ST. JOSEPH PUBLIC SCHOOLS

FINANCIAL REPORT

WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2023

KRUGGEL LAWTON CPA

St. Joseph, MI

ST. JOSEPH PUBLIC SCHOOLS
St. Joseph, Michigan
June 30, 2023

BOARD OF EDUCATION

St. Joseph Public Schools
St. Joseph, Michigan
June 30, 2023

KRUGGEL LAWTON CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
St. Joseph Public Schools
St. Joseph, Michigan

Report on 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 St. Joseph 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 thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 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 23, 2023

St. Joseph Public Schools, a K-12 District located in Berrien County, Michigan, has adopted the provisions of Governmental Accounting Standards Board Statement 34 ("GASB 34"). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be discussion and analysis of the financial results for the fiscal year ended June 30, 2023, of the management of St. Joseph Public Schools (the "District").

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

Fund Financial Statements

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

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including Permanent Funds, Capital Projects Fund, School Service Fund, Debt Service Fund, and the Student Activity Fund.

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

District-Wide Financial Statements

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

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

The District is the trustee, or fiduciary, for its custodial funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position. These are excluded activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Fiduciary Fund account for assets held by the District in a trustee capacity or as an agent for various parent groups and related activities.

Summary of Net Position

The net deficit of the District is summarized in the table below as of June 30th:

	2023	2022
Assets:		
Cash and cash equivalents	$ 19,643,539	$ 10,010,060
Receivables	6,037,150	8,282,432
Other assets	308,133	342,315
Net capital assets	62,145,799	57,333,373
Total Assets	$ 88,134,621	$ 75,968,180
Deferred Outflows of Resources:		
Deferred interest charges on bond issuance	$ 884,724	$ 1,056,459
Deferred outflows of resources from pensions	20,059,900	9,538,064
Deferred outflows of resources from OPEB	4,967,327	3,818,199
Total Deferred Outflows of Resources	$ 25,911,951	$ 14,412,722
Liabilities:		
Accounts payable and other accrued liabilities	$ 8,564,632	$ 4,550,425
Notes and bonds payable	42,526,398	37,000,552
Net pension liability	62,791,194	38,864,724
Net OPEB liability	3,537,692	2,533,010
Total Liabilities	$ 117,419,916	$ 82,948,711
Deferred Inflows of Resources:		
Deferred inflows of resources from pensions	$ 4,765,000	$ 15,409,777
Deferred inflows of resources from OPEB	7,326,486	9,627,875
Total Deferred Inflows of Resources	$ 12,091,486	$ 25,037,652
Net Position (Deficit):		
Net investment in capital assets	$ 27,657,769	$ 22,152,456
Restricted for:		
Capital projects	5,277,033	1,775,528
Debt service	516,293	631,984
Unrestricted	(48,915,925)	(42,165,429)
Total Net Position (Deficit)	$ (15,464,830)	$ (17,605,461)

Analysis of Financial Position

During the fiscal year ended June 30, 2023, the District's net position increased by $2,140,630, a few of the significant factors affecting net position during the year are discussed below:

A. **General Operations**
The District's total revenues increased by $514,648 for the fiscal year ended June 30, 2023. State revenue increased per pupil foundation amount as well as increased grant programs and special education funding. Federal revenue decreased from the prior year related to the reduction in COVID funding and the return to traditional food service revenue from sales. Within state aid, there was a large adjustment for 147a MPSERS and UAAL on both the revenue and the expenditure side as compared to the prior year. These changes make up the majority of the increase in revenues. Total expenses increased by $7,216,153 for the fiscal year ended June 30, 2023. A portion of the increase is directly related to adjustments for GASB related to change in benefit expense related to pension and OPEB. There is also the increase related to additional MPSERS UAAL adjustments compared to the prior year. Lastly, increases to expenses for capital expenditures and compensation related to donations and grant funding. These changes make up the majority of the increase in expenditures.

B. **Debt Activity**
The District made principal payments on bonds and note payable long-term debt obligations which reduced the amount of the District's long-term liabilities. At year end June 30, 2023, the District received proceeds of $10,560,000 and bond refunding which made savings of net present value of $48,044. Principal payments made during the year ended June 30, 2023 totaled $5,850,000.

C. **Net Investment in Capital Assets**
The District's capital assets, net of accumulated depreciation decreased by $4,826,109 during the year. The net activity for the year is summarized in the following table:

	Beginning Balance	Additions	Deletions, Adjustments, and Reclassifications	Ending Balance
Capital Assets	$ 95,195,449	$ 7,405,325	$ (183,930)	$ 102,416,844
Less: accumulated depreciation	(37,862,076)	(2,579,216)	170,247	(40,271,045)
Net investment capital outlay	$ 57,333,373	$ 4,826,109	$ (13,683)	$ 62,145,799

This year, the District's additions of $7,405,325 included multiple building and land improvements in all of the schools, purchase of buses and other vehicles, and furniture and equipment.

Results of Operations

The District-Wide results of operations for the fiscal years ended June 30 is summarized in the table below:

		2023		2022
Revenues				
General Revenues				
Property taxes levied for general operations	$	6,623,577	$	6,272,291
Property taxes levied for debt service		4,452,415		4,241,339
Property taxes levied for capital projects		1,199,218		1,141,766
State of Michigan unrestricted foundation aid		20,368,195		18,998,088
Interest and investment earnings		503,964		19,759
Other general revenues		76,477		379,121
Total general revenues	$	33,223,846	$	31,052,364
Capital Grants and Contributions				
Capital contributions	$	74,054	$	29,542
Total capital grants and contributions	$	74,054	$	29,542
Operating Grants and Contributions				
Federal	$	1,442,931	$	5,773,443
State of Michigan		7,640,953		6,080,398
Other operating grants		1,427,810		1,075,271
Total operating grants	$	10,511,694	$	12,929,112
Charges for Services				
Food service	$	694,153	$	100,784
Student activities		951,489		811,968
Athletics		201,157		194,482
Other charges for services		52,146		75,639
Total charges for services	$	1,898,945	$	1,182,873
Total revenues	$	45,708,539	$	45,193,891
Expenses				
Instruction and instructional support	$	22,966,171	$	17,948,859
Support services		12,707,182		11,223,452
Community services		101,527		48,175
Food services		1,531,123		1,231,322
Student activities		823,141		745,524
Athletics		992,543		799,554
Interest on long-term debt		1,853,322		1,802,540
Loss on asset disposition		13,683		-
Depreciation (unallocated)		2,579,216		2,552,330
Total expenses	$	43,567,908	$	36,351,756
Change in Net Position	$	2,140,631	$	8,842,135
Beginning Net Position		(17,605,461)		(26,447,596)
Ending Net Position	$	(15,464,830)	$	(17,605,461)

State of Michigan Unrestricted Aid (Net State Foundation Grant)

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

1. State of Michigan State Aid Act per student foundation allowance,
2. Student Enrollment - Blended at 10 percent of the prior year blend in February 2022 student count and 90 percent of the current year blend in September 2022 student count,
3. The District's non-homestead levy.

Per Student Foundation Allowance

Annually, the State of Michigan sets the per student foundation allowance. The District's foundation allowance, paid by the State of Michigan, for the fiscal year 2023 was $9,150 per student.

The State of Michigan has announced the per pupil foundation at $9,608 for the fiscal year 2023-2024.

