215,527
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	$	2,367,689
Deferred inflows of resources related to OPEB		2,384,815
Total Deferred Inflows of Resources	$	4,752,504
Net Position		
Net investment in capital assets	$	4,944,101
Restricted for debt service		807,392
Unrestricted		(15,034,687)
Total Net Position	$	(9,283,194)

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Governmental activities:					
Instruction and instructional support	$ 4,924,275	$ -	$ 7,054,970	$ -	$ 2,130,695
Support services	3,267,509	-	-	-	(3,267,509)
Student activities	177,851	180,562	-	-	2,711
Athletics	229,257	3,338	-	-	(225,919)
Community	1,713	-	-	-	(1,713)
Food services	586,882	-	602,586	-	15,704
Interest on long-term debt	19,839	-	-	-	(19,839)
Depreciation/amortization (unallocated)	619,927	-	-	-	(619,927)
	$ 9,827,253	$ 183,900	$ 7,657,556	$ -	$ (1,985,797)

General Revenues:	
Taxes:	
Property taxes, levied for general purposes	$ 723,955
Property taxes, levied for debt services	422,520
State of Michigan aid, unrestricted	2,083,511
Interest and investment earnings	22,764
Other	12,614
Loss on sale of asset	(5,663)
Total general revenues	$ 3,259,701
Change in Net Position	$ 1,273,904
Net Position - beginning of year	(10,557,098)
Net Position - end of year	$ (9,283,194)

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

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	General Fund	2009 QZAB Debt Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,027,734	$ 606,666	$ 625,089	$ 2,259,489
Receivables	497,358	-	-	497,358
Due from other governmental units	1,384,686	-	-	1,384,686
Due from other governmental funds	17,690	46,667	5,216	69,573
Inventory	-	-	6,124	6,124
Total Assets	$ 2,927,468	$ 653,333	$ 636,429	$ 4,217,230
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 217,982	$ -	$ 98,003	$ 315,985
Due to other governmental funds	51,883	-	17,690	69,573
Salaries and benefits payable	995,299	-	5,466	1,000,765
Unearned revenues	21,788	-	-	21,788
State anticipation notes	519,912	-	-	519,912
Total Liabilities	$ 1,806,864	$ -	$ 121,159	$ 1,928,023
Fund Balances				
Non-spendable - inventory	$ -	$ -	$ 6,124	$ 6,124
Restricted for debt retirement	-	653,333	154,059	807,392
Restricted for food service	-	-	251,317	251,317
Committed for student activities	-	-	103,770	103,770
Assigned	25,737	-	-	25,737
Unassigned	1,094,867	-	-	1,094,867
Total Fund Balances	$ 1,120,604	$ 653,333	$ 515,270	$ 2,289,207
Total Liabilities and Fund Balance	$ 2,927,468	$ 653,333	$ 636,429	$ 4,217,230

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

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION AS OF JUNE 30, 2023

Total Governmental Fund Balances		$ 2,289,207
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Deferred outflows of resources related to:		
Pension		5,178,490
OPEB		1,262,291
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.		
The cost of the capital assets	$ 16,504,352	
Accumulated depreciation/amortization	(10,407,953)	6,096,399
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Bonds and notes payable (including premium)		(1,040,000)
Compensated absences		(40,952)
Capital leases payable		(112,298)
Net pension liability		(17,199,167)
Net OPEB liability		(963,130)
Deferred inflows of resources related to:		
Pension		(2,367,689)
OPEB		(2,384,815)
Accrued interest on long-term debt is not included as a liability in governmental funds		(1,530)
Net Position (Deficit) of Governmental Activities		$ (9,283,194)

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

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	2009 QZAB Debt Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources:				
Property taxes	$ 723,955	$ -	$ 422,520	$ 1,146,475
Interest	2,621	-	20,143	22,764
Other local sources	12,614	-	-	12,614
State sources	7,825,425	-	21,283	7,846,708
Federal sources	1,316,394	-	581,303	1,897,697
Total Revenues	$ 9,881,009	$ -	$ 1,225,811	$ 11,106,820
Expenditures				
Instruction	$ 5,386,278	$ -	$ -	$ 5,386,278
Supporting services	3,690,130	-	-	3,690,130
Community services	1,713	-	-	1,713
Food services	-	-	610,674	610,674
Payments to other governments	19,117	-	-	19,117
Student activities	-	-	177,851	177,851
Athletics	255,350		-	255,350
Debt retirement:				
Capital lease payments	266,033	-	-	266,033
Principal on long-term debt	-	-	340,000	340,000
Interest on long-term debt	-	-	21,313	21,313
Total Expenditures	$ 9,618,621	$ -	$ 1,149,838	$ 10,768,459
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 262,388	$ -	$ 75,973	$ 338,361
Other Financing Sources (Uses)				
Operating transfers in	$ -	$ 46,667	$ -	$ 46,667
Operating transfers out	(46,667)	-	-	(46,667)
Total Other Financing Sources (Uses)	$ (46,667)	$ 46,667	$ -	$ -
Net Change in Fund Balances	$ 215,721	$ 46,667	$ 75,973	$ 338,361
Fund Balances - Beginning of year	904,883	606,666	439,297	1,950,846
Fund Balances - End of year	$ 1,120,604	$ 653,333	$ 515,270	$ 2,289,207

