

Big Jackson  
School District



Year Ended  
June 30, 2024

Financial  
Statements

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# BIG JACKSON SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

September 17, 2024

Board of Education  
Big Jackson School District  
Paris, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the **Big Jackson School District** (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining aggregate fund information of the District as of June 30, 2024, and the respective changes in financial position thereof and the budgetary comparison for the general fund 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 (GAAS) 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 Independent Auditors' 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.

### ***Independent Auditors' 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 auditors' 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 GAAS 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 GAAS 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 the schedules for the pension and other postemployment benefit plans, as listed 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.

### ***Other 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 detail schedule of revenues, expenditures and changes in fund balance, budget and actual, by activity for the general fund is presented for purposes of additional analysis and is 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 September 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# BIG JACKSON SCHOOL DISTRICT

## Management's Discussion and Analysis

As management of Big Jackson School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

### Financial Highlights

- Overall, the District reported total net position of \$273,306 in its most recent statement of net position, a decrease of \$71,786.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$481,181, a decrease of \$104,284 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the general fund was \$481,181 or 99.3% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated leave).

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the District include instruction, supporting and community services. The District has no business-type activities as of and for the year ended June 30, 2024.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

# BIG JACKSON SCHOOL DISTRICT

## Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided herein to demonstrate compliance with that budget.

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis and the schedules for the MPSERS pension and other postemployment benefit plans immediately following the notes to the financial statements. The general fund detailed schedule of revenues, expenditures, and changes in fund balance - budget to actual by activity is presented immediately following the required supplementary information.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District reported net position of \$273,306 at June 30, 2024.

	Net Position	
	2024	2023
<b>Assets</b>		
Current and other assets	\$ 557,752	\$ 636,064
Capital assets, net	111,521	124,551
<b>Total assets</b>	<u>669,273</u>	<u>760,615</u>
<b>Deferred outflows of resources</b>	<u>129,736</u>	<u>166,276</u>
<b>Liabilities</b>		
Other liabilities	70,709	50,599
Long-term liabilities	321,516	455,821
<b>Total liabilities</b>	<u>392,225</u>	<u>506,420</u>
<b>Deferred inflows of resources</b>	<u>133,478</u>	<u>75,379</u>
<b>Net position</b>		
Investment in capital assets	111,521	124,551
Restricted	5,862	25,861
Unrestricted	155,923	194,680
<b>Total net position</b>	<u>\$ 273,306</u>	<u>\$ 345,092</u>

## BIG JACKSON SCHOOL DISTRICT

### Management's Discussion and Analysis

A portion of the District's net position reflect its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and vehicles). The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending.

An additional portion of the District's net position represents resources that are subject to other external restrictions on how they may be used. The remaining balance of unrestricted net position, when available, may be used to meet the District's ongoing obligations to its general programs.

	Change in Net Position	
	2024	2023
<b>Revenues</b>		
Program revenues:		
Operating grants and contributions	\$ 136,463	\$ 210,841
General revenues:		
Property taxes - operations	249,268	244,262
Grants and contributions not restricted to specific programs	5,804	1,999
Unrestricted investment earnings	13,751	9,053
Other revenues	1,360	1,011
<b>Total revenues</b>	<u>406,646</u>	<u>467,166</u>
<b>Expenses</b>		
Instruction	163,660	163,136
Supporting services	314,723	258,793
Community services	49	2,000
<b>Total expenses</b>	<u>478,432</u>	<u>423,929</u>
<b>Change in net position</b>	(71,786)	43,237
Net position, beginning of year	<u>345,092</u>	<u>301,855</u>
<b>Net position, end of year</b>	<u>\$ 273,306</u>	<u>\$ 345,092</u>