Student Enrollment

The District's student enrollment for the fall count of 2022-2023 was 2,956 students The District's enrollment remained consistent from prior year. The following summarizes blended student enrollments in the past five years:

Fiscal Year	Student FTE	FTE Change from Prior Year
2022-2023	2,956	10
2021-2022	2,946	(53)
2020-2021	2,999	(21)
2019-2020	3,020	21
2018-2019	2,999	36

Subsequent to year end June 30, 2023, preliminary student enrollments for 2023-2023 indicate that enrollments have remained consistent with the prior year.

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

The District levies property taxes for operations (General Fund) of 18 mills on Non-Personal Residence exemption properties and 6 mills on Commercial Personal Property. Under Michigan law, the taxable levy is based on the taxable valuation of the properties. Annually the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of market value. The District's non-homestead property levy for the 2022-2023 fiscal year generated $6,417,016. The funds received from the non-homestead tax levy increased by 2.86 percent from the prior year.

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

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

Fiscal Year	Non-Homestead Tax Levy	% Increase (decrease) from Prior Year
2022-2023	$ 6,417,016	2.86%
2021-2022	6,238,820	1.37%
2020-2021	6,154,216	4.62%
2019-2020	5,882,610	0.51%
2018-2019	5,852,841	2.39%

Debt Administration and Capital Projects Sinking Fund

The District's debt and capital projects sinking fund levies are based on the taxable valuation of all properties: homestead and non-homestead. The debt fund levy is used to pay principal and interest on bond obligations and the capital projects sinking fund is for capital improvements in the District. The taxpayers have authorized debt levies that will fund the debt principal payments of $40,790,000 through 2038.

For 2022-2023, the District's debt millage levy was 3.70 mills that generated a levy of $4,452,415. The capital projects sinking fund levy was .9946 mills and generated a levy of $1,199,218.

Food Sales to Students & Adults (School Lunch Program)

The total revenue in the Food Service Fund exceeded the expenditures in for the year by $41,824. This year, changed from the prior year in which all meals were free. In the upcoming school year, the shift will go back to all meals free for students.

Student Activity Fund

The Student Activity Fund is made up of various student organization activities.

General Fund Expenditures Budget vs. Actual—Five Year History

	Expenditures Preliminary Budget	Expenditures Final Budget	Expenditures Final Audit	Variance: Audit vs. Prelim Budget	Variance: Audit vs. Final Budget
2022-2023	$ 34,039,496	$ 37,327,642	$ 36,458,684	-7.11%	2.33%
2021-2022	32,190,953	33,931,052	32,967,971	-2.41%	2.84%
2020-2021	29,117,986	32,123,286	30,506,082	-4.77%	5.03%
2019-2020	28,933,077	29,756,455	28,487,283	1.54%	4.27%
2018-2019	27,785,993	28,811,875	28,494,358	-2.55%	1.10%
	Five Year Average (Over/-Under) Budget			-3.06%	3.11%

General Fund Revenues Budget vs. Actual—Five Year History

	Revenues Preliminary Budget	Revenues Final Budget	Revenues Final Audit	Variance: Audit vs. Prelim Budget	Variance: Audit vs. Final Budget
2022-2023	$ 34,203,816	$ 37,194,175	$ 37,024,670	8.25%	-0.46%
2021-2022	31,964,255	37,144,699	36,968,798	15.66%	-0.47%
2020-2021	27,867,896	31,829,634	31,760,190	13.97%	-0.22%
2019-2020	28,946,424	29,923,542	29,261,090	1.09%	-2.21%
2018-2019	28,130,861	29,138,070	29,141,437	3.59%	0.01%
	Five Year Average (Over/-Under) Budget			8.51%	-0.67%

Original vs. Final Budget

The Uniform Budget and Accounting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. As a matter of practice, the District amends its budget during the school year. For the fiscal year June 30, 2023, the budget was amended in March and June of 2023.

Factors Bearing on the District's Future

Our elected officials and administration considered many factors when setting the District's 2023-2024 fiscal year budget. One of the most important factors affecting the budget is our student count. The State Foundation Allowance is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2023-2024 fiscal year is based on 10 percent and 90 percent of the February 2023 and September 2023 student counts, respectively. The 2023-2024 fiscal year budget was adopted in June 2023, based on an estimated number of students that will be enrolled in September 2023. Approximately 75 percent of total General Fund revenue is from the foundation allowance. Under State law, the District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2023 fiscal year, we anticipate that the fall student count will be very close to the estimate used in creating the 2023-2024 fiscal year operating budget. Once the final count and related per-pupil funding are validated, the budget will be amended.

Contacting the District's Financial Management

The financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have questions about this report or need additional financial information, contact the Business Department of St. Joseph Public Schools at 2580 S Cleveland Avenue, St. Joseph, MI 49085.

STATEMENT OF NET POSITION (DEFICIT)
AS OF JUNE 30, 2023

		Governmental Activities
Assets		
Cash and cash equivalents	$	19,643,539
Accounts receivables		504,465
Due from other governmental units		5,532,685
Prepaid expenditures		295,155
Inventories		12,978
Capital assets, not being depreciated		7,834,444
Capital assets, net of accumulated depreciation/amortization		54,311,355
Total Assets	$	88,134,621
Deferred Outflows of Resources		
Deferred interest charges on bond issuance	$	884,724
Deferred outflows of resources related to pensions		20,059,900
Deferred outflows of resources related to OPEB		4,967,327
Total Deferred Outflows of Resources	$	25,911,951
Liabilities		
Accounts payable	$	3,490,508
Accrued payroll and other liabilities		3,638,849
Unearned revenue		897,403
Accrued interest payable		298,386
Noncurrent Liabilities:		
Notes and bonds payable - due within one year		3,697,719
Notes and bonds payable - due in more than one year		38,828,679
Compensated absences - due within one year		23,949
Compensated absences - due in more than one year		215,537
Net pension liability		62,791,194
Net OPEB liability		3,537,692
Total Liabilities	$	117,419,916
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	$	4,765,000
Deferred inflows of resources related to OPEB		7,326,486
Total Deferred Inflows of Resources	$	12,091,486
Net Position (Deficit)		
Net investment in capital assets	$	27,657,769
Restricted for:		
Capital projects		5,277,033
Debt service		516,293
Unrestricted		(48,915,925)
Total Net Position (Deficit)	$	(15,464,830)

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

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants/ Contributions	Program Revenues: Capital Grants/ Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Primary government -					
Governmental activities:					
Instruction	$ 22,966,171	$ 35,571	$ 2,045,665	$ -	$ (20,884,935)
Support services	12,707,182	16,575	7,571,898	74,054	(5,044,655)
Community services	101,527	-	-	-	(101,527)
Food services	1,531,123	694,153	894,131	-	57,161
Student activities	823,141	951,489	-	-	128,348
Athletics	992,543	201,157	-	-	(791,386)
Interest on long-term debt	1,853,322	-	-	-	(1,853,322)
Depreciation (unallocated)	2,579,216	-	-	-	(2,579,216)
	$ 43,554,225	$ 1,898,945	$ 10,511,694	$ 74,054	$ (31,069,532)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	$ 6,623,577
Property taxes, levied for debt purposes	4,452,415
Property taxes, levied for capital project purposes	1,199,218
State aid not restricted to specific purposes	20,368,195
Interest and investment earnings	503,964
Loss on sale of asset	(13,683)
Other	76,477
Total general revenues	$ 33,210,163
Change in Net Position	$ 2,140,631
Net Position (Deficit) - beginning of year	(17,605,461)
Net Position (Deficit) - end of year	$ (15,464,830)

BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	Major Funds						
	General Fund	2022 Capital Projects HVAC Fund	2023 Bond Series 3 Fund	School Improvement Fund	Debt Service Funds	Non-Major Governmental Funds	Total
Assets							
Cash and cash equivalents	$ 5,642,973	$ 3,717,540	$ 2,672,035	$ 3,718,995	$ 432,073	$ 3,459,923	$ 19,643,539
Accounts receivable	504,465	-	-	-	-	-	504,465
Due from other governmental funds	68,708	-	-	17,309	84,220	205,868	376,105
Due from other governmental units	5,523,202	-	-	-	-	9,483	5,532,685
Prepaid expenditures	202,801	-	-	-	-	-	202,801
Inventory	-	-	-	-	-	12,978	12,978
Total Assets	$ 11,942,149	$ 3,717,540	$ 2,672,035	$ 3,736,304	$ 516,293	$ 3,688,252	$ 26,272,573
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 329,720	$ -	$ -	$ 2,653,359	$ -	$ 507,429	$ 3,490,508
Accrued payroll and related liabilities	3,638,849	-	-	-	-	-	3,638,849
Unearned revenue	862,390	-	-	-	-	35,013	897,403
Due to other governmental funds	288,460	-	12,500	1,000	-	74,145	376,105
Total Liabilities	$ 5,119,419	$ -	$ 12,500	$ 2,654,359	$ -	$ 616,587	$ 8,402,865
Fund Balances							
Non-spendable - prepaid expenditures	$ 202,801	$ -	$ -	$ -	$ -	$ -	$ 202,801
Non-spendable - inventory	-	-	-	-	-	12,978	12,978
Restricted for debt retirement	-	-	-	-	516,293	-	516,293
Restricted for capital projects	-	-	2,659,535	1,081,945	-	1,535,553	5,277,033
Restricted for food service	-	-	-	-	-	807,691	807,691
Committed for student activities	-	-	-	-	-	715,443	715,443
Committed for capital projects	-	3,717,540	-	-	-	-	3,717,540
Assigned for LTGO bond	508,590	-	-	-	-	-	508,590
Assigned for HVAC	933,000	-	-	-	-	-	933,000
Assigned for 2023-2024 budget deficit	973,326	-	-	-	-	-	973,326
Unassigned	4,205,013	-	-	-	-	-	4,205,013
Total Fund Balances	$ 6,822,730	$ 3,717,540	$ 2,659,535	$ 1,081,945	$ 516,293	$ 3,071,665	$ 17,869,708
Total Liabilities and Fund Balances	$ 11,942,149	$ 3,717,540	$ 2,672,035	$ 3,736,304	$ 516,293	$ 3,688,252	$ 26,272,573

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

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET POSITION (DEFICIT)
AS OF JUNE 30, 2023

Total Fund Balances - Governmental Funds	$	17,869,708
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Deferred outflows of resources related to:		
Pensions		20,059,900
OPEB		4,967,327
Deferred interest charges from bond refundings not capitalized in the governmental funds		884,724
Prepaid bond insurance costs		92,354
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
Cost of the capital assets		102,416,844
Accumulated depreciation/ amortization		(40,271,045)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Notes and bonds payable		(41,105,000)
Bond premium associated with bonds		(1,421,398)
Compensated absences		(239,486)
Net pension liability		(62,791,194)
Net OPEB liability		(3,537,692)
Deferred inflows of resources related to pension changes in assumptions and changes in differences actual earnings on plan investments		
Pensions		(4,765,000)
OPEB		(7,326,486)
Accrued interest payable is not included as a liability in governmental funds		(298,386)
Total Net Position (Deficit) - Governmental Activities	**$**	**(15,464,830)**

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
YEAR ENDED JUNE 30, 2023

	Major Funds						
	General Fund	2022 Capital Projects HVAC Fund	2023 Bond Series 3 Fund	School Improvement Fund	Debt Service Funds	Non-Major Governmental Funds	Total
Revenues							
Property taxes	$ 6,623,577	$ -	$ -	$ -	$ 4,452,415	$ 1,199,218	$ 12,275,210
Local sources	872,733	-	-	-	-	1,719,696	2,592,429
State sources	27,940,093	-	-	-	-	69,055	28,009,148
Federal sources	617,855	-	-	-	-	825,076	1,442,931
Interdistrict sources	607,223	-	-	-	-	-	607,223
Athletic sources	201,157	-	-	-	-	-	201,157
Earnings on investments	162,032	163,400	4,129	28,760	113,730	31,913	503,964
Miscellaneous revenue	-	-	-	-	76,477	-	76,477
Total Revenues	$ 37,024,670	$ 163,400	$ 4,129	$ 28,760	$ 4,642,622	$ 3,844,958	$ 45,708,539
Expenditures							
Instruction and instructional support services	$ 22,753,176	$ -	$ -	$ -	$ -	$ -	$ 22,753,176
Supporting services	12,618,517	-	-	-	-	-	12,618,517
Food service	-	-	-	-	-	1,527,579	1,527,579
Student activities	-	-	-	-	-	823,141	823,141
Community services / intergovernmental	100,879	-	-	-	-	-	100,879
Athletics	986,112	-	-	-	-	-	986,112
Capital outlay	-	946,079	121,275	4,951,622	-	1,430,461	7,449,437
Debt service:							
Principal on long-term debt	-	-	-	-	2,715,000	105,000	2,820,000
Interest on long-term debt	-	-	-	-	1,551,963	7,560	1,559,523
Other	-	-	66,600	133,511	53,962	-	254,073
Total Expenditures	$ 36,458,684	$ 946,079	$ 187,875	$ 5,085,133	$ 4,320,925	$ 3,893,741	$ 50,892,437
Excess of Revenues Over Expenditures	$ 565,986	$ (782,679)	$ (183,746)	$ (5,056,373)	$ 321,697	$ (48,783)	$ (5,183,898)
Other Financing Sources (Uses)							
Operating transfers in	$ 30,033	$ 2,000,000	$ -	$ -	$ -	$ 9,245	$ 2,039,278
Operating transfers out	(2,009,245)	-	-	-	-	(30,033)	(2,039,278)
Face value of debt issued	-	-	2,620,000	5,500,000	2,440,000	-	10,560,000
Premium of debt issued	-	-	223,281	638,318	165,266	-	1,026,865
Payment to bond escrow agent:							
Principal	-	-	-	-	(3,042,654)	-	(3,042,654)
Total Other Financing Sources (Uses)	$ (1,979,212)	$ 2,000,000	$ 2,843,281	$ 6,138,318	$ (437,388)	$ (20,788)	$ 8,544,211
Net Change in Fund Balances	$ (1,413,226)	$ 1,217,321	$ 2,659,535	$ 1,081,945	$ (115,691)	$ (69,571)	$ 3,360,313
Fund Balances - Beginning of year	8,235,956	2,500,219	-	-	631,984	3,141,236	14,509,395
Fund Balances - End of year	$ 6,822,730	$ 3,717,540	$ 2,659,535	$ 1,081,945	$ 516,293	$ 3,071,665	$ 17,869,708