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

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

Net Change in Fund Balances - Total Governmental Funds		$ 338,361
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation/amortization.		
Depreciation/Amortizaton expense	$ (619,927)	
Capitalized capital outlay	163,653	
Loss on sale of asset	(5,663)	(461,937)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bond and note payments		340,000
Capital lease payments		266,033
Increase in the liability for interest payable is not reported in the governmental funds.		1,474
Change in pension expense related to the net pension liability.		(233,628)
Change in pension expense related to the net OPEB liability.		1,038,690
Change in the liability for compensated absences is not reported in the governmental funds.		(15,089)
Change in Net Position of Governmental Activities		$ 1,273,904

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

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2023

	Custodial Fund
	Scholarship Fund
Assets	
Investments	$ 67,484
Total Assets	$ 67,484
Net Position	
Restricted for custodial funds	$ 67,484
Total Net Position	$ 67,484

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
	Scholarship Fund
Additions	
Interest income	$ 10,673
Total additions	$ 10,673
Deductions	
Payments made on behalf of scholarship fund	$ 269
Total deductions	$ 269
Change in Net Position	$ 10,404
Net Position - beginning of year	57,080
Net Position - end of year	$ 67,484

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Eau Claire Public Schools (the "District") conform to accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the significant accounting policies.

REPORTING ENTITY

The District's Board of Education (the "Board") is the basic level of government which has oversight responsibility and control over all activities related to the public school education in the area comprised by the District. The Board receives funding from State and Federal governmental sources and must comply with the concomitant requirements of these funding sources entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, under the criteria of the GASB, student, parent, and teacher organizations are not included, except to the extent that the District holds assets in the capacity of an agent.

BASIC FINANCIAL STATEMENTS

District-wide Statements – The District's financial statements include both district-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The district-wide financial statements categorize primary activities as either governmental or business-type. All of the District's activities are classified as governmental activities.

In the district-wide Statement of Net Position, both the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, deferred outflows of resources, as well as deferred inflows of resources and long-term debt and obligations. The District's net position is reported in three parts-invested in capital assets, restricted net position, and unrestricted net position.

The District first utilizes restricted resources to finance qualifying activities.

The district-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation/amortization) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.).

The District does not allocate indirect costs. In creating the district-wide financial statements, the District has eliminated interfund transactions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This district-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund Statements – The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad fund categories as follows:

Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Retirement Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The District's debt retirement funds are the 2009 QZAB Debt Retirement Fund and the 2012 Debt Retirement Fund.

Special Revenue Funds are used to account for the specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The special revenue funds maintained by the District are the Food Service and Student Activity Funds.

The major funds reported by the District are the General Fund and the 2007 QZAB Debt Retirement Fund.

Fiduciary Funds:

Custodial Funds are used to account for assets held by the District in a trustee capacity or as an agent on behalf of others. Custodial Funds are custodial in nature and do not involve measurements of results of operations. The District's custodial fund is the Scholarship Fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrual

Governmental activities in the district-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized when incurred.

Revenues are generally considered available when they are received in cash (unless legally restricted for some future period), or when expected to be collected soon enough after year-end to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources.

Budgets and Budgetary Accounting

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

- Prior to June 30, the superintendent of the District submits to the Board a proposed operating budget for the fiscal year commencing July 1 of that year. The operating budget includes proposed expenditures and the means of financing them for the General and Special Revenue Funds.

- Prior to July 1, the budget is legally enacted on an activity level basis through passage of a resolution, and in accordance with Public Act 621 of the State.

- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.

- The District is required under Public Act 621 of 1978 and by accounting principles generally accepted in the United States of America to adopt a budget for the General Fund and major Special Revenue Funds.

- Budget amounts are reported in the financial statements as originally adopted and as amended by the Board of Education.

- The budget was amended multiple times during the fiscal year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of balance sheet classification, the District considers its investments in highly liquid pooled money funds to be cash equivalents.

Inventory

The inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Special Revenue Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time inventory items are purchased. The inventory in the Food Service includes USDA commodities.

Capital Assets

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 one year. Such assets are recorded at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. Right of use assets of the District are amortized using the straight-line method over the shorter of the lease/software-based information technology arrangements (“SBITA”) period or the estimated useful lives.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related fixed assets.

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

Building and site improvements	20-50 years
Buses and other vehicles	8 years
Furniture and other equipment	10 years
Right of use - leased building	3-5 years
Right of use - leased equipment	3-5 years

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans). All property tax receivables are shown net of an allowance for uncollectibles.

Property Tax Revenue

Property taxes attach as an enforceable lien on property as of December 31, 2023 and are levied on the following August and December. Property taxes become available for expenditures when levied and are thus recognized as revenue in the fiscal year they are levied.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualifies for reporting in this category. They are the deferred outflows related to the pension and OPEB plans.

Deferred Inflows of Resources

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

Risk Management

The District carries commercial insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past fiscal year.

Use of Estimates

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

Fund Equity

The following are the District's fund balance classifications:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Unassigned Fund Balance – is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

Leases and Subscription-Based IT Arrangements ("SBITA") – The District is a lessee for a noncancelable lease/subscription of equipment and an IT arrangement. The District recognizes a lease/SBITA liability and an intangible right-of-use lease/SBITA asset in the district-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value of $25,000 or more.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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

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

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

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

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the Statement of Net Position.

Net Position Flow Assumption – Sometimes the District will fund outlays for particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the district-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.

Pension and Other Postemployment Benefits ("OPEB") Plans – For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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. Contributions are recorded as contributions are due, pursuant to legal requirements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Deficits – As of June 30, 2023, the District had no fund deficits.

Net Position (Deficit) – As of June 30, 2023, the District-wide Statement of Net Position has a cumulative net position deficit of $9,283,194.