**Governmental Activities.** Net position decreased by \$71,786 compared to an increase of \$43,237 in the prior year.

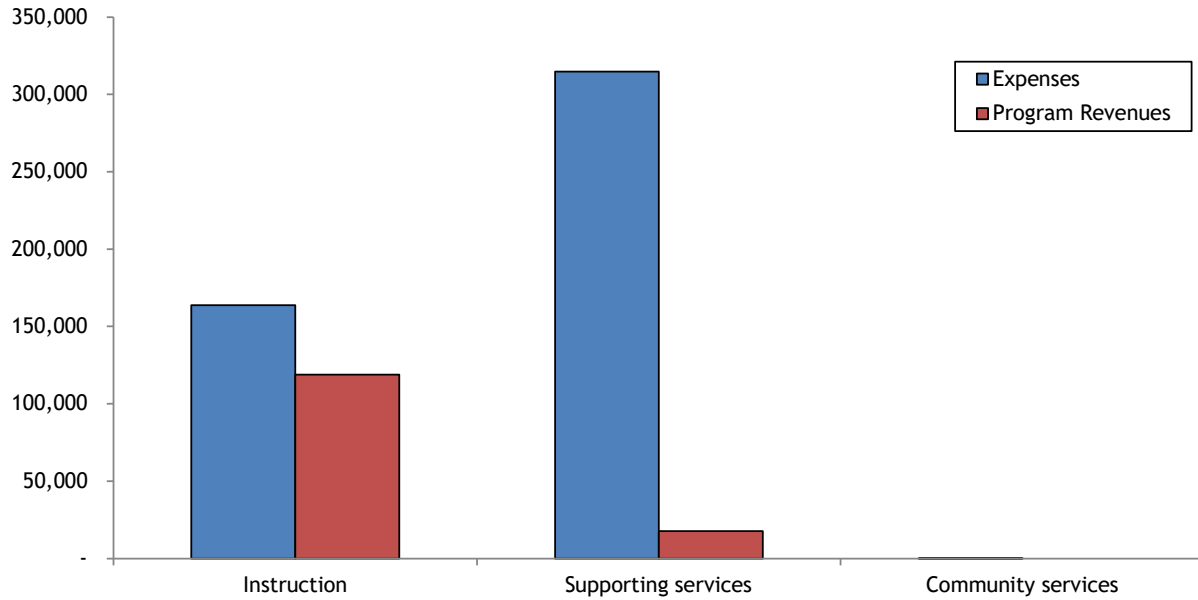
Overall revenues decreased, due primarily to federal grants received to partially pay for increased expenses for increased staff costs and building repairs in prior year was more than available in the current year.

Supporting services expenses increased by \$55,930, driven by increased staff costs and building repairs.

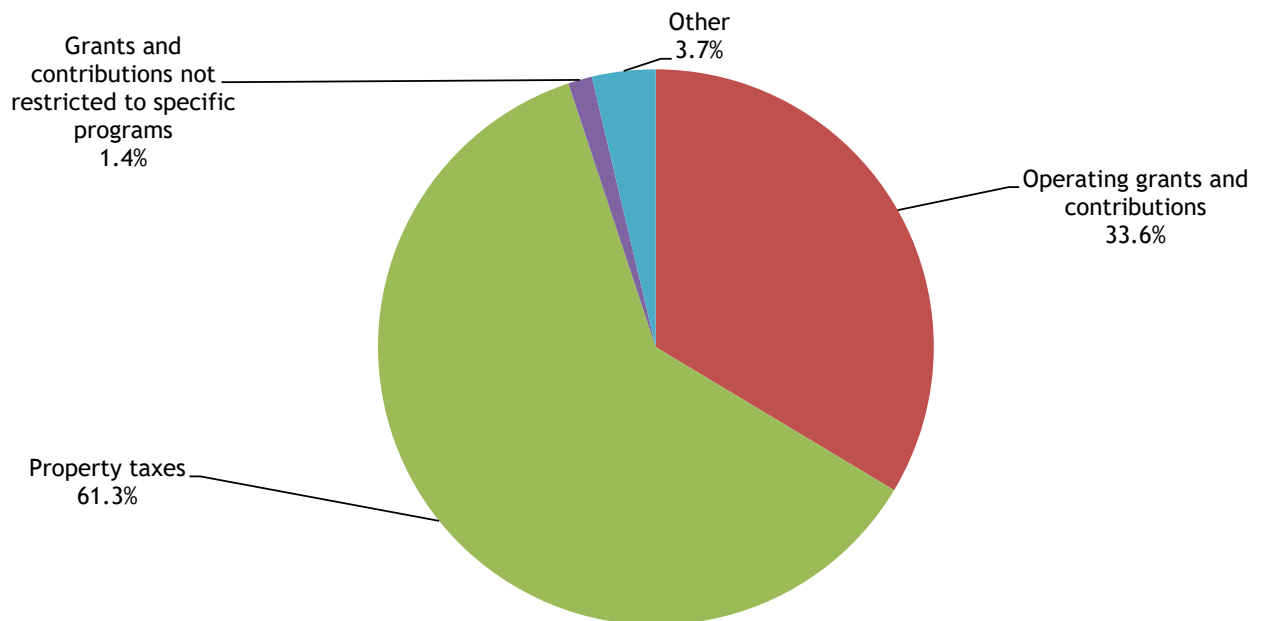
# BIG JACKSON SCHOOL DISTRICT

## Management's Discussion and Analysis

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



# BIG JACKSON SCHOOL DISTRICT

## Management's Discussion and Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance (all unassigned) of the general fund was \$481,181. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance (all unassigned) represents 99.3% of total general fund expenditures.