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

Net Change in Fund Balances - Total Governmental Funds			$	3,360,313
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/ amortization expense	$	(2,579,216)		
Capitalized capital outlay		7,405,325		
Loss on sale of fixed asset		(13,683)		
Total				4,812,426
Increase in accrued interest				(39,726)
Increase in the liability for compensated absences not reported in the governmental funds				16,145
Bond costs				(168,659)
Amortization of bond premiums for refunding bonds				(815,846)
Change in benefit expense related to pension plan				(2,759,857)
Change in benefit expense related to OPEB				2,445,835
Repayment of bond and note payable principal and bond refunding are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt)				
Issuance of new bonds	$	(10,560,000)		
Paid bond payments		5,745,000		
Paid installment note		105,000		
				(4,710,000)
Change in Net Position of Governmental Activities			**$**	**2,140,631**

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2023

	Custodial Fund
Assets	
Cash and cash equivalents	$ 45,394
Total assets	$ 45,394
Net Position	
Restricted for custodial funds	$ 45,394
Total net position	$ 45,394

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

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

	Custodial Fund
Additions	
Interest	$ 21
Total Additions	$ 21
Deductions	
Payments made on behalf of custodial funds	$ 1,250
Total Deductions	$ 1,250
Change in net position	$ (1,229)
Net Position - Beginning	46,623
Net Position - Ending	$ 45,394

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

District-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Based Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government. The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

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

The District reports the following governmental funds:

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

Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its Food Service Fund and Student Activity Fund in the non-major special revenue funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Funds are used to account for financial resources that are restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets. As of June 30, 2023, the major capital project fund maintained by the District is the 2022 Capital Project HVAC Fund, the 2023 Bond Series 3 Fund, and the School Improvement Fund. The non-major capital projects funds maintained by the District are the Capital Projects Sinking Fund, the 2016/2020 Capital Projects Bond Fund, and the 2022 Capital Project Dickinson Park Fund.

Debt Service Funds are used to account for financial resources that are restricted for principal and interest. As of June 30, 2023, the District maintains one major Debt Service Fund to account for all the District's debt obligations.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent. Fiduciary Fund net position and results of operations are not included in the District-wide statements. Custodial Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The District presently maintains a Custodial Fund to record the transactions of student and parent groups for school and school-related purposes. The funds are segregated and held in trust for the students and parents.

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

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. For the District, taxpayers in the Cities of St. Joseph and Benton Harbor and St. Joseph, Royalton, and Lincoln Townships, properties are assessed as of December 31st and the related property taxes are levied and become a lien on July 1st for 100 percent of the taxes which are due September 15th. The final collection date is February 28th, after which uncollected taxes are added to the Berrien County delinquent tax rolls.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables (Concluded)

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

Inventories – Inventories are valued at cost on a first-in, first-out ("FIFO") basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

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

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years
Land Improvements	10-20 years
Right-of-use – leased equipment	3-5 years

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

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases and Subscription Based IT Arrangements ("SBITA") (Concluded)

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.

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

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

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

Compensated Absences – The liability for compensated absences reported in the District-wide financial statements consists of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments. The amount reported is salary related and includes fringe benefits.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Where applicable, premiums and discounts, are capitalized and amortized over the life of the bonds. Bond issuance costs, except for prepaid insurance, is expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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 unavailable and recognized as an inflow of resources in the period that amounts become available. The District's two items that qualify for reporting in this category are the deferred inflows related to the pension plan and the deferred inflows related to OPEB.

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

Estimates – The process of preparing financial statements in conformity with GAAP requires the use of management estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenditures.

Fund Equity – The District has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Concluded) –

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.

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

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

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

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

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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

For this purpose, benefit payments (including refunds of the employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the District to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. There were no encumbrances at year end.

Net Position Deficit – As of June 30, 2023, the District-wide Statement of Net Position had a cumulative net position deficit of $15,464,830.

Fund Deficit – Under State Law, school districts are required to maintain positive fund balance in each fund. As of June 30, 2023, the District had no fund balances that were in deficit.

NOTE 2. CASH AND INVESTMENTS

As of June 30, 2023, the District's deposits and investments include the following:

	Governmental Funds	Custodial Funds	Total
Cash and cash equivalents	$ 19,643,539	$ 45,394	$ 19,688,933

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 Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, $4,144,789 of the District's bank balance of $19,812,781 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Interest Rate Risk: In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with 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 ("NRSRO's"). As of June 30, 2023, the District had no investments.

Concentration of Credit Risk: The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2023, the District had no investments.

Custodial Credit Risk - Investments: For an investment, this is the risk that in the event of bank failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the District had no investments.

NOTE 3. RISK MANAGEMENT

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

NOTE 4. CAPITAL ASSETS

Capital asset activity of the District's governmental activities was as follows:

	Beginning Balance	Additions	Disposals	End Balance
Assets not being depreciated:				
Land	$ 1,182,901	$ -	$ -	$ 1,182,901
Construction in progress	-	6,651,543	-	6,651,543
Subtotal	$ 1,182,901	$ 6,651,543	$ -	$ 7,834,444
Capital assets being depreciated:				
Building and building improvements	$ 85,120,450	$ 462,544	$ (141,200)	$ 85,441,794
Land improvements	3,399,734	50,818	-	3,450,552
Buses and other vehicles	1,748,503	56,105	(42,730)	1,761,878
Furniture and equipment	3,743,861	184,315	-	3,928,176
Subtotal	$ 94,012,548	$ 753,782	$ (183,930)	$ 94,582,400
Accumulated depreciation:				
Building and building improvements	$ 33,016,441	$ 2,083,478	$ (141,200)	$ 34,958,719
Land improvements	1,634,179	192,327	-	1,826,506
Buses and other vehicles	1,245,687	84,111	(29,047)	1,300,751
Furniture and equipment	1,965,769	219,300	-	2,185,069
Subtotal	$ 37,862,076	$ 2,579,216	$ (170,247)	$ 40,271,045
Net capital assets being depreciated/amortized	$ 56,150,472			$ 54,311,355
Net capital assets	$ 57,333,373			$ 62,145,799

Depreciation expense of $2,579,216 was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

NOTE 5. RELATED ORGANIZATIONS

The District has established the St. Joseph Public School Foundation (the "Foundation") that has a 501(c)(3) status with the Internal Revenue Service. As of June 30, 2023, the District's transactions with the Foundation were as follows:

Donations recognized in current period	$	711,338
Total	$	711,338

During the year, the District purchased services from Abonmarche Consultants for professional engineering services. A member of the Board of Education was an employee of this engineering firm. For the year ended June 30, 2023, the District paid $52,362 to Abonmarche Consultants for those professional services. All transactions were conducted at arms-length in accordance with board policy.

The District has monies on deposit with United Federal Credit Union. Two members of the Board of Education were previously employed by this bank. As of June 30, 2023, the District has $682,981 in multiple accounts with United Federal Credit Union. All transactions were conducted at arms-length.

During the year, the District purchased office supplies from Doubleday Office Products. A member of the Board of Education's spouse is a shareholder of this company. For the year ended June 30, 2023, the District paid $4,506 to Doubleday Office Products for office supplies. All transactions were conducted at arms-length in accordance with board policy.

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund		Amount
General Fund	School Improvement Fund	$	1,000
General Fund	Food Service Fund		67,708
Food Service Fund	Student Activity Fund		1,628
Sinking Fund	General Fund		21,719
School Improvement Fund	Sinking Fund		4,809
School Improvement Fund	2023 Capital Project Fund		12,500
Student Activity Fund	General Fund		182,521
2016/2020 Debt Service Fund	General Fund		84,220
	Total	$	376,105

The School Improvement Fund owes the General Fund for miscellaneous expenditures.

The Food Service Fund owes the General Fund for miscellaneous expenditures.