NOTE 2. CASH AND CASH EQUIVALENTS

At June 30, 2023, the District's cash and cash equivalents include the following:

	Cash	Total	Custodial Fund
Bank deposits	$ 2,259,489	$ 2,259,489	$ -
Investments	-	-	67,484
	$ 2,259,489	$ 2,259,489	$ 67,484

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for custodial credit risk is to minimize the risk by using only those financial institutions meeting specific qualifications. As of June 30, 2023, the exposure to custodial credit risk is as follows:

Insured by FDIC	$ 500,000
Uninsured and uncollateralized	1,855,187
Total cash held by outside sources	$ 2,355,187

Bank Deposits

All cash of the District is on deposit with financial institutions which provide FDIC insurance coverage or in highly liquid pooled money funds.

Custodial Investments

The custodial fund has an investment portfolio with Huntington Investment Services for the purpose of funding the James Billings Scholarship.

Interest Rate Risk

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

Credit Risk

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONCLUDED)

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. All of the District's investments are in the Huntington Bancshares, Inc. – Common Stock and represent 100% of the District's total custodial investments.

Custodial Credit Risk – Investments

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

Foreign Currency Risk

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

NOTE 3. CAPITAL ASSETS

A summary of changes in governmental capital assets follows:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Assets not being depreciated:				
Land	$ 190,164	$ -	$ -	$ 190,164
Construction-in-progress	314,582	-	(314,582)	-
Subtotal	$ 504,746	$ -	$ (314,582)	$ 190,164
Capital assets being depreciated/amortized:				
Building and site improvements	$ 12,794,536	$ 82,077	$ 314,582	$ 13,191,195
Right of use - leased building	122,296	-	-	122,296
Buses and other vehicles	961,271	-	(20,910)	940,361
Furniture and equipment	1,431,749	81,576	-	1,513,325
Right of use - leased equipment	547,011	-	-	547,011
Subtotal	$ 15,856,863	$ 163,653	$ 293,672	$ 16,314,188
Accumulated depreciation/amortization				
Building and site improvements	$ 7,351,789	$ 221,085	$ -	$ 7,572,874
Right of use - leased building	17,471	16,779	-	34,250
Buses and other vehicles	916,320	30,243	(15,247)	931,316
Furniture and equipment	1,244,188	78,314	-	1,322,502
Right of use - leased equipment	273,505	273,506	-	547,011
Subtotal	$ 9,803,273	$ 619,927	$ (15,247)	$ 10,407,953
Net capital assets being depreciated/amortized	$ 6,053,590			$ 5,906,235
Net capital assets	$ 6,558,336			$ 6,096,399

Depreciation and amortization for the fiscal year ended June 30, 2023 amounted to $619,927. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

NOTE 4. LONG-TERM DEBT

The following is a summary of debt transactions of the District for the year ended June 30, 2023:

Governmental Activities:	As restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds					
Bonds	$ 1,380,000	$ -	$ (340,000)	$ 1,040,000	$ 340,000
Direct Borrowing and Direct Placement					
Leases	378,331	-	(266,033)	112,298	40,346
Total Long-Term Debt	$ 1,758,331	$ -	$ (606,033)	$ 1,152,298	$ 380,346

Governmental Activities:

General Obligation Bonds	
2009 Qualified Zone Academy Bonds due in one installment of $700,000 on July 9, 2024 with interest at 0%.	$ 700,000
2012 School Building and Site Bonds due in annual installments of $105,000 to $340,000 through May 1, 2024; interest rate at 0.90% to 2.70%.	340,000
Total general obligation bonds	$ 1,040,000
Direct borrowing and direct placement	
In 2021 the District entered in to a five-year copier lease due in monthly principal and interest payments of $23,270 through July 2, 2023 with interest at 2%.	$ 23,231
In 2021 the District entered in to a 10-year office lease due in annual principal and interest payments of $18,896 through June 30, 2028 with interest at 2%.	89,067
Total direct borowing and direct placement	$ 112,298
Total long-term debt	$ 1,152,298

Compensated absences at June 30, 2023 consist of the following:

	Beginning Balance	Net Change	Ending Balance	Due Within One Year
Compensated absences consist of benefits which are payable upon termination of employment	$ 25,863	$ 15,089	$ 40,952	$ 4,095

NOTE 4. LONG-TERM DEBT (CONCLUDED)

Long-term debt, excluding compensated absences, at June 30, 2023 is comprised of the following individual issues:

	General Obligation Bonds		Direct borrowing and Direct Placement		
Year Ending June 30	Principal	Interest	Principal	Interest	Total
2024	$ 340,000	$ 9,180	$ 40,346	$ 1,820	$ 391,346
2025	700,000	-	17,457	1,439	718,896
2026	-	-	17,806	1,090	18,896
2027	-	-	18,162	734	18,896
2028	-	-	18,527	371	18,898
	$ 1,040,000	$ 9,180	$ 112,298	$ 5,454	$ 1,166,932

Interest expense of $19,839 was not charged to activities, as the District considers its debt and related assets to impact multiple activities and allocation was not practical.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	$ 13,970
General Fund	Student Activity Fund	3,720
2009 QZAB Debt Retirement Fund	General Fund	46,667
Food Service Fund	General Fund	5,216
Total		$ 69,573

Interfund Transfers:

Transfer In	Transfer Out	Amount
2009 QZAB Debt Retirement Fund	General Fund	46,667
Total		$ 46,667

The Food Service fund owes the General Fund $13,970 for wages and benefits and the General Fund owes the Food Service fund $5,216 for year end receivables.

The Student Activity fund owes the General Fund $3,720 for various student activities and events.

