



Bridgman Public School District  
Berrien County, Michigan

Financial Report  
June 30, 2021



St. Joseph, MI

**BRIDGMAN PUBLIC SCHOOL DISTRICT**  
**Bridgman, Michigan**  
**June 30, 2021**

BOARD OF EDUCATION

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SUPERINTENDENT

Shane Peters

BUSINESS MANAGER

Hether McIntyre

**BRIDGMAN PUBLIC SCHOOL DISTRICT**  
**Bridgman, Michigan**  
**June 30, 2021**

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**Bridgman, Michigan**  
**June 30, 2021**

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## INDEPENDENT AUDITOR’S REPORT

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

### **Report to the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgman Public School District (the “District”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

### *Management’s Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor’s Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

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 Bridgman Public School District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITOR'S REPORT, CONCLUDED

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2021, on our consideration of the School 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 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 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,



Certified Public Accountants

St. Joseph, Michigan  
October 19, 2021

Bridgman Public School District is a K-12 school district located in Berrien County, Michigan. The Management's Discussion and Analysis, a requirement of the Governmental Accounting Standards Board ("GASB") Statement No. 34 ("GASB 34"), is intended to be discussion and analysis of the financial results for the fiscal year ended June 30, 2020 of the management of Bridgman Public School District (the "District").

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

### **District-Wide Financial Statements**

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

### **Fund Financial Statements**

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

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Service Fund – QSCB and 2015 Refunding Bonds (a debt service fund), Recreation Fund, Student Activity Fund, and Food Services Fund (special revenue funds), Sinking Fund (a capital projects fund), and Debt Service Fund – 2012 Building and Site Bonds (a debt service fund).

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

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

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

**Analysis of Financial Position**

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

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets	\$ 7,684,754	\$ 6,398,203
Net capital assets	19,575,860	20,111,686
Total Assets	<u>\$ 27,260,614</u>	<u>\$ 26,509,889</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 7,555,134</u>	<u>\$ 7,906,646</u>
<b>Liabilities</b>		
Current liabilities	\$ 2,112,458	\$ 2,440,600
Noncurrent liabilities	34,738,332	35,243,217
Total Liabilities	<u>\$ 36,850,790</u>	<u>\$ 37,683,817</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 3,450,192</u>	<u>\$ 3,136,162</u>
<b>Net Position (Deficit)</b>		
Net investment in capital assets	\$ 9,012,147	\$ 8,080,600
Restricted	2,979,344	2,488,225
Unrestricted	(17,476,725)	(16,972,269)
Total Net Position (Deficit)	<u>\$ (5,485,234)</u>	<u>\$ (6,403,444)</u>

During fiscal year ended June 30, 2021, the District's net position increased by \$918,210. A few of the significant factors affecting net position during the year are discussed below.

**A. Current Assets**

The District's current assets increased by \$1,286,551 during the year, primarily due to an increase in cash and cash equivalents of \$940,210.



**B. Capital Assets**

The District's investment in capital assets decreased by \$535,826 during the year. The net activity for the year is summarized in the following table:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Assets not being depreciated	\$ 151,100	\$ -	\$ -	\$ 151,100
Assets being depreciated	37,396,393	507,936	-	37,904,329
Less: Accumulated depreciation	<u>(17,435,807)</u>	<u>(1,043,762)</u>	-	<u>(18,479,569)</u>
Net capital assets	<u>\$ 20,111,686</u>	<u>\$ (535,826)</u>	<u>\$ -</u>	<u>\$ 19,575,860</u>

Current year capital addition of \$507,936 is comprised of work related to the high school restroom renovation, the high school track, cafeteria flooring, exercise equipment, a new truck, and additional equipment.

**C. Deferred Outflows of Resources**

The District's deferred outflows of resources decreased by \$351,512 during the year, primarily due to a decrease in deferred outflows of resources related to pensions.

**D. Long-Term Debt**

During fiscal 2012, the District issued \$1,770,000 of general obligation – unlimited tax School Building and Site bonds. The proceeds were used for partially remodeling, furnishing, and equipping school facilities, and developing and improving sites. During the current fiscal year, the District made principal payments totaling \$315,000. This debt was paid off in the current fiscal year.