The Student Activity Fund owes the Food Service Fund for miscellaneous expenditures.

The General Fund owes the Sinking Fund for capital project expenditures.

The Sinking Fund owes the School Improvement Fund for capital project expenditures.

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONCLUDED)

The 2023 Capital Project Fund owes the School Improvement Fund for capital project expenditures.

The General Fund owes the Student Activity Fund for miscellaneous expenditures.

The General Fund owes the Debt Service Funds for debt expenditures.

During the year, the following transfers were made between funds:

Interfund Transfers:

Transfer In	Transfer Out	Amount
2022 HVAC Capital Projects Fund	General Fund	$ 2,000,000
Food Service Fund	General Fund	9,245
General Fund	Food Service Fund	30,000
General Fund	2022 Capital Projects Dickinson Park Fund	33
	Total	$ 2,039,278

The General Fund transferred $2,000,000 to 2022 HVAC Capital Project Fund for HVAC project funding.

The General Fund transferred $9,245 to the Food Service Fund for the health insurance allocated to the Food Service Funds.

The Food Service Fund transferred $30,000 to the General Fund for indirect costs.

The 2022 Capital Project Dickinson Park Fund transferred $33 to the General Fund for miscellaneous expenditures.

NOTE 7. LONG-TERM DEBT

The District issues bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental Activities:					
General Obligation Bonds					
Bonds	$ 35,975,000	$ 10,560,000	$ (5,745,000)	$ 40,790,000	$ 3,375,000
Unamortized Premiums	605,552	1,026,865	(211,019)	1,421,398	217,719
Deferred outflows of resources					
Deferred charges on bond refunding	(1,056,459)	(12,135)	183,870	(884,724)	(112,311)
Direct borrowings and Direct placements					
Installment Note	420,000	-	(105,000)	315,000	105,000
`	$ 35,944,093	$ 11,574,730	$ (5,877,149)	$ 41,641,674	$ 3,585,408

NOTE 7. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds		
$22,100,0000 - 2015 Refunding Bonds, Series A; payable in annual installments of $305,000 to $3,205,000 beginning 5/1/2027 through 5/1/2035; interest at 3.0% to 5.0%.	$	22,100,000
$9,430,000 - 2013 Refunding Bonds; payable in annual installments of $785,000 to $1,895,000 beginning 5/1/2019 through 5/1/2027; interest at 2.0% to 4.0%.		2,040,000
$2,450,000 - 2016 School Building and Equipment Bonds, Series I (general obligation - unlimited tax); payable in annual installments of $375,000 to $210,000 beginning 5/1/2017 through 5/1/2026; interest at 1.0% to 2.0%.		630,000
$2,765,000 - 2020 School Building and Site Bonds, Series II; payable in annual installments of $275,000 to $265,000 beginning 6/30/2021 through 06/30/2029; interest at 3.0% to 4.0%.		1,800,000
$4,855,000 - 2020 Refunding of 2010 Refunding Bonds; payable in annual installments of $1,195,000 to $1,210,000 beginning 6/30/2023 through 6/30/2026; interest at 3.0%.		3,660,000
$5,500,000 - 2023 School Improvement Bonds (general obligation - limited tax); payable in annual installments of $250,000 to $500,000 beginning 5/1/2024 through 5/1/2038; interest at 5.0%.		5,500,000
$5,060,000 - 2023 School Improvement Bonds (general obligation - unlimited tax); payable in annual installments of $300,000 to $2,290,000 beginning 5/1/2024 through 5/1/2028; interest at 5.0%.		5,060,000
	$	40,790,000
Direct Borrowing and Direct Placement		
$630,000 - 2021 Cleveland Building Installment Note; payable in annual installments of $105,000 beginning 4/25/2021 through 4/25/2026; interest at 1.0% to 2.0%.		315,000
	$	41,105,000

NOTE 7. LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the above Governmental bond and note obligations are as follows:

	Governmental Activities:				
	General Obligation Bonds		**Direct Borrowing and Direct Placement**		
	Principal	Interest	Principal	Interest	Total
2024	$ 3,375,000	$ 1,831,384	$ 105,000	$ 5,670	$ 5,317,054
2025	3,080,000	1,757,300	105,000	3,780	4,946,080
2026	3,110,000	1,656,400	105,000	1,890	4,873,290
2027	3,125,000	1,537,800	-		4,662,800
2028	3,310,000	1,390,000	-	-	4,700,000
2029-2033	16,240,000	4,498,850	-	-	20,738,850
2034-2038	8,550,000	783,300	-	-	9,333,300
Unamortized premium, net of deferred outflows	536,674	-	-	-	536,674
	$ 41,326,674	$ 13,455,034	$ 315,000	$ 11,340	$ 55,108,048

Interest expense of $1,853,322 was not charged to activities, as the District considers its debt and related assets to impact multiple activities and allocation was not practical.

	Beginning Balance	Net Change	Ending Balance	Due Within One year
Compensated absences which are payable upon termination of employment.	$ 255,631	$ (16,145)	$ 239,486	$ 23,949

Advance Refunding – The District has defeased 2005, 2010, 2013, and 2015 certain unlimited tax school improvement bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for defeased bonds are not included in the District's financial statements. As of June 30, 2023, $43,010,000 of bonds considered defeased are still outstanding.

NOTE 7. LONG-TERM DEBT (CONCLUDED)

During fiscal year 2011, the District issued $8,195,000 of unlimited tax refunding bonds, less a discount on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $11,632,774 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

During fiscal year 2014, the District issued $9,430,000 of unlimited tax refunding bonds, plus a premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $13,455,655 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

During fiscal year 2015, the District issued $25,380,000 of unlimited tax refunding bonds, plus a premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $44,412,129 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

During fiscal year 2015, the District issued $7,680,000 unlimited tax refunding bonds, plus a premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $9,092,600 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

During fiscal year 2020, the District issued $7,620,000 unlimited tax refunding bonds, plus a premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $8,771,184 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

During fiscal year 2023, the District issued $2,440,000 unlimited tax refunding bonds, plus a premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $3,460,888 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

NOTE 8. 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 plans offered by MPSERS is as follows:

Plan name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contirbution	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 8. 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 8. 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 8. 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.

NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 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, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total defined benefit pension plan and defined contribution pension plan contributions were approximately $7,424,000.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total defined benefit OPEB plan and defined contribution OPEB plan contributions were approximately $1,166,000.

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

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

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	0.1669591%	0.1641565%
Net pension liability for the District	$ 62,791,194	$ 38,864,724

For the year ended June 30, 2023, the District recognized pension expense of $8,180,676. 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	$ 628,131	$ 140,394
Changes of assumptions	10,789,777	-
Net difference between projected and actual earnings on pension plan investments	147,245	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,433,968	113,004
District contributions subsequent to the measurement date*	7,060,779	-
Revenues in support of contributions subsequent to the measurement date	-	4,511,602
Total	$ 20,059,900	$ 4,765,000

NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

Deferred inflows of resources of $4,511,602 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.

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	$ 3,818,098
2024	2,898,124
2025	2,360,315
2026	3,669,186
	$ 12,745,723

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	0.1670249%	0.1659491%
Net other postemployment benefits liability for the District	3,537,692	2,533,010

For the year ended June 30, 2023, the District recognized OPEB benefit of $1,283,721.

NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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	$ -	$ 6,928,983
Changes of assumptions	3,153,258	256,756
Net difference between projected and actual earnings on pension plan investments	276,498	-
Changes in proportion and differences between the District contributions and proportionate share of contributions	516,973	140,747
District contributions subsequent to the measurement date*	1,020,598	-
Total	$ 4,967,327	$ 7,326,486

*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	$ (1,223,077)
2024	(1,073,567)
2025	(1,015,628)
2026	(14,916)
2027	(53,628)
Thereafter	1,059
	$ (3,379,757)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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.

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 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% 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.

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.

NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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 the 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.

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.

NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
$ 82,861,049	$ 62,791,194	$ 46,252,730

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
$ 5,934,137	$ 3,537,692	$ 1,519,587

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
$ 1,481,416	$ 3,537,692	$ 5,845,902

NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONCLUDED)

Pension and OPEB Plan Fiduciary Net Position - Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 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 9. 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. For the fiscal year ended June 30, 2023, the District's property tax revenues were reduced by approximately $450,000 under these programs.

NOTE 10. OTHER BENEFITS

The District also provides 403(b) tax deferred annuity plans. All employees are eligible to participate in the plans and are fully vested immediately for all contributions.

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

NOTE 11. CAPITAL PROJECTS SINKING FUND

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

NOTE 12. CAPITAL PROJECTS BOND EXPENDITURES

The Capital Projects Bond Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the Revised School Code.

Beginning with the year of bond issuance, The District reported the annual construction activity in the 2016/2020 Capital Project Bond Fund, School Improvement Fund, and the 2023 Bond Series 3 Fund. As of June 30, 2023, the District had three bond audits.

NOTE 13. UNEARNED/UNAVAILABLE REVENUE

Governmental funds report revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned/unavailable revenue are as follows:

	Unearned Revenue		
	General Fund	Food Services Fund	Total
Funds in students' lunch accounts at year-end	$ -	$ 35,013	$ 35,013
Early Literacy Grant	43,271	-	43,271
31aa Mental Health	282,042	-	282,042
97 School Safety	282,484	-	282,484
Other grants	254,593	-	254,593
Total	$ 862,390	$ 35,013	$ 897,403

NOTE 14. 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 15. CHANGE IN ACCOUNTING PRINCIPLE

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 16. CHANGE IN HISTORICAL ACCOUNTING PRESENTATION

For the year ended June 30, 2023, the District has elected to combine all previous debt service funds into one fund. The net effect was a decrease to 2016/2020 Debt Service Fund $79,248, 2005/2010/2015 B Debt Service Fund $182,478, 2010/2013/2015 A Debt Service Fund $322,507 and a increase of $631,984 to debt service funds.

NOTE 17. CALCULATION OF NET INVESTMENT IN CAPITAL ASSETS

As of June 30, 2023, the calculation of the District's net investment in capital assets in the Statement of Net Position consists of:

Capital Assets - nondepreciable	$ 7,834,444
Captial Assets, net of accumulated depreciation/amortization	54,311,355
Deferred interest charges on bond issuance	884,724
Prepaid bond issuance costs	92,354
Less: Long-term debt related to capital assets	(42,526,398)
Addback: bond proceeds not spent on capital assets	7,061,290
Net investment in capital assets	$ 27,657,769

NOTE 18. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 23, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Amended Budget	Actual	Variance (Negative) Positive
Revenues				
Property taxes	$ 6,433,000	$ 6,537,500	$ 6,623,577	$ 86,077
Local sources	620,913	992,227	872,733	(119,494)
State sources	25,713,975	27,898,838	27,940,093	41,255
Federal sources	519,599	780,812	617,855	(162,957)
Interdistrict sources	715,664	634,073	607,223	(26,850)
Athletic sources	193,165	212,725	201,157	(11,568)
Earnings on investments	7,500	138,000	162,032	24,032
Total Revenues	$ 34,203,816	$ 37,194,175	$ 37,024,670	$ (169,505)
Expenditures				
Instruction				
Basic programs	$ 17,448,820	$ 19,975,247	$ 19,597,641	$ 377,606
Added needs	2,194,756	2,329,933	2,304,096	25,837
Vocational Education	879,717	848,568	851,439	(2,871)
Supporting services				
Pupil	1,700,876	1,770,058	1,778,415	(8,357)
Instructional staff	1,416,672	1,458,102	1,314,088	144,014
General administration	850,477	809,655	805,760	3,895
School administration	1,733,392	1,901,497	1,893,992	7,505
Business services	552,467	525,424	534,202	(8,778)
Operations and maintenance	3,941,540	4,130,636	3,949,763	180,873
Transportation	1,190,302	1,393,309	1,316,799	76,510
Central Services	1,019,147	1,021,121	1,025,498	(4,377)
Athletics	1,012,901	1,053,402	986,112	67,290
Community services	98,429	110,690	100,879	9,811
Total Expenditures	$ 34,039,496	$ 37,327,642	$ 36,458,684	$ 868,958
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 164,320	$ (133,467)	$ 565,986	$ 699,453
Other Financing Sources (Uses)				
Operating transfers in	$ 30,000	$ 30,000	$ 30,033	$ 33
Operating transfers out	(605,000)	(2,009,020)	(2,009,245)	(225)
Total Other Financing Sources (Uses)	$ (575,000)	$ (1,979,020)	$ (1,979,212)	$ (192)
Net Change in Fund Balances	$ (410,680)	$ (2,112,487)	$ (1,413,226)	$ 699,261
Fund Balances - Beginning of year	8,235,956	8,235,956	8,235,956	
Fund Balances - End of year	$ 7,825,276	$ 6,123,469	$ 6,822,730	

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
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	0.16696%	0.16416%	0.16014%	0.15912%	0.15812%	0.15949%	0.15770%	0.15875%	0.15921%
District's proportionate share of net pension liability	$ 62,791,194	$ 38,864,724	$ 55,011,323	$ 52,695,837	$ 47,532,710	$ 41,331,328	$ 39,347,841	$ 38,774,207	$ 35,067,772
District's covered-employee payroll	$ 16,187,548	$ 14,952,469	$ 14,143,068	$ 14,105,347	$ 13,318,107	$ 13,440,641	$ 13,271,629	$ 13,401,946	$ 13,637,853
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	387.90%	259.92%	388.96%	373.59%	356.90%	307.51%	296.48%	289.32%	257.14%
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	$ 7,423,655	$ 5,579,942	$ 4,885,234	$ 4,031,610	$ 4,207,443	$ 4,041,331	$ 3,825,463	$ 3,678,904	$ 2,853,827
Contributions in relation to statutorily required contributions	7,423,655	5,579,942	4,885,234	4,031,610	4,207,443	4,041,331	3,825,463	3,678,904	2,853,827
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 15,945,831	$ 15,536,974	$ 14,614,467	$ 14,538,153	$ 13,932,270	$ 13,309,299	$ 13,885,070	$ 13,427,369	$ 13,419,865
Contributions as a percentage of covered-employee payroll	46.56%	35.91%	33.43%	27.73%	30.20%	30.36%	27.55%	27.40%	21.27%

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

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

	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability	0.16702%	0.16596%	0.15992%	0.16164%	0.15672%	0.15931%
District's proportionate share of net OPEB liability	$ 3,537,692	$ 2,533,010	$ 8,567,252	$ 11,601,892	$ 12,457,608	$ 14,107,722
District's covered-employee payroll	$ 16,187,548	$ 14,952,469	$ 14,143,068	$ 14,105,347	$ 13,318,107	$ 13,440,641
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	21.85%	16.94%	60.58%	82.25%	93.54%	104.96%
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.