The General Fund owes the 2009 QZAB Debt Retirement Fund $46,667 for to assist with the eventual payoff of the QZAB debt retirement. The General Fund also transferred $46,667 to the 2009 QZAB in the current year to assist with the payoff.

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

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

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

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

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

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

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

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

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

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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.

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

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

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

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total defined benefit and defined contribution pension contributions were approximately $2,137,008.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total defined benefit and defined contribution OPEB contributions were approximately $360,176.

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

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

MPSERS (Plan) Non-university employers	September 30, 2022	September 30, 2021
Total pension liability	$ 95,876,795,620	$ 86,392,473,395
Plan fiduciary net position	58,268,076,344	62,717,060,920
Net pension liability	37,608,719,276	23,675,412,475
Proportionate share	0.04573%	0.04770%
Net pension liability for the District	17,199,167	11,293,498

For the year ended June 30, 2023, the District recognized pension expense of $1,416,279.

At June 30, 2023, 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	$ 172,052	$ 38,456
Changes of assumptions	2,955,433	-
Net difference between projected and actual earnings on pension plan investments	40,332	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,091,846
District contributions subsequent to the measurement date*	2,010,673	-
Revenues in support of contributions subsequent to the measurement date	-	1,237,387
Total	$ 5,178,490	$ 2,367,689

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Deferred inflows of resources of $1,237,387 resulting from the pension portion of the State Aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2023.

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

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

Year Ending	Amount
2023	$ 343,053
2024	353,964
2025	404,964
2026	935,534
	$ 2,037,515

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

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

MPSERS (Plan) Non-university employers	September 30, 2022	September 30, 2021
Total other postemployment benefits liability	$ 12,522,713,324	$ 12,046,393,511
Plan fiduciary net position	10,404,650,683	10,520,015,621
Net other postemployment benefits liability	2,118,062,641	1,526,377,890
Proportionate share	0.04547%	0.04766%
Net other postemployment benefits liability for the District	963,130	727,482

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

For the year ended June 30, 2023, the District recognized OPEB benefit of $533,128. At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,886,403
Changes of assumptions	858,469	69,901
Net difference between projected and actual earnings on pension plan investments	75,276	-
Changes in proportion and differences between District contributions and proportionate share of contributions	18,950	428,511
District contributions subsequent to the measurement date*	309,596	-
Total	$ 1,262,291	$ 2,384,815

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

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

Year Ending	Amount
2023	$ (526,722)
2024	(457,069)
2025	(333,357)
2026	(68,523)
2027	(41,862)
Thereafter	(4,587)
	$ (1,432,120)

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 groups.

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

Inflation - 3.0%.

Mortality Assumptions:

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

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

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

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

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

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

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

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	-0.2%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return / Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	-0.5%
TOTAL	100.0%	

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

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

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00% (6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
$ 22,696,511	$ 17,199,167	$ 12,669,108

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

1% Decrease	Current Discount Rate	1% Increase
$ 1,615,558	$ 963,130	$ 413,705

NOTE 6. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONCLUDED)

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 403,313	$ 963,130	$ 1,591,536

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

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

NOTE 7. TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by various municipalities within the District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. There were no abatements made by the District during the fiscal year ended June 30, 2023.

NOTE 8. CONTINGENT LIABILITIES

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

NOTE 9. STATE AID ANTICIPATION NOTES

Short-term borrowing undertaken by the District to assist with cash flow needs during the fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
State Aid Note, 2021A-2, Due August 2022 with interest at 1.3%	561,984	-	(561,984)	-
State Aid Note, 2022A-1&2, Due August 2023 with interest at 1.3%	-	950,000	(430,088)	519,912
Total Bonds	$ 561,984	$ 950,000	$ (992,072)	$ 519,912

NOTE 10. UNEARNED/UNAVAILABLE REVENUE

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

	Description	Unearned
General Fund:	At Risk (31A)	$ 21,788

NOTE 11. UPCOMING PRONOUNCEMENTS

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

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

NOTE 12. ADOPTION OF NEW PRONOUNCEMENT

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

Summary:

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

To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

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

NOTE 13. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 16, 2023, the date the financial statements were available to be issued. The following are subsequent events management would like to disclose.

On August 21, 2023, the District borrowed a $600,000 Series A State Aid Anticipation Note and a $400,000 Series A State Aid Anticipation Note, both at 3.46% annual interest. These notes, plus interest, are due July, 22, 2024 and August 20, 2024, respectfully.

REQUIRED SUPPLEMENTARY

INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Original Budget	Final Amended Budget	Actual Amounts	Variance Financial Budget Positive (Negative)
Revenues				
Local sources	$ 758,764	$ 803,086	$ 739,190	$ (63,896)
State sources	7,339,382	7,880,949	7,825,425	(55,524)
Federal sources	1,492,913	1,787,440	1,316,394	(471,046)
Total Revenues	$ 9,591,059	$ 10,471,475	$ 9,881,009	$ (590,466)
Expenditures				
Instruction:				
Basic programs	$ 4,529,284	$ 4,593,652	$ 4,288,728	$ 304,924
Added needs	1,038,365	1,228,685	1,097,550	131,135
Supporting services:				
Pupil	284,716	393,259	952,416	(559,157)
Instructional staff	542,625	760,833	605,528	155,305
General administration	386,506	462,785	428,788	33,997
School administration	528,324	597,795	575,765	22,030
Business services	376,065	322,030	261,685	60,345
Operations and maintenance	944,530	1,104,748	559,851	544,897
Transportation	528,155	590,542	495,438	95,104
Central services	178,778	146,526	76,692	69,834
Athletics and other supporting services	352,308	289,396	255,350	34,046
Community activities	4,570	4,402	1,713	2,689
Payments to other governments	-	-	19,117	(19,117)
Total Expenditures	$ 9,694,226	$ 10,494,653	$ 9,618,621	$ 876,032
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (103,167)	$ (23,178)	$ 262,388	$ 285,566
Other Financing Sources (Uses)				
Operating transfers out	$ -	$ (108,866)	$ (46,667)	$ 62,199
Total Other Financing Sources (Uses)	$ -	$ (108,866)	$ (46,667)	$ 62,199
Net Change in Fund Balances	$ (103,167)	$ (132,044)	$ 215,721	$ 347,765
Fund Balances - Beginning of year	904,883	904,883	904,883	
Fund Balances - End of year	$ 801,716	$ 772,839	$ 1,120,604	