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

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

**Results of Operations**

**A. District-wide**

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

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
General Revenues		
Property taxes levied for general operations	\$ 10,773,396	\$ 10,719,526
Property taxes levied for recreational purposes	746,041	731,519
Property taxes levied for debt service purposes	1,604,282	1,573,271
Property taxes levied for capital project purposes	351,406	344,613
State aid not restricted to specific purposes	92,627	95,655
Other general revenues	198,450	239,164
Total general revenues	<u>\$ 13,766,202</u>	<u>\$ 13,703,748</u>
Operating Grants/Contributions		
Federal	\$ 1,549,715	\$ 869,501
State of Michigan	1,840,710	1,480,011
Other operating grants	301,495	158,640
Total operating grants/contributions	<u>\$ 3,691,920</u>	<u>\$ 2,508,152</u>
Capital Grants/Contributions		
Federal bond interest subsidy	\$ 431,555	\$ 487,349
Total capital grants/contributions	<u>\$ 431,555</u>	<u>\$ 487,349</u>
Charges for Services		
Food services	\$ 13,739	\$ 177,850
Student activities	96,477	160,656
Athletics	40,539	74,414
Recreation	7,142	42,951
Total charges for services	<u>\$ 157,897</u>	<u>\$ 455,871</u>
Total revenues	<u>\$ 18,047,574</u>	<u>\$ 17,155,120</u>
<b>Expenses</b>		
Instruction and instructional support	\$ 8,956,022	\$ 8,581,212
Support services	4,243,809	4,253,546
Food services	1,484,320	1,218,305
Student activities	96,109	159,034
Recreation	350,347	422,197
Athletics	304,076	392,558
Interest on long-term debt	650,919	720,869
Depreciation (unallocated)	1,043,762	1,029,327
Total expenses	<u>\$ 17,129,364</u>	<u>\$ 16,777,048</u>
<b>Change in Net Position</b>	<u>\$ 918,210</u>	<u>\$ 378,072</u>
<b>Beginning Net Position (Deficit)</b>	<u>(6,403,444)</u>	<u>(6,781,516)</u>
<b>Ending Net Position (Deficit)</b>	<u>\$ (5,485,234)</u>	<u>\$ (6,403,444)</u>

**B. General Fund****State of Michigan Aid (Net State Foundation Grant)**

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

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

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

**Student Enrollment**

The District's student enrollment for the fall count of 2020-2021 was 859 students. The District's enrollment decreased by 29 students from the prior year's student count. The following summarizes fall student enrollments for the past five years:

<u>Fiscal Year</u>	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2020-2021	859	(29)
2019-2020	888	10
2018-2019	878	29
2017-2018	849	(34)
2016-2017	883	(49)

Subsequent to year end June 30, 2021, preliminary student enrollments for 2021-2022 indicate enrollments will remain consistent with the fiscal 2021.

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

The District levies 8.3760 mills of property taxes for operations (General Fund) on Non-Homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property levy for the 2020-2021 fiscal year produced revenue of \$10,773,396. Revenue produced by the non-homestead tax levy increased by 0.5% percent over the prior year.

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

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

<u>Fiscal Year</u>	<u>Non-Homestead Tax Levy</u>	<u>% Change from Prior Year</u>
2020-2021	\$ 10,773,396	0.5%
2019-2020	10,719,526	3.6%
2018-2019	10,348,511	4.9%
2017-2018	9,867,388	7.9%
2016-2017	9,146,484	3.9%

Five Year Average Increase 4.16%

**C. Debt Service Funds**

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

For 2020-2021, the District's debt millage levies totaled 1.05 mills that generated revenue of \$1,604,282.

**D. Sinking Fund**

The District's Sinking Fund is to be used for capital repairs. The sinking fund levy is determined by the difference of 1.28 mills and the debt levy. For 2020-2021, this was .23 mills and resulted in Sinking Fund revenue of \$351,406. The maximum Sinking Fund levy is .5 mills.

**E. Recreation Fund**

The District's recreation fund levies are based on the taxable valuation of all properties – homestead and non-homestead. The recreation fund levy is used to maintain community pool and other recreation facilities within the District. For 2020-2021, the millage was .4884 mills and generated revenue of \$746,041.

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

The District's food and milk sales to students and adults decreased by \$164,111 to \$13,739 from the prior school year due the majority of the students and adults qualifying for free or reduced programs due to COVID-19. School breakfast, lunch, and milk prices did not change from the prior year. The total revenues from Food Services operations exceeded total expenditures and transfers out for the year by \$129,798.

**G. Student Activity Fund**

The District's student activity fund is used to account for different student activities. This fund was created with the implementation of GASB Statement No. 84, *Fiduciary Activities*, which the District adopted during fiscal 2019-2020.