The fund balance of the District's general fund decreased by \$78,423, or 14.0%, where the District saw an increase of \$42,892, or 8.3% in the 2022-2023 year. Revenues decreased, driven mostly by an ESSER (Education and Secondary School Emergency Relief Fund) grant received in prior year to pay for increased staff costs not available in 2023-2024. The District had significant building costs in 2023-2024 which were not covered by available funds and used fund balances from both funds.

### General Fund Budgetary Highlights

Amendments to the original adopted budget are passed in order to reflect changes in information and circumstances. Some of the more significant changes between the original adopted and final amended budgets were:

- The general fund revenue budget was increased by \$29,748, or 7.7% from the original budget due mostly to increased donation revenue recorded for donated staff time not originally anticipated.
- The general fund expenditure budget was increased by \$115,351 or 30.0% from the original budget due mostly to the increased staff costs and building repair, maintenance and improvements.

In accordance with State statute, the District is prohibited from amending the budget after year-end. As the District's books are not closed for accounting purposes at that point, a certain level of estimation is required in determining actual expenditures. Some of the more significant differences between the final amended budget and the actual financial results were:

- General fund actual local sources were under the final amended budget by \$8,884 due to anticipating more donation revenue for donated staff time than actually calculated due to fewer hours than predicted.
- General fund actual expenditures for the office of the principal were under the final amended budget by \$6,535 due to fewer hours than predicted in the budget for donated office staff time.

# BIG JACKSON SCHOOL DISTRICT

## Management's Discussion and Analysis

### Capital Asset and Debt Administration

**Capital Assets.** The District’s investment in capital assets for its governmental activities as of June 30, 2024 amounted to \$111,521 (net of accumulated depreciation). Capital assets at year-end included the following:

	Capital Assets (Net of Depreciation)	
	2024	2023
Land	\$ 1,042	\$ 1,042
Buildings and improvements	61,522	66,990
Land improvements	5,897	6,780
Furniture and equipment	4,074	2,801
Vehicles	38,986	46,938
<b>Total capital assets, net</b>	<b>\$ 111,521</b>	<b>\$ 124,551</b>

Additional information on the District’s capital assets can be found in Note 5 of this report.

**Long-term Debt.** At the end of the current fiscal year, the District had total long-term debt outstanding, consisting solely of accrued compensated absences, of \$584. All of the accrued compensated absences is expected to be paid out in fiscal 2025.

Additional information on the District’s long-term debt can be found in Note 6 of this report.

### Factors Bearing on the District’s Future

The following factors were considered in preparing the District’s budget for the 2024-25 fiscal year:

- Revenue sources of \$402,105 were less than prior year final budgeted sources of \$414,216 due to a reduction of \$16,900 in donations for anticipated office staff time not anticipated in 2024-25. Property taxes, the most significant funding source for the District at 65% of the budget, was budgeted to have about a 5% increase from prior year final budget, \$11,730 more.
- Expenditures were budgeted for \$452,130 which is less than the prior year final budget of \$499,819 and the prior year actual expenditures of \$484,406. The most significant reduction in budgeted costs was for reduced costs for staff changes including reducing one teacher wages and benefits, reducing one administrator wages and benefits, reducing one office staff wages and benefits. Offsetting some of these decreases includes increases for anticipated costs for a new superintendent.
- The Capital Project Fund has not been budgeted as the full amount of fund balance was used for 2023-2024 expenditures.
- The budget for the year ended June 30, 2025 was adopted at the June 2024 board meeting.

# BIG JACKSON SCHOOL DISTRICT

## Management's Discussion and Analysis

### Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Big Jackson School District  
4020 13 Mile Road  
Paris, MI 49338



## **BASIC FINANCIAL STATEMENTS**

# BIG JACKSON SCHOOL DISTRICT

## Statement of Net Position

June 30, 2024

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 526,682
Receivables	25,208
Net other postemployment benefit asset	5,862
Capital assets not being depreciated	1,042
Capital assets being depreciated, net	<u>110,479</u>
<b>Total assets</b>	<u>669,273</u>
<b>Deferred outflows of resources</b>	
Deferred pension amounts	102,333
Deferred other postemployment benefit amounts	<u>27,403</u>
<b>Total deferred outflows of resources</b>	<u>129,736</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	38,910
Unearned revenue	31,799
Long-term liabilities (due within one year)	584
Net pension liability (due in more than one year)	<u>320,932</u>
<b>Total liabilities</b>	<u>392,225</u>
<b>Deferred inflows of resources</b>	
Deferred pension amounts	77,632
Deferred other postemployment benefit amounts	<u>55,846</u>
<b>Total deferred inflows of resources</b>	<u>133,478</u>
<b>Net position</b>	
Investment in capital assets	111,521
Restricted for OPEB	5,862
Unrestricted	<u>155,923</u>
<b>Total net position</b>	<u><u>\$ 273,306</u></u>