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability	0.04573%	0.04770%	0.04873%	0.05220%	0.05692%	0.05635%	0.05487%	0.05481%	0.05196%
District's proportionate share of net pension liability	$ 17,199,167	$ 11,293,498	$ 16,740,079	$ 17,288,388	$ 17,111,294	$ 14,603,836	$ 13,688,441	$ 13,386,397	$ 11,443,918
District's covered-employee payroll	$ 4,425,107	$ 4,306,215	$ 4,387,454	$ 4,308,611	$ 5,092,634	$ 4,871,695	$ 4,686,959	$ 4,532,949	$ 4,417,360
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	388.67%	262.26%	381.54%	401.25%	336.00%	299.77%	292.05%	295.31%	259.07%
Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.20%

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 2,137,008	$ 1,432,292	$ 1,337,356	$ 1,415,635	$ 1,643,355	$ 1,778,681	$ 1,232,029	$ 1,057,280	$ 990,203
Contributions in relation to statutorily required contributions	2,137,008	1,432,292	1,337,356	1,415,635	1,643,355	1,778,681	1,232,029	1,057,280	990,203
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,526,538	$ 4,513,198	$ 4,182,734	$ 4,479,625	$ 4,674,301	$ 5,025,193	$ 4,686,959	$ 4,532,949	$ 4,593,736
Contributions as a percentage of covered-employee payroll	47.21%	31.74%	31.97%	31.60%	35.16%	35.40%	26.29%	23.32%	21.56%

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

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

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

	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability	0.04547%	0.04766%	0.04941%	0.04924%	0.05751%	0.05652%
District's proportionate share of net OPEB liability	$ 963,130	$ 727,482	$ 2,647,161	$ 3,534,315	$ 4,571,530	$ 5,005,042
District's covered-employee payroll	$ 4,425,107	$ 4,306,215	$ 4,387,454	$ 4,308,611	$ 5,092,634	$ 4,871,695
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	21.77%	16.89%	60.33%	82.03%	89.77%	102.74%
Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.76%	48.67%	43.10%	36.53%

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

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

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

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 360,176	$ 353,806	$ 355,730	$ 363,440	$ 418,264	$ 419,901
Contributions in relation to statutorily required contributions	360,176	353,806	355,730	363,440	418,264	419,901
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,526,538	$ 4,513,198	$ 4,182,734	$ 4,479,625	$ 4,674,301	$ 5,025,193
Contributions as a percentage of covered-employee payroll	7.96%	7.84%	8.50%	8.11%	8.95%	8.36%

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

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

NOTE 1 - PENSION INFORMATION

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

Changes of assumptions – the assumption changes for 2022 were:

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

NOTE 2 - OPEB INFORMATION

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

Changes of assumptions – the assumption changes for 2022 were:

- Discount rate decreased to 6.00% from 6.95%.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

OTHER SUPPLEMENTARY

INFORMATION

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	Food Service Fund	2012 Debt Retirement Fund	Student Activity Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 363,540	$ 154,059	$ 107,490	$ 625,089
Due from other governmental funds	5,216	-	-	5,216
Inventory	6,124	-	-	6,124
Total Assets	$ 374,880	$ 154,059	$ 107,490	$ 636,429
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 98,003	$ -	$ -	$ 98,003
Due to other funds	13,970	-	3,720	17,690
Payroll liabilities	5,466	-	-	5,466
Total Liabilities	$ 117,439	$ -	$ 3,720	$ 121,159
Fund Balances				
Non-spendable - inventory	$ 6,124	$ -	$ -	$ 6,124
Restricted for debt retirement	-	154,059	-	154,059
Restricted for food service	251,317	-	-	251,317
Committed for student activities	-	-	103,770	103,770
Total Fund Balances	$ 257,441	$ 154,059	$ 103,770	$ 515,270
Total Liabilities and Fund Balances	$ 374,880	$ 154,059	$ 107,490	$ 636,429

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Food Service Fund	2012 Debt Retirement Fund	Student Activity Fund	Total Nonmajor Governmental Funds
Revenues				
Local sources:				
Property taxes	$ -	$ 422,520	$ -	$ 422,520
Charges for services	-	-	180,562	180,562
Interest	20,143	-	-	20,143
State sources	21,283	-	-	21,283
Federal sources	581,303	-	-	581,303
Total Revenues	$ 622,729	$ 422,520	$ 180,562	$ 1,225,811
Expenditures				
Food services	$ 610,674	$ -	$ -	$ 610,674
Student activities		-	177,851	177,851
Debt retirement:				
Principal on long-term debt	-	340,000	-	340,000
Interest on long-term debt	-	21,313	-	21,313
Total Expenditures	$ 610,674	$ 361,313	$ 177,851	$ 1,149,838
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 12,055	$ 61,207	$ 2,711	$ 75,973
Net Change in Fund Balances	$ 12,055	$ 61,207	$ 2,711	$ 75,973
Fund Balances - Beginning of year	245,386	92,852	101,059	439,297
Fund Balances - End of year	$ 257,441	$ 154,059	$ 103,770	$ 515,270