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

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 1,165,881	$ 1,211,354	$ 1,173,397	$ 949,303	$ 1,073,662	$ 948,470
Contributions in relation to statutorily required contributions	1,165,881	1,211,354	1,173,397	949,303	1,073,662	948,470
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 15,945,831	$ 15,536,974	$ 14,614,467	$ 14,538,153	$ 13,932,270	$ 13,309,299
Contributions as a percentage of covered-employee payroll	7.31%	7.80%	8.03%	6.53%	7.71%	7.13%

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.

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 – NON-MAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	$ 1,440,787	$ 2,019,136	$ 3,459,923
Due from other governmental funds	184,149	21,719	205,868
Due from other governmental units	9,483	-	9,483
Inventory	12,978	-	12,978
Total Assets	$ 1,647,397	$ 2,040,855	$ 3,688,252
Liabilities			
Accounts payable	$ 6,936	$ 500,493	$ 507,429
Unearned revenue	35,013	-	35,013
Due to other governmental funds	69,336	4,809	74,145
Total Liabilities	$ 111,285	$ 505,302	$ 616,587
Fund Balances			
Non-spendable inventory	$ 12,978	$ -	$ 12,978
Restricted for capital projects	-	1,535,553	1,535,553
Restricted for food service	807,691	-	807,691
Committed for student activities	715,443	-	715,443
Total Fund Balances	$ 1,536,112	$ 1,535,553	$ 3,071,665
Total Liabilities and Fund Balances	$ 1,647,397	$ 2,040,855	$ 3,688,252

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES–
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
Revenues			
Property taxes	$ -	$ 1,199,218	$ 1,199,218
Local sources	1,645,642	74,054	1,719,696
State sources	69,055	-	69,055
Federal sources	825,076	-	825,076
Earnings on investments	1,874	30,039	31,913
Total Revenues	$ 2,541,647	$ 1,303,311	$ 3,844,958
Expenditures			
Food service	$ 1,527,579	$ -	$ 1,527,579
Student activities	823,141	-	823,141
Capital outlay	-	1,430,461	1,430,461
Debt retirement:			
Principal on long-term debt	-	105,000	105,000
Interest on long-term debt	-	7,560	7,560
Total Expenditures	$ 2,350,720	$ 1,543,021	$ 3,893,741
Excess (Deficiency) of Revenues over (under) Expenditures	$ 190,927	$ (239,710)	$ (48,783)
Other Financing Sources (Uses)			
Operating transfers in	$ 9,245	$ -	$ 9,245
Operating transfers out	(30,000)	(33)	(30,033)
Total Other Financing Sources (Uses)	$ (20,755)	$ (33)	$ (20,788)
Net Change in Fund Balances	$ 170,172	$ (239,743)	$ (69,571)
Fund Balances - Beginning of year	1,365,940	1,775,296	3,141,236
Fund Balances - End of year	$ 1,536,112	$ 1,535,553	$ 3,071,665

COMBINING BALANCE SHEET– NON-MAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2023

	Food Service Fund	Student Activity Fund	Total Non-Major Special Revenue Funds
Assets			
Cash and cash equivalents	$ 899,413	$ 541,374	$ 1,440,787
Due from other governmental funds	1,628	182,521	184,149
Due from other governmental units	9,483	-	9,483
Inventory	12,978	-	12,978
Total Assets	$ 923,502	$ 723,895	$ 1,647,397
Liabilities			
Accounts payable	$ 112	$ 6,824	$ 6,936
Unearned revenue	35,013	-	35,013
Due to other governmental funds	67,708	1,628	69,336
Total Liabilities	$ 102,833	$ 8,452	$ 111,285
Fund Balances			
Non-spendable inventory	$ 12,978	$ -	$ 12,978
Restricted for food service	807,691	-	807,691
Committed for student activities	-	715,443	715,443
Total Fund Balances	$ 820,669	$ 715,443	$ 1,536,112
Total Liabilities and Fund Balances	$ 923,502	$ 723,895	$ 1,647,397

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES–
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2023

	Food Service Fund	Student Activity Fund	Total Non-Major Special Revenue Funds
Revenues			
Local sources	$ 694,153	$ 951,489	$ 1,645,642
State sources	69,055	-	69,055
Federal sources	825,076	-	825,076
Earnings on investments	1,874	-	1,874
Total Revenues	$ 1,590,158	$ 951,489	$ 2,541,647
Expenditures			
Food service	$ 1,527,579	$ -	$ 1,527,579
Student activities	-	823,141	823,141
Total Expenditures	$ 1,527,579	$ 823,141	$ 2,350,720
Excess of Revenues Over Expenditures	$ 62,579	$ 128,348	$ 190,927
Other Financing Sources (Uses)			
Operating transfers in	$ 9,245	$ -	$ 9,245
Operating transfers out	(30,000)	-	(30,000)
Total Other Financing Sources (Uses)	$ (20,755)	$ -	$ (20,755)
Net Change in Fund Balances	$ 41,824	$ 128,348	$ 170,172
Fund Balances - Beginning of year	778,845	587,095	1,365,940
Fund Balances - End of year	$ 820,669	$ 715,443	$ 1,536,112

COMBINING BALANCE SHEET –
NON-MAJOR CAPITAL PROJECTS FUNDS
AS OF JUNE 30, 2023

	Capital Projects Sinking Fund	2016/2020 Capital Projects Bond Fund	2022 Capital Projects Dickinson Park Fund	Total Non-Major Capital Projects Funds
Assets				
Cash and cash equivalents	$ 1,348,876	$ 670,260	$ -	$ 2,019,136
Due from other governmental funds	21,719	-	-	21,719
Total Assets	$ 1,370,595	$ 670,260	$ -	$ 2,040,855
Liabilities				
Accounts payable	$ 385,209	$ 115,284	$ -	$ 500,493
Due to other governmental funds	4,809	-	-	4,809
Total Liabilities	$ 390,018	$ 115,284	$ -	$ 505,302
Fund Balances				
Restricted for capital projects	$ 980,577	$ 554,976	$ -	$ 1,535,553
Total Fund Balances	$ 980,577	$ 554,976	$ -	$ 1,535,553
Total Liabilities and Fund Balances	$ 1,370,595	$ 670,260	$ -	$ 2,040,855

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES–
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2023

	Capital Projects Sinking Fund	2016/2020 Capital Projects Bond Fund	2022 Capital Projects Dickinson Park Fund	Total Non-Major Capital Projects Funds
Revenues				
Property taxes	$ 1,199,218	$ -	$ -	$ 1,199,218
Local sources	21,427	-	52,627	74,054
Earnings on investments	3,626	26,413	-	30,039
Total Revenues	$ 1,224,271	$ 26,413	$ 52,627	$ 1,303,311
Expenditures				
Capital outlay	1,232,764	145,335	52,362	1,430,461
Debt retirement:				
Principal on long-term debt	105,000	-	-	105,000
Interest on long-term debt	7,560	-	-	7,560
Total Expenditures	$ 1,345,324	$ 145,335	$ 52,362	$ 1,543,021
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (121,053)	$ (118,922)	$ 265	$ (239,710)
Other Financing Sources (Uses)				
Operating transfers out	$ -	$ -	$ (33)	$ (33)
Total Other Financing Sources (Uses)	$ -	$ -	$ (33)	$ (33)
Net Change in Fund Balances	$ (121,053)	$ (118,922)	$ 232	$ (239,743)
Fund Balances - Beginning of year	1,101,630	673,898	(232)	1,775,296
Fund Balances - End of year	$ 980,577	$ 554,976	$ -	$ 1,535,553