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

# BIG JACKSON SCHOOL DISTRICT

## Statement of Activities

For the Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues	
		Operating Grants and Contributions	Net (Expense) Revenue
<b>Governmental activities</b>			
Instruction	\$ 163,660	\$ 118,831	\$ (44,829)
Supporting services	314,723	17,632	(297,091)
Community services	49	-	(49)
<b>Total governmental activities</b>	<u>\$ 478,432</u>	<u>\$ 136,463</u>	<u>(341,969)</u>
<b>General revenues</b>			
Property taxes - operations			249,268
Grants and contributions not restricted to specific programs			5,804
Unrestricted investment earnings			13,751
Other revenues			<u>1,360</u>
<b>Total general revenues</b>			<u>270,183</u>
<b>Change in net position</b>			(71,786)
Net position, beginning of year			<u>345,092</u>
<b>Net position, end of year</b>			<u>\$ 273,306</u>

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

# BIG JACKSON SCHOOL DISTRICT

## Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	Nonmajor Governmental Fund - Capital Projects	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 526,682	\$ -	\$ 526,682
Accounts receivable	42	-	42
Due from other governments	25,166	-	25,166
<b>Total assets</b>	<u>\$ 551,890</u>	<u>\$ -</u>	<u>\$ 551,890</u>
<b>Liabilities</b>			
Accounts payable	\$ 3,562	\$ -	\$ 3,562
Accrued liabilities	35,348	-	35,348
Unearned revenue	31,799	-	31,799
<b>Total liabilities</b>	<u>70,709</u>	<u>-</u>	<u>70,709</u>
<b>Fund balances</b>			
Unassigned	<u>481,181</u>	<u>-</u>	<u>481,181</u>
<b>Total liabilities and fund balances</b>	<u>\$ 551,890</u>	<u>\$ -</u>	<u>\$ 551,890</u>

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

# BIG JACKSON SCHOOL DISTRICT

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2024

**Fund balances - total governmental funds** \$ 481,181

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets not being depreciated	1,042
Capital assets being depreciated, net	110,479

Certain liabilities, such as accrued compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	(584)
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Certain pension-related amounts and other postemployment benefit amounts, such as the net pension liability and net other postemployment benefits asset and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(320,932)
Deferred outflows related to the net pension liability	102,333
Deferred inflows related to the net pension liability	(77,632)
Net other postemployment benefit asset	5,862
Deferred outflows related to the net other postemployment benefit asset	27,403
Deferred inflows related to the net other postemployment benefit asset	(55,846)

**Net position of governmental activities** \$ 273,306

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

# BIG JACKSON SCHOOL DISTRICT

## Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2024

	General Fund	Nonmajor Governmental Fund - Capital Projects	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 279,918	\$ 663	\$ 280,581
State sources	63,009	-	63,009
Federal sources	59,108	-	59,108
Interdistrict sources	3,948	-	3,948
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<b>405,983</b>	<b>663</b>	<b>406,646</b>
<b>Expenditures</b>			
Current:			
Instruction	193,293	-	193,293
Supporting services	291,064	-	291,064
Community services	49	-	49
Capital outlay	-	26,524	26,524
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	<b>484,406</b>	<b>26,524</b>	<b>510,930</b>
<b>Net change in fund balances</b>	<b>(78,423)</b>	<b>(25,861)</b>	<b>(104,284)</b>
Fund balances, beginning of year	559,604	25,861	585,465
	<hr/>	<hr/>	<hr/>
<b>Fund balances, end of year</b>	<b>\$ 481,181</b>	<b>\$ -</b>	<b>\$ 481,181</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

# BIG JACKSON SCHOOL DISTRICT

## Reconciliation

Net Change in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2024

**Net change in fund balances - total governmental funds** \$ (104,284)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	2,601
Depreciation expense	(15,631)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in the net pension liability and related deferred amounts	20,046
Change in the net other postemployment benefit asset and related deferred amounts	21,766
Change in compensated absences payable	3,716