SUMMARY OF PRINCIPAL AND INTEREST REQUIREMENTS TO MATURITY
2012 SCHOOL BUILDING AND SITE BONDS
FOR THE YEAR ENDED JUNE 30, 2023

	Principal Due May 1	Interest Rate	Interest Due November 1	Interest Due May 1	Total
2024	$ 340,000	2.70%	$ 4,590	$ 4,590	$ 349,180
Total	$ 340,000		$ 4,590	$ 4,590	$ 349,180

SINGLE AUDIT

INFORMATION

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

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/Project Number	Federal Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2022	Federal Funds/ In-Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2023
U.S Department of Agriculture								
Passed through the Michigan Department of Education:								
Child Nutrition Cluster								
National School Lunch Program:								
Non-Cash Assistance (Donated Foods) - Entitlement Commodities - 2022/2023	N/A	10.555	$ 16,208	$ -	$ -	$ 16,208	$ 16,208	$ -
Non-Cash Assistance (Donated Foods) - Bonus - 2022/2023	N/A	10.555	1,830	-	-	1,830	1,830	-
Total Non-Cash Assistance - National School Lunch Program			$ 18,038	$ -	$ -	$ 18,038	$ 18,038	$ -
Cash Assistance:								
National School Lunch Program:								
National School Lunch Program	220910	10.555	$ 33,547	$ 16,662	$ -	$ 16,885	$ 16,885	$ -
National School Lunch Program	221960	10.555	54,316	-	-	54,316	54,316	-
National School Lunch Program	221980	10.555	990	-	-	990	990	-
National School Lunch Program	230910	10.555	10,856	-	-	10,856	10,856	-
National School Lunch Program	231960	10.555	328,272	-	-	328,272	328,272	-
National School Lunch Program	231980	10.555	2,271	-	-	2,271	2,271	-
Total Cash Assistance - National School Lunch Program			$ 430,252	$ 16,662	$ -	$ 413,590	$ 413,590	$ -
Total National Lunch Program			$ 448,290	$ 16,662	$ -	$ 431,628	$ 431,628	$ -
School Breakfast Program:								
School Breakfast Program	221970	10.553	$ 15,335	$ -	$ -	$ 15,335	$ 15,335	$ -
School Breakfast Program	231970	10.553	103,497	-	-	103,497	103,497	-
Total School Breakfast Program			$ 118,832	$ -	$ -	$ 118,832	$ 118,832	$ -
Summer Food Service Program for Children:								
SFSP Operating	220900	10.559	$ 26,537	$ 20,502	$ 20,502	$ 26,537	$ 6,035	$ -
SFSP Operating	220904	10.559	9,378	9,378	9,378	9,378	-	-
SFSP Operating	230900	10.559	14,809	-	-	7,500	14,809	7,309
Total Summer Food Service Program for Children			$ 50,724	$ 29,880	$ 29,880	$ 43,415	$ 20,844	$ 7,309
Total Cash Assistance			$ 599,808	$ 46,542	$ 29,880	$ 575,837	$ 553,266	$ 7,309
Total Child Nutrition Cluster			$ 617,846	$ 46,542	$ 29,880	$ 593,875	$ 571,304	$ 7,309
School Breakfast Expansion Program:								
School Breakfast Expansion Program	221995	10.579	$ 10,000	$ -	$ -	$ 9,999	$ 9,999	$ -
Total School Breakfast Expansion Program			$ 10,000	$ -	$ -	$ 9,999	$ 9,999	$ -
Pandemic EBT Local Level Costs								
Pandemic EBT Local Level Costs	220980	10.649	$ 628	$ -	$ -	$ 628	$ 628	$ -
Total Pandemic EBT Local Level Costs			$ 628	$ -	$ -	$ 628	$ 628	$ -
Total U.S. Department of Agriculture			**$ 628,474**	**$ 46,542**	**$ 29,880**	**$ 604,502**	**$ 581,931**	**$ 7,309**

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/Project Number	Federal Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2022	Federal Funds/ In-Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2023
U.S. Department of Education								
Passed through Michigan Department of Education								
Grants to Local Educational Agencies - Title I, Part A								
Title I, Part A 2022	221530	84.010	$ 340,647	$ 247,889	$ 24,773	$ 24,773	$ -	$ -
Title I, Part A 2023	231530	84.010	370,683	-	-	165,453	192,065	26,612
Total Title I, Part A			$ 711,330	$ 247,889	$ 24,773	$ 190,226	$ 192,065	$ 26,612
Title I, Part C - Migrant Education								
Titile I, Part C 2022 - Summer	221830	84.011	$ 296,003	$ -	$ -	$ 16,451	$ 16,451	$ -
Title I, Part C 2023 - Summer	231830	84.011	318,488	-	-	-	232,133	232,133
Title I, Part C 2022 - Regular	221890	84.011	243,771	243,771	157,740	157,740	-	-
Title I, Part C 2023 - Regular	231890	84.011	171,712	-	-	73,584	79,317	5,733
Total Title IV, Part A			$ 1,029,974	$ 243,771	$ 157,740	$ 247,775	$ 327,901	$ 237,866
Title III, Part A - Limited English Proficient Students								
Title III, Part A 2022	220580	84.365	$ 99,518	$ 5,010	$ 28,736	$ 28,736	$ -	$ -
Title III, Part A 2023	230580	84.365	108,840	-	-	17,066	37,316	20,250
Total Title IV, Part A			$ 208,358	$ 5,010	$ 28,736	$ 45,802	$ 37,316	$ 20,250
Improving Teacher Quality - Title II, Part A								
Title II, Part A 2022	220520	84.367	$ 53,615	$ 48,813	$ 20,115	$ 20,115	$ -	$ -
Title II, Part A 2023	230520	84.367	31,536	-	-	21,643	22,108	465
Total Title II, Part A			$ 85,151	$ 48,813	$ 20,115	$ 41,758	$ 22,108	$ 465
Student Support and Academic Enrichment Grant - Title IV, Part A								
Title IV, Part A 2022	220750	84.424	$ 52,421	$ 42,365	$ 17,614	$ 17,614	$ -	$ -
Title IV, Part A 2023	230750	84.424	32,967	-	-	29,842	31,752	1,910
Total Title IV, Part A			$ 85,388	$ 42,365	$ 17,614	$ 47,456	$ 31,752	$ 1,910
Title V. Part B - Rural Education Program								
Title V, Part B 2023	220660	84.358	$ 31,023	$ 11,400	$ 11,400	$ 11,400	$ -	$ -
Total Title V, Part B			$ 31,023	$ 11,400	$ 11,400	$ 11,400	$ -	$ -