**General Fund Expenditures Budget Vs. Actual—Five Year History**

<u>Fiscal Year</u>	<u>Expenditures</u>			<u>Variance:</u>	<u>Variance:</u>
	<u>Preliminary Budget</u>	<u>Expenditures Final Budget</u>	<u>Expenditures Final Audit</u>	<u>Audit vs. Prelim. Budget</u>	<u>Audit vs. Final Budget</u>
2020-2021	\$ 12,719,269	\$ 13,240,294	\$ 13,142,166	-3.32%	0.74%
2019-2020	12,393,217	12,674,414	12,619,198	-1.82%	0.44%
2018-2019	12,138,303	12,380,578	12,332,933	-1.60%	0.38%
2017-2018	11,772,943	12,059,385	12,082,792	-2.63%	-0.19%
2016-2017	10,908,599	11,155,698	11,146,148	-2.18%	0.09%
Five Year Average (-Over/Under) Budget				-2.31%	0.29%

**General Fund Revenues Budget Vs. Actual—Five Year History**

<u>Fiscal Year</u>	<u>Revenues</u>			<u>Variance:</u>	<u>Variance:</u>
	<u>Preliminary Budget</u>	<u>Revenues Final Budget</u>	<u>Revenues Final Audit</u>	<u>Audit vs. Prelim. Budget</u>	<u>Audit vs. Final Budget</u>
2020-2021	\$ 12,857,655	\$ 13,780,261	\$ 13,817,267	7.46%	0.27%
2019-2020	12,423,918	13,035,757	12,883,975	3.70%	-1.16%
2018-2019	12,262,800	12,678,824	12,670,498	3.32%	-0.07%
2017-2018	11,821,329	12,228,401	12,198,043	3.19%	-0.25%
2016-2017	10,954,070	11,309,090	11,303,326	3.19%	-0.05%
Five Year Average (Over/-Under) Budget				4.17%	-0.25%

**Original vs. Final Budget**

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

As a matter of practice, the District may amend its budget during the school year. For the 2020-2021 year, the District amended its original budget in January 2021 and June 2021.

**Factors Bearing on District’s Future**

Management continues to monitor the market and make budget decisions using all available information. With the current Coronavirus situation, students are in-person for instruction during the 2021/2022 school year. Federal funds have been allocated to the District to help offset some of the costs associated with the current pandemic.

**Contacting the District's Financial Management**

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

**BRIDGMAN PUBLIC SCHOOL DISTRICT**STATEMENT OF NET POSITION  
JUNE 30, 2021

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,748,977
Receivables	220,646
Due from other governmental units	519,578
Inventories	37,231
Prepaid expenditures	158,322
Capital assets not being depreciated	151,100
Capital assets being depreciated, net	19,424,760
<b>Total Assets</b>	<b>\$ 27,260,614</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to pensions	\$ 5,509,419
Deferred outflows of resources related to OPEB	1,908,620
Deferred interest charges on bond issuance	137,095
<b>Total Deferred Outflows of Resources</b>	<b>\$ 7,555,134</b>
<b>Liabilities</b>	
Accounts payable	\$ 144,084
Accrued payroll and other liabilities	687,290
Accrued interest	96,738
Unearned revenue	22,181
Noncurrent liabilities	
Long-term debt, due within one year	1,162,165
Long-term debt, due in more than one year	9,538,643
Net pension liability	21,772,416
Net OPEB liability	3,427,273
<b>Total Liabilities</b>	<b>\$ 36,850,790</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to pensions	\$ 892,327
Deferred inflows of resources related to OPEB	2,557,865
<b>Total Deferred Inflows of Resources</b>	<b>\$ 3,450,192</b>
<b>Net Position (Deficit)</b>	
Net investment in capital assets	\$ 9,012,147
Restricted for:	
Capital projects	1,060,603
Debt service	661,937
Recreation	1,256,804
Unrestricted	(17,476,725)
<b>Total Net Position (Deficit)</b>	<b>\$ (5,485,234)</b>