**Change in net position of governmental activities** \$ (71,786)

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

# BIG JACKSON SCHOOL DISTRICT

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources	\$ 271,200	\$ 288,802	\$ 279,918	\$ (8,884)
State sources	57,201	62,723	63,009	286
Federal sources	54,257	58,743	59,108	365
Interdistrict sources	1,810	3,948	3,948	-
<b>Total revenues</b>	<u>384,468</u>	<u>414,216</u>	<u>405,983</u>	<u>(8,233)</u>
<b>Expenditures</b>				
Current:				
Instruction	165,895	194,916	193,293	(1,623)
Supporting services	218,273	304,854	291,064	(13,790)
Community services	300	49	49	-
<b>Total expenditures</b>	<u>384,468</u>	<u>499,819</u>	<u>484,406</u>	<u>(15,413)</u>
<b>Net change in fund balance</b>	-	(85,603)	(78,423)	7,180
Fund balance, beginning of year	<u>559,604</u>	<u>559,604</u>	<u>559,604</u>	-
<b>Fund balance, end of year</b>	<u>\$ 559,604</u>	<u>\$ 474,001</u>	<u>\$ 481,181</u>	<u>\$ 7,180</u>

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



## **NOTES TO FINANCIAL STATEMENTS**

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Big Jackson School District (the “District”), consistently applied in the preparation of the accompanying financial statements, is as follows:

#### **The Reporting Entity**

The District is governed by an elected five-member Board of Education. As required by generally accepted accounting principles, these financial statements present the reporting entity of Big Jackson School District. The criteria identified in GAAP, including financial accountability, have been utilized in identifying the District’s reporting entity which includes no component units.

#### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended June 30, 2024.

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

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

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, State aid, expenditure-driven grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

*General fund* – This fund is the District’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Additionally, the District reports the following fund type:

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition of construction of capital facilities and other capital assets.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. The District had no charges to customers or applicants for goods, services, or privileges provided and capital grants and contributions for the year ended June 30, 2024. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, unrestricted grants and interest income.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

### ***Property Taxes***

Property taxes are recognized as revenue in the general fund on a levy year basis. The 2023 levy amounts are recognized as current property tax revenue to the extent that they are collected during the year or within 60 days after year-end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Property taxes are levied December 1 on the assessed valuation of property located in the District as of the preceding December 31, the lien date. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### *Investments*

Investments consist of participation in an external investment pool. In accordance with GASB 79, the District's shares are recorded at amortized cost, which approximates fair value.

State statutes authorize the District to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

### *Receivables*

The District follows the practice of recording revenues that have been earned but not yet received as receivables. Receivables consist primarily of state aid payments from the State of Michigan and federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management, and therefore, no amount has been recorded as a provision for bad debts.

### *Capital Assets*

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

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

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

	Years
Buildings and improvements	10-50
Land improvements	15-25
Furniture and equipment	3-20
Buses and other vehicles	7-10

### ***Deferred Outflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit asset. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

### ***Salaries Payable and Accrued Employee Benefits***

A liability is recorded for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of taxes related to the salaries payable has been recorded.

### ***Compensated Absences***

It is the District's policy to permit employees to accumulate various earned but unused vacation and sick pay benefits. These are accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial 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 assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to the net pension liability and the net other postemployment benefit asset.

### *Unearned Revenue*

Unearned revenue consists of revenue received prior to the delivery of goods or services or the incurrence of qualifying expenditures.

### *Fund Equity*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by the Board of Education and this authority has not been delegated. Unassigned fund balance is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

### *Pensions and Other Postemployment Benefits*

For purposes of measuring the net pension liability and net other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 2. ACCOUNTABILITY AND BUDGETARY COMPLIANCE

### *Budgets and Budgetary Accounting*

Budgets are adopted for the general fund as required by state law and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
5. Adoption and amendments of all budgets used by the District are governed by Public Act 621. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget of the department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### 3. DEPOSITS AND INVESTMENTS

The captions on the financial statements relating to cash and investments are as follows:

	<b>Governmental Activities</b>
Cash and investments	<u>\$ 526,682</u>
Cash and investments are comprised of the following at year-end:	
Checking and savings accounts	\$ 328,237
Investments	<u>198,445</u>
<b>Total</b>	<u><u>\$ 526,682</u></u>

Cash and cash equivalents are comprised of deposits in various financial institutions located in Michigan. State policy limits the District's investing options to financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account.

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had investments in the Michigan Liquid Asset Fund Plus (MILAF+) Max and management series in the amount of \$198,445. Investments in MILAF+ are carried at amortized cost, in accordance with GASB Statements 72 and 79.

#### ***Investment and Deposit Risk***

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The MILAF+ investment does not have a stated maturity date.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of District's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in Note 1 (summary of significant accounting policies). The investment policy does not have specific limits in excess of State law on investment credit risk. The District's investments were rated by Standard and Poors as AAAM as of year-end.



# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

*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. The District minimizes this risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District’s investment policy. As of year-end, the bank balance of \$347,154 was fully collateralized and insured.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimized this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors to be in compliance with the requirements set forth in the District’s investment policy. The District is exposed to no custodial credit risk on its investments because they are held in the name of the District.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1 of the summary of significant accounting policies. The District’s investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

### 4. RECEIVABLES AND PAYABLES

Receivables in the government-wide financial statements at June 30, 2024 are as follows:

	<b>Governmental Activities</b>
Accounts	\$ 42
Due from other governments	<u>25,166</u>
<b>Totals</b>	<u><u>\$ 25,208</u></u>

Accounts payable and accrued liabilities in the government-wide financial statements at June 30, 2024 are as follows:

	<b>Governmental Activities</b>
Accounts payable	\$ 3,562
Accrued liabilities	<u>35,348</u>
<b>Totals</b>	<u><u>\$ 38,910</u></u>

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### 5. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 1,042	\$ -	\$ -	\$ -	\$ 1,042
Capital assets, being depreciated:					
Buildings and improvements	122,677	-	-	-	122,677
Land improvements	17,702	-	-	-	17,702
Furniture and equipment	52,100	2,601	-	-	54,701
Vehicles	63,245	-	-	-	63,245
	<u>255,724</u>	<u>2,601</u>	<u>-</u>	<u>-</u>	<u>258,325</u>
Less accumulated depreciation for:					
Buildings and improvements	(55,687)	(5,468)	-	-	(61,155)
Land improvements	(10,922)	(883)	-	-	(11,805)
Furniture and equipment	(49,299)	(1,328)	-	-	(50,627)
Vehicles	(16,307)	(7,952)	-	-	(24,259)
	<u>(132,215)</u>	<u>(15,631)</u>	<u>-</u>	<u>-</u>	<u>(147,846)</u>
Total capital assets being depreciated, net	<u>123,509</u>	<u>(13,030)</u>	<u>-</u>	<u>-</u>	<u>110,479</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 124,551</u>	<u>\$ (13,030)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,521</u>

Depreciation expense was charged to functions/programs of governmental activities as follows:

<b>Governmental activities</b>	
Instruction	\$ 7,089
Supporting services	<u>8,542</u>
	<u>\$ 15,631</u>

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### 6. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Compensated absences	\$ 4,300	\$ 584	\$ (4,300)	\$ 584	\$ 584

Compensated absences are expected to be liquidated by the general fund.

### 7. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

#### *Plan Description*

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

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

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 Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

#### *Pension Benefits Provided*

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. 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.

## BIG JACKSON SCHOOL DISTRICT

### Notes to Financial Statements

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

#### ***Other Postemployment Benefits Provided***

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

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

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 were deposited into their 401(k) account.

### **Contributions**

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.16% - 23.03%
Member Investment Plan (MIP)	3.00% - 7.00%	20.16% - 23.03%
Pension Plus	3.00% - 6.40%	17.24% - 19.17%
Pension Plus 2	6.20%	19.95% - 20.10%
Defined Contribution	0.00%	13.75% - 13.90%

For the year ended June 30, 2024, required and actual contributions from the District to the pension plan were \$43,987, which included \$21,198, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	7.06% - 7.21%

For the year ended June 30, 2024, required and actual contributions from the District to the OPEB plan were \$11,402.

The table below summarizes defined contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2024, required and actual contributions from the District for those members with a defined contribution benefit were \$3,858.

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

At June 30, 2024, the District reported a liability of \$320,932 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the District's proportion was 0.00099%, which was a decrease of 0.00015% from its proportion measured as of September 30, 2022.

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

For the year ended June 30, 2024, the District recognized pension expense of \$30,088. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 10,131	\$ 492	\$ 9,639
Changes in assumptions	43,488	25,074	18,414
Net difference between projected and actual earnings on pension plan investments	-	6,567	(6,567)
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,810	45,499	(37,689)
	<u>61,429</u>	<u>77,632</u>	<u>(16,203)</u>
District contributions subsequent to the measurement date	40,904	-	40,904
	<u>40,904</u>	<u>-</u>	<u>40,904</u>
<b>Total</b>	<u>\$ 102,333</u>	<u>\$ 77,632</u>	<u>\$ 24,701</u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ (1,834)
2026	(7,297)
2027	2,129
2028	<u>(9,201)</u>
<b>Total</b>	<u>\$ (16,203)</u>