See accompanying notes to Schedule of Expenditures of Federal Awards.

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/Project Number	Federal Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2022	Federal Funds/ In-Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2023
Education Stabilization Fund								
COVID -19 - Governer's Emergency Education Relief Fund (GEER II)	211202	84.425C	$ 30,000	$ 30,000	$ -	$ (1,127)	$ (1,127)	$ -
Total COVID -19 - Governer's Emergency Education Relief Fund (GEER II)			$ 30,000	$ 30,000	$ -	$ (1,127)	$ (1,127)	$ -
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II) 2021-2022	213712	84.425D	$ 551,560	$ 344,886	$ 13,515	$ 191,819	$ 178,304	$ -
Total COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)			$ 551,560	$ 344,886	$ 13,515	$ 191,819	$ 178,304	$ -
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III) 2021-2022	213713	84.425U	$ 1,239,606	$ 248,582	$ 5,908	$ 449,798	$ 502,174	$ 58,284
Total COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)			$ 1,239,606	$ 248,582	$ 5,908	$ 449,798	$ 502,174	$ 58,284
Total Education Stabilization Fund			$ 1,821,166	$ 623,468	$ 19,423	$ 640,490	$ 679,351	$ 58,284
Total Passed Through Michigan Department of Education			$ 3,972,390	$ 1,222,716	$ 279,801	$ 1,224,907	$ 1,290,493	$ 345,387
Total U.S. Department of Education			**$ 3,972,390**	**$ 1,222,716**	**$ 279,801**	**$ 1,224,907**	**$ 1,290,493**	**$ 345,387**
U.S. Department of Health and Human Services								
Passed through the Berrien RESA								
Medicaid Cluster								
Medicaid Outreach - 2022-2023	N/A	93.778	$ 19,413	$ -	$ -	$ 15,160	$ 19,413	$ 4,253
Total Medicaid Cluster			$ 19,413	$ -	$ -	$ 15,160	$ 19,413	$ 4,253
Total U.S. Department of Health and Human Services			**$ 19,413**	**$ -**	**$ -**	**$ 15,160**	**$ 19,413**	**$ 4,253**
Total Federal Financial Assistance			**$ 4,620,277**	**$ 1,269,258**	**$ 309,681**	**$ 1,844,569**	**$ 1,891,837**	**$ 356,949**

See accompanying notes to Schedule of Expenditures of Federal Awards.

SECTION I –SUMMARY OF AUDITORS RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425C, 84.425D, & 84.425U	Education Stablization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER II) and (ESSER III) and Governer's Emergency Education Relief Fund (GEER II)
10.553, 10.555, & 10.559	Child Nutrition Cluster

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

SECTION II –STATUS OF PRIOR YEAR FINDINGS

2022-001:	**Significant Deficiency – Budget Variance**
Criteria:	The Uniform Budgeting and Accounting Act (the "Act") establishes budgeting requirements for local units of government. Noncompliance with this Act includes, but is not limited, to, net change in fund balance being less than the budgeted amount.
Condition:	The District's General Fund expenditures exceeded budgeted expenditures (see Required Supplementary Information – Budgetary Comparison Schedule).
Cause and Effect:	The District did not accurately amend the fiscal year budget, resulting in actual expenditures exceeding budgeted expenditures.
Recommendation:	Budgets should be sufficiently conservative to allow for unexpected decreases in revenue and/or unexpected increases in expenditures. Budgets should be amended as new information comes to light regarding such decreases or increases.
Planned Action:	The District is aware of this deficiency and continues to take steps to ensure accuracy of budgeted amounts, amending budgeted amounts as needed, given information known at the time. The District feels the variance for this year is an anomaly and does not expect this condition to continue in the future.
Status of Finding:	The District had amended budget throughout the year to ensure total actual expenditures did not exceed total budgeted expenditures.
2022-002:	**Significant Deficiency in internal controls – Annual Self-Monitoring Reviews**
	Assistance Listing Number, Federal Agency, and Program Name – 10.553, 10.555, 10.556, 10.559, and 10.582 Child Nutrition Cluster, U.S. Department of Agriculture.
Criteria:	Every school year (as defined in 7 CFR 210.2, July 1 to June 30), each SFA with more than one school must perform no less than one on-site review of the meal counting and claiming system and the readily observable general areas of review identified under 7 CFR 210.18(h) in each school operating the NSLP and 50% of schools operating the SBP administered by the SFA. The reviews must be conducted by the district in each building each year prior to February 1. The review form must be completed and retained on file within the district. Annually, an MDE Food Service Administrative Policy is issued regarding the requirements. Please note: This only applies to districts with more than one building, per NSLP Regulations 7 CFR 210.8(a) (1).
Condition:	The District was unable to locate and provide documentation of the Annual Self-Monitoring Reviews that were likely performed during the period under audit.
Questioned Costs:	$0

SECTION II –STATUS OF PRIOR YEAR FINDINGS (CONCLUDED)

Cause and Effect: The District was in the process of moving staff offices and unintentionally misplaced the files.