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

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>	<u>Capital Grants/ Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Primary government -					
Governmental activities:					
Instruction	\$ 8,956,022	\$ -	\$ 3,665,129	\$ -	\$ (5,290,893)
Support services	4,243,809	-	-	-	(4,243,809)
Food services	1,484,320	13,739	26,791	-	(1,443,790)
Student activities	96,109	96,477	-	-	368
Recreation	350,347	7,142	-	-	(343,205)
Athletics	304,076	40,539	-	-	(263,537)
Interest on long-term debt	650,919	-	-	431,555	(219,364)
Depreciation (unallocated)	1,043,762	-	-	-	(1,043,762)
	<u>\$ 17,129,364</u>	<u>\$ 157,897</u>	<u>\$ 3,691,920</u>	<u>\$ 431,555</u>	<u>\$ (12,847,992)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					\$ 10,773,396
Property taxes, levied for recreational purposes					746,041
Property taxes, levied for debt service purposes					1,604,282
Property taxes, levied for capital project purposes					351,406
State aid not restricted to specific purposes					92,627
Interest and investment earnings					124,138
Other					74,312
Total general revenues					<u>\$ 13,766,202</u>
<b>Change in Net Position</b>					\$ 918,210
<b>Net Position (Deficit) - beginning of year</b>					(6,403,444)
<b>Net Position (Deficit) - end of year</b>					<u>\$ (5,485,234)</u>

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

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Debt Service Fund- QSCB and 2015 Refunding Bonds</u>	<u>Sinking Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 3,418,842	\$ 1,261,919	\$ 438,056	\$ 1,059,900	\$ 570,260	\$ 6,748,977
Receivables	-	-	220,646	-	-	220,646
Due from other governmental units	404,155	159	342	75	51,711	456,442
Due from other governmental funds	-	1,211	2,893	628	4	4,736
Inventories	27,715	-	-	-	9,516	37,231
Prepaid expenditures	158,322	-	-	-	-	158,322
Total Assets	<u>\$ 4,009,034</u>	<u>\$ 1,263,289</u>	<u>\$ 661,937</u>	<u>\$ 1,060,603</u>	<u>\$ 631,491</u>	<u>\$ 7,626,354</u>
<b>Liabilities</b>						
Accounts payable	\$ 78,859	\$ 6,485	\$ -	\$ -	\$ 58,740	\$ 144,084
Accrued salaries and other liabilities	687,290	-	-	-	-	687,290
Unearned revenue	22,181	-	-	-	-	22,181
Due to other governmental funds	4,736	-	-	-	-	4,736
Total Liabilities	<u>\$ 793,066</u>	<u>\$ 6,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,740</u>	<u>\$ 858,291</u>
<b>Fund Balances</b>						
Non-spendable - inventories	\$ 27,715	\$ -	\$ -	\$ -	\$ 9,516	\$ 37,231
Non-spendable - prepaid items	158,322	-	-	-	-	158,322
Restricted for capital projects	-	-	-	1,060,603	-	1,060,603
Restricted for debt retirement	-	-	661,937	-	-	661,937
Restricted for food services	-	-	-	-	423,269	423,269
Committed for student activities	-	-	-	-	139,966	139,966
Restricted for recreation	-	1,256,804	-	-	-	1,256,804
Unassigned	3,029,931	-	-	-	-	3,029,931
Total Fund Balances	<u>\$ 3,215,968</u>	<u>\$ 1,256,804</u>	<u>\$ 661,937</u>	<u>\$ 1,060,603</u>	<u>\$ 572,751</u>	<u>\$ 6,768,063</u>
Total Liabilities and Fund Balances	<u>\$ 4,009,034</u>	<u>\$ 1,263,289</u>	<u>\$ 661,937</u>	<u>\$ 1,060,603</u>	<u>\$ 631,491</u>	<u>\$ 7,626,354</u>

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



**BRIDGMAN PUBLIC SCHOOL DISTRICT****RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
JUNE 30, 2021**

**Total Fund Balances - Governmental Funds** **\$ 6,768,063**

Amounts reported for governmental activities in the Statement  
of Net Position are different because:

Accrued federal receivable for interest subsidy related to the 2010 QSCB bond  
issuance that will be received after 60 days but earned by year-end. 63,136

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

Cost of the capital assets 38,055,429  
Accumulated depreciation (18,479,569)

Deferred outflows of resources related to:

Pensions 5,509,419  
OPEB 1,908,620

Long-term liabilities are not due and payable in the current  
period and are not reported in the funds.

Bonds payable (10,555,000)  
Unamortized premiums (145,808)

Net pension liability (21,772,416)

Net OPEB liability (3,427,273)

Accrued interest on long-term debt is not included as a liability in  
governmental funds, it is recorded when paid. (96,738)

Deferred interest charges from bond refundings are not capitalized in the  
governmental funds. 137,095

Deferred inflows of resources related to benefit changes in assumptions and  
in differences between projected and actual earnings on pension plan investments.