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### *OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2024, the District reported an asset of \$5,862 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the District's proportion was 0.00104% which was a decrease of 0.00002% from its proportion measured as of September 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB benefit of \$12,539. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 44,299	\$ (44,299)
Changes in assumptions	13,051	1,572	11,479
Net difference between projected and actual earnings on OPEB plan investments	18	-	18
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,860	9,975	(5,115)
	<u>17,929</u>	<u>55,846</u>	<u>(37,917)</u>
District contributions subsequent to the measurement date	9,474	-	9,474
<b>Total</b>	<u>\$ 27,403</u>	<u>\$ 55,846</u>	<u>\$ (28,443)</u>



# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset/liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2025	\$ (11,164)
2026	(10,723)
2027	(5,037)
2028	(5,916)
2029	(3,532)
Thereafter	<u>(1,545)</u>
<b>Total</b>	<b><u>\$ (37,917)</u></b>

### *Actuarial Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2022 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 and 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 and September 30, 2023 valuations, respectively. The total pension and OPEB liabilities as of September 30, 2023, are based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4406 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.5099 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

*Changes in assumptions.* The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### *Long-term Expected Return on Pension and OPEB Plan Assets*

The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/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. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.43%	1.36%
Private equity pools	16.00%	8.99%	1.44%
International equity pools	15.00%	6.37%	0.95%
Fixed income pools	13.00%	1.22%	0.16%
Real estate and infrastructure pools	10.00%	5.99%	0.60%
Absolute return pools	9.00%	4.49%	0.40%
Real return/opportunistic pools	10.00%	6.83%	0.68%
Short-term investment pools	2.00%	0.28%	0.01%
	100.00%		5.60%
Inflation			2.70%
Risk adjustment			-2.30%
<b>Investment rate of return</b>			<b>6.00%</b>

### *Rate of Return*

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

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### *Discount Rate*

A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and 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 pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 433,578	\$ 320,932	\$ 227,150

### *Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate*

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB (asset) liability	\$ 6,078	\$ (5,862)	\$ (16,124)

# BIG JACKSON SCHOOL DISTRICT

## Notes to Financial Statements

### *Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Healthcare Cost Trend Rate*

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB (asset) liability	\$ (16,149)	\$ (5,862)	\$ 5,271

### *Pension and OPEB Plans Fiduciary Net Position*

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

### *Payable to the Pension Plan*

At June 30, 2024, the District reported a payable of \$5,042 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2024.

### *Payable to the OPEB Plan*

At June 30, 2024, the District reported a payable of \$475 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2024.

## 8. CONTINGENCIES

### *Federal Grant Programs*

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

### *Risk Management*

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2024, the District carried commercial insurance and participated in a public entity risk pool. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

## BIG JACKSON SCHOOL DISTRICT

### Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,				
	2024	2023	2022	2021	2020
District's proportionate share of the net pension liability	\$ 320,932	\$ 429,247	\$ 284,048	\$ 387,618	\$ 366,171
District's proportion of the net pension liability	0.00099%	0.00114%	0.00120%	0.00113%	0.00111%
District's covered payroll	\$ 109,633	\$ 104,771	\$ 117,949	\$ 105,841	\$ 101,480
District's proportionate share of the net pension liability as a percentage of its covered payroll	292.73%	409.70%	240.82%	366.23%	360.83%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%

See notes to required supplementary information.





Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 352,207	\$ 340,596	\$ 340,531	\$ 325,710	\$ 426,424
0.00117%	0.00131%	0.00136%	0.00133%	0.00194%
\$ 96,727	\$ 107,895	\$ 119,306	\$ 114,127	\$ 168,950
364.12%	315.67%	285.43%	285.39%	252.40%
62.36%	64.21%	63.27%	63.17%	66.20%

## BIG JACKSON SCHOOL DISTRICT

### Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan  
Schedule of the District's Pension Contributions

	Year Ended June 30,				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 43,987	\$ 37,096	\$ 35,716	\$ 30,273	\$ 27,789
Contributions in relation to the statutorily required contribution	(43,987)	(37,096)	(35,716)	(30,273)	(27,789)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 131,241	\$ 101,889	\$ 115,604	\$ 110,418	\$ 106,098
Contributions as a percentage of covered payroll	33.52%	36.41%	30.90%	27.42%	26.19%

See notes to required supplementary information.



Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 24,660	\$ 30,828	\$ 20,746	\$ 21,312	\$ 25,485
<u>(24,660)</u>	<u>(30,828)</u>	<u>(20,746)</u>	<u>(21,312)</u>	<u>(25,485)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 99,873	\$ 87,609	\$ 122,072	\$ 113,348	\$ 140,274
24.69%	35.19%	16.99%	18.80%	18.17%

## BIG JACKSON SCHOOL DISTRICT

### Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability

	Year Ended June 30,				
	2024	2023	2022	2021	2020
District's proportionate share of the net OPEB (asset) liability	\$ (5,862)	\$ 22,274	\$ 19,467	\$ 63,136	\$ 82,548
District's proportion of the net OPEB asset/liability	0.00104%	0.00105%	0.00128%	0.00118%	0.00115%
District's covered payroll	\$ 109,633	\$ 104,771	\$ 117,949	\$ 105,841	\$ 101,480
District's proportionate share of the net OPEB asset (liability) as a percentage of its covered payroll	-5.35%	21.26%	16.50%	59.65%	81.34%
Plan fiduciary net position as a percentage of the total OPEB asset/liability	105.04%	83.09%	87.33%	59.44%	48.46%

See notes to required supplementary information.



Year Ended June 30,	
2019	2018

\$ 89,601 \$ 117,720

0.00113% 0.00131%

\$ 96,727 \$ 107,895

92.63% 109.11%

42.95% 64.21%

## BIG JACKSON SCHOOL DISTRICT

### Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,				
	2024	2023	2022	2021	2020
Statutorily required contributions	\$ 11,402	\$ 9,218	\$ 9,857	\$ 9,818	\$ 9,203
Contributions in relation to the statutorily required contributions	<u>(11,402)</u>	<u>(9,218)</u>	<u>(9,857)</u>	<u>(9,818)</u>	<u>(9,203)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 131,241	\$ 101,889	\$ 115,604	\$ 110,418	\$ 106,098
Contributions as a percentage of covered payroll	8.69%	9.05%	8.53%	8.89%	8.67%

See notes to required supplementary information.



Year Ended June 30,	
2019	2018
\$ 9,407	\$ 6,316
<u>(9,407)</u>	<u>(6,316)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 99,873	\$ 87,609
9.42%	7.21%

## BIG JACKSON SCHOOL DISTRICT

### Notes to Required Supplementary Information

#### Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

#### OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.



## **GENERAL FUND**

# BIG JACKSON SCHOOL DISTRICT

## Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources	\$ 271,200	\$ 288,802	\$ 279,918	\$ (8,884)
State sources	57,201	62,723	63,009	286
Federal sources	54,257	58,743	59,108	365
Interdistrict sources	1,810	3,948	3,948	-
<b>Total revenues</b>	<b>384,468</b>	<b>414,216</b>	<b>405,983</b>	<b>(8,233)</b>
<b>Expenditures</b>				
Instruction:				
Basic programs:				
Elementary	91,799	119,631	118,534	(1,097)
Added needs:				
Special education	35,588	27,798	27,891	93
Compensatory education	38,508	47,487	46,868	(619)
Total added needs	74,096	75,285	74,759	(526)
Total instruction	165,895	194,916	193,293	(1,623)
Supporting services:				
Instructional staff:				
Improvement of instruction	6,406	11,576	10,153	(1,423)
General administration:				
Board of Education	8,927	25,220	24,541	(679)
Executive administration	33,673	14,033	13,328	(705)
Total general administration	42,600	39,253	37,869	(1,384)
School administration:				
Office of the principal	20,632	41,288	34,753	(6,535)
Business services:				
Other central services	3,200	3,300	2,612	(688)
Pupil accounting	2,529	4,098	3,755	(343)
Other business services	23,150	25,550	27,457	1,907
Total business services	28,879	32,948	33,824	876
Transportation	49,744	74,709	71,788	(2,921)

continued...

# BIG JACKSON SCHOOL DISTRICT

## Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - By Activity - General Fund  
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded)</b>				
Supporting services (concluded):				
Operations and maintenance:				
Building services	\$ 70,012	\$ 105,080	\$ 102,677	\$ (2,403)
Total supporting services	218,273	304,854	291,064	(13,790)
Community services	300	49	49	-
<b>Total expenditures</b>	<b>384,468</b>	<b>499,819</b>	<b>484,406</b>	<b>(15,413)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(85,603)</b>	<b>(78,423)</b>	<b>7,180</b>
Fund balance, beginning of year	559,604	559,604	559,604	-
<b>Fund balance, end of year</b>	<b>\$ 559,604</b>	<b>\$ 474,001</b>	<b>\$ 481,181</b>	<b>\$ 7,180</b>

concluded

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**INDEPENDENT AUDITORS' 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***

September 17, 2024

Board of Education  
Big Jackson School District  
Paris, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the remaining fund information of the **Big Jackson School District** (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 17, 2024.

### **Report on Internal Control Over Financial Reporting**

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

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

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



## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Rehmann Loborn LLC*