SINGLE AUDIT INFORMATION

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/Project Number	Federal Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 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	$ 100,723	$ -	$ -	$ 100,723	$ 100,723	$ -
Non-Cash Assistance (Donated Foods) - Bonus - 2022/2023	N/A	10.555	4,409	-	-	4,409	4,409	-
Total Non-Cash Assistance - National School Lunch Program			$ 105,132	$ -	$ -	$ 105,132	$ 105,132	$ -
Cash Assistance:								
National School Lunch Program	220910	10.555	$ 114,339	$ 56,676	$ -	$ 57,663	$ 57,663	$ -
National School Lunch Program	221960	10.555	54,828	-	-	54,828	54,828	-
National School Lunch Program	230910	10.555	31,380	-	-	31,380	31,380	-
National School Lunch Program	231960	10.555	469,643	-	-	469,643	469,643	-
Total Cash Assistance - National School Lunch Program			$ 670,190	$ 56,676	$ -	$ 613,514	$ 613,514	$ -
Total National Lunch Program			$ 775,322	$ 56,676	$ -	$ 718,646	$ 718,646	$ -
School Breakfast Program:								
School Breakfast Program	221970	10.553	$ 8,185	$ -	$ -	$ 8,185	$ 8,185	$ -
School Breakfast Program	231970	10.553	97,617	-	-	97,617	97,617	-
Total School Breakfast Program			$ 105,802	$ -	$ -	$ 105,802	$ 105,802	$ -
Total Cash Assistance			$ 775,992	$ 56,676	$ -	$ 719,316	$ 719,316	$ -
Total Child Nutrition Cluster			$ 881,124	$ 56,676	$ -	$ 824,448	$ 824,448	$ -
Pandemic EBT Local Level Costs								
COVID-19 - 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			**$ 881,752**	**$ 56,676**	**$ -**	**$ 825,076**	**$ 825,076**	**$ -**

The Notes to Schedule of Expenditures of Federal Awards is an integral part of this statement.

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	$ 174,362	$ 174,362	$ 41,985	$ 41,985	$ -	$ -
Title I, Part A 2023	231530	84.010	172,329	-	-	27,138	172,329	145,191
Total Title I, Part A			$ 346,691	$ 174,362	$ 41,985	$ 69,123	$ 172,329	$ 145,191
Student Support and Academic Enrichment Grant - Title IV, Part A								
Title IV, Part A 2022	220750	84.424	$ 16,194	$ 14,199	$ 14,199	$ 14,199	$ -	$ -
Title IV, Part A 2023	230750	84.424	14,695	-	-	-	5,534	5,534
Total Title IV, Part A			$ 30,889	$ 14,199	$ 14,199	$ 14,199	$ 5,534	$ 5,534
Improving Teacher Quality - Title II, Part A								
Title II, Part A 2022	220520	84.367	$ 65,666	$ 50,485	$ 50,485	$ 50,485	$ -	$ -
Title II, Part A 2023	230520	84.367	60,535	-	-	-	20,486	20,486
Total Title II, Part A			$ 126,201	$ 50,485	$ 50,485	$ 50,485	$ 20,486	$ 20,486
Education Stabilization Fund								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)								
Passed through Michigan Department of Education								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II) 20-21	213712	84.425D	$ 588,278	$ 470,496	$ 470,496	$ 470,496	$ 117,782	$ 117,782
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II) 21-22	213722	84.425D	40,700	40,700	40,700	40,700	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II) 21-22	213742	84.425D	48,400	48,400	48,400	48,400	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II) 21-22	213752	84.425D	25,000	25,000	25,000	25,000	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II) 22-23	213782	84.425D	152,316	-	-	-	108,583	108,583
Total COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)			$ 854,694	$ 584,596	$ 584,596	$ 584,596	$ 226,365	$ 226,365

The Notes to Schedule of Expenditures of Federal Awards is an integral part of this statement.

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, Concluded								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III) 21-22	213713	84.425U	$ 1,322,127	$ 1,322,127	$ 1,322,127	$ 1,322,127	$ -	$ -
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III) 21-22 - 11t	213723	84.425U	1,955,911	1,742,093	1,742,093	1,742,093	131,045	131,045
Total COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)			$ 3,278,038	$ 3,064,220	$ 3,064,220	$ 3,064,220	$ 131,045	$ 131,045
Total Education Stabilization Fund			$ 4,132,732	$ 3,648,816	$ 3,648,816	$ 3,648,816	$ 357,410	$ 357,410
Total Passed Through Michigan Department of Education			$ 4,636,513	$ 3,887,862	$ 3,755,485	$ 3,782,623	$ 555,759	$ 528,621
Passed through the Berrien RESA								
Career and Technical Education - Basic Grants to State	N/A	84.048	$ 36,445	$ -	$ -	$ 36,445	$ 36,445	$ -
Total Career and Technical Education - Basic Grants to State (Perkins V)			$ 36,445	$ -	$ -	$ 36,445	$ 36,445	$ -
Total U.S. Department of Education			**$ 4,672,958**	**$ 3,887,862**	**$ 3,755,485**	**$ 3,819,068**	**$ 592,204**	**$ 528,621**
U.S. Department of Health and Human Services								
Passed through the Berrien RESA								
Medicaid Cluster								
Medicaid Outreach - 2022-2023	N/A	93.778	$ 25,651	$ -	$ -	$ 25,651	$ 25,651	$ -
Total Medicaid Cluster			$ 25,651	$ -	$ -	$ 25,651	$ 25,651	$ -
Total U.S. Department of Health and Human Services			**$ 25,651**	**$ -**	**$ -**	**$ 25,651**	**$ 25,651**	**$ -**
Total Federal Financial Assistance			**$ 5,580,361**	**$ 3,944,538**	**$ 3,755,485**	**$ 4,669,795**	**$ 1,442,931**	**$ 528,621**

The Notes to Schedule of Expenditures of Federal Awards is an integral part of this statement.

SECTION I – SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	[ ] Yes	[X] No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	[ ] Yes	[X] None reported
Noncompliance material to financial statements noted?	[ ] Yes	[X] No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	[ ] Yes	[X] No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	[ ] Yes	[X] None reported

Type of auditors report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 2 CRF 200.516 (a)?	[ ] Yes	[X] No

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	[X] Yes	[ ] No

SECTION II –STATUS OF PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

SECTION III – FINANCIAL STATEMENT FINDINGS

There are no financial statement findings.

SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings or questioned costs.

NOTE 1. **BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of St. Joseph 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 low-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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein *certain* types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Passthrough entity identifying numbers are presented where available.

NOTE 3. **FOOD DISTRIBUTION**

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

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

The actual Federal source expenditures amounted to $1,442,931 per the audit of the financial statements. The related expenditures are composed of the following:

	Amount
Actual cash expenditures	$ 1,337,799
Entitlement commodities used	100,723
Entitlement bonus commodities used	4,409
	$ 1,442,931

NOTE 5. INDIRECT COSTS

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

NOTE 6. PASS-THROUGH SUBRECIPIENTS

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

MANAGEMENT COMPLIANCE LETTERS

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

To the Board of Education of
St. Joseph Public Schools
St. Joseph, 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 St. Joseph 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 23, 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. 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 23, 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
St. Joseph Public Schools
St. Joseph, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited St. Joseph 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 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.

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

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.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
October 23, 2023