Recommendation: The District should continue to practice sound file retention policies, including electronic storage of files, for access in the future.

Planned Action: The District is aware of this deficiency and continues to take steps to ensure safeguarding of relevant compliance documentation with respect to federal awards. The District feels the finding for this year is an anomaly and does not expect this condition to continue in the future.

Status of Finding: Finding not repeated. The District has support for the Annual Self-Monitoring Reviews.

SECTION III – FINANCIAL STATEMENT FINDING

There are no current year financial statement findings.

SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

NOTE 1. BASIS OF PRESENTATION:

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3. FOOD DISTRIBUTION

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

NOTE 4. INDIRECT COSTS

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

NOTE 5. SCHEDULE OF RECONCILIATION OF REVENUES WITH EXPENDITURES FOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The value of the non cash assistance received was determined in accordance with the provisions of the Uniform Guidance. The related expenditures are composed of the following:

	Amount
Actual cash expenditures	$ 1,873,799
Entitlement commodities used	16,208
Entitlement bonus commodities used	1,830
	$ 1,891,837

NOTE 5. SCHEDULE OF RECONCILIATION OF REVENUES WITH EXPENDITURES FOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS (CONCLUDED)

The actual Federal source revenues amounts to $1,897,697 per the audit of the financial statements. The related revenues are composed of the following:

	Amount
Financial Statement Reporting Units:	
General Fund	$ 1,316,394
Nonmajor Fund - Food Service Fund	581,303
Total Federal Revenues in Financial Statement Audit	$ 1,897,697
Less Federal Revenues that are excluded from Uniform Guidance consideration:	
E-Rate Reimbursement dollars	(5,860)
Total Expenditures from Schedule of Expenditures of Federal Awards	$ 1,891,837

NOTE 6. PASS-THROUGH SUBRECIPIENTS

Federal Financial Assistance funds were passed through from the District to sub-recipients as follows:

	Assistance listing number	Subrecipient award/contract amount	Subrecipient current year expenditures	Current year cash transferred to subrecipient
Title III, Part A, Limited English Proficient Students passed through to:	84.365			
Coloma Community Schools		$ 12,261	$ 12,261	$ 12,261
Niles Community Schools		6,856	6,856	6,856
Total Limited English Proficient Students passed through to subrecipients		$ 19,117	$ 19,117	$ 19,117

MANAGEMENT COMPLIANCE

LETTERS

KRUGGEL LAWTON CPA

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

To the Board of Education of
Eau Claire Public Schools
Eau Claire, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eau Claire Public Schools (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 16, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
October 16, 2023

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

To the Board of Education of
Eau Claire Public Schools
Eau Claire, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

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

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

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

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
October 16, 2023

KRUGGEL LAWTON CPA

October 16, 2023

To the Board of Education of
Eau Claire Public Schools
Eau Claire, Michigan

In connection with our audit of the books and records of Eau Claire Public Schools (the "District"), for the year ended June 30, 2023, we offer the following comment:

1. The USDA requires that the ending fund balance of the Food Service Fund does not exceed three months' average of operating expenses (7 CFR Part 210.14(b)). The District's ending fund balance of the Food Service Fund as of June 30, 2023 exceeded the allowable amount based on the aforementioned criteria.

We appreciate the cooperation and courtesy extended to us by the officials and employees of Eau Claire Public Schools and trust that this comments and recommendation will be accepted in the spirit of cooperation in which they are offered.

If we can be of any assistance, or if you have any questions regarding these or any other matters, please feel free to contact us.

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants
St. Joseph, Michigan

October 16, 2023

To the Finance Committee and Management of
Eau Claire Public Schools
Eau Claire, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eau Claire Public Schools for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Eau Claire Public Schools are described in Note 1 to the financial statements. As described in Note 15 to the financial statements, the District changed accounting policies related to subscription-based information technology arrangements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 96, *Subscription-based information Technology*, in 2023.We noted no transactions during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimate of the value of the net pension and OPEB liabilities are based on a number of actuarial assumptions, including wage inflation rate, investment rate of return, projected salary increases, cost-of-living adjustments, healthcare costs, and mortality rates. We evaluated the key factors and assumptions used to develop the value of the net pension and OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.
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> Management's estimate of the useful lives capital assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Eau Claire Public School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We have also issued an other comment letter dated October 9, 2023.

Other Matters

We applied certain limited procedures to Management's Discussion & Analysis (MD&A), Budgetary Comparison Schedule – General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability as of the Plan Year Ended September 30, 2022, Schedule of the District's Contributions Michigan Public School Employees' Retirement System as of the Year Ended June 30, 2023, Schedule of the District's Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System as of the Plan Year Ended September 30, 2022, Schedule of the District's Contributions Michigan Public School Employees' Retirement System as of the Year Ended June 30, 2023 and the Notes to Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Very truly yours,

Kruggel Lawton & Company, LLC