Pensions (892,327)  
OPEB (2,557,865)

**Total Net Position (Deficit) - Governmental Activities** **\$ (5,485,234)**

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

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2021

	<b>General Fund</b>	<b>Recreation Fund</b>	<b>Debt Service Fund- QSCB and 2015 Refunding Bonds</b>	<b>Sinking Fund</b>	<b>Other Non-Major Governmental Funds</b>	<b>Total</b>
<b>Revenues</b>						
Property taxes	\$ 10,773,396	\$ 746,041	\$ 1,302,316	\$ 351,406	\$ 301,966	\$ 13,475,125
Local sources	103,466	7,142	10,395	990	110,216	232,209
State sources	1,906,546	-	-	-	26,791	1,933,337
Federal sources	629,364	-	441,287	-	920,351	1,991,002
Intermediate sources	301,399	-	96	-	-	301,495
Earnings on investments	103,096	11,121	-	9,921	-	124,138
Total Revenues	<u>\$ 13,817,267</u>	<u>\$ 764,304</u>	<u>\$ 1,754,094</u>	<u>\$ 362,317</u>	<u>\$ 1,359,324</u>	<u>\$ 18,057,306</u>
<b>Expenditures</b>						
Instruction and instructional support services	\$ 7,943,082	\$ -	\$ -	\$ -	\$ -	\$ 7,943,082
Support services	5,000,561	-	-	-	-	5,000,561
Food service	-	-	-	-	737,918	737,918
Student activities	-	-	-	-	96,109	96,109
Recreation	-	350,347	-	-	-	350,347
Debt service						
Principal	-	-	1,150,000	-	315,000	1,465,000
Interest	-	-	646,876	-	7,290	654,166
Intergovernmental payments	2,914	-	-	-	-	2,914
Capital outlay	195,609	94,621	-	127,428	93,165	510,823
Total Expenditures	<u>\$ 13,142,166</u>	<u>\$ 444,968</u>	<u>\$ 1,796,876</u>	<u>\$ 127,428</u>	<u>\$ 1,249,482</u>	<u>\$ 16,760,920</u>
Excess (Deficiency) of Revenues Over (Under)						
Expenditures	<u>\$ 675,101</u>	<u>\$ 319,336</u>	<u>\$ (42,782)</u>	<u>\$ 234,889</u>	<u>\$ 109,842</u>	<u>\$ 1,296,386</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	\$ -	\$ -	\$ 43,490	\$ -	\$ -	\$ 43,490
Operating transfers out	-	-	-	-	(43,490)	(43,490)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,490</u>	<u>\$ -</u>	<u>\$ (43,490)</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 675,101	\$ 319,336	\$ 708	\$ 234,889	\$ 66,352	\$ 1,296,386
Fund Balances - Beginning of year	2,540,867	937,468	661,229	825,714	506,399	5,471,677
Fund Balances - End of year	<u>\$ 3,215,968</u>	<u>\$ 1,256,804</u>	<u>\$ 661,937</u>	<u>\$ 1,060,603</u>	<u>\$ 572,751</u>	<u>\$ 6,768,063</u>

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

**BRIDGMAN PUBLIC SCHOOL DISTRICT****RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,296,386</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	(1,043,762)
Capital additions	507,936
Accrued federal receivable for interest subsidy related to the 2010 QSCB bond issuance that will be received after 60 days but earned for full accrual by year-end.	(9,732)
Repayment of bond principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	1,465,000
Change in benefit expense related to pension	(1,796,159)
Change in benefit expense related to OPEB	483,133
Amortization expense for bond premium	12,161
Current year use of deferred interest charges associated with the issuance of the 2015 refunding bonds	(9,792)
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	<u>13,039</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 918,210</u></u></b>

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

**District-Wide and Fund Financial Statements**

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

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

Separate financial statements are provided for governmental funds 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)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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

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

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

The District reports the following major governmental funds:

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

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

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

**The Sinking Fund** is used to account for financial resources that are restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Concluded)**

Additionally, the District reports the following fund types:

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

**Debt Service Funds** are used to account for the accumulation of resources for, and the payments of, the long-term debt principal, interest, and other related costs. The non-major debt service fund maintained by the District is the Debt Service Fund - 2012 Building and Site Bonds.

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

**Deposits and Investments** – Cash and investments 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.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.”

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)**

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

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

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

**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. 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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)**

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

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

**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 is recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

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

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

The following are definitions for the five fund balance classifications:

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



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Concluded)**

**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.

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

**Pension and Other Postemployment Benefit (“OPEB”) Plans** – For the purposes of measuring the net pension and net OPEB 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 (“MPERS”) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

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

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

**Net Position Deficit** – As of June 30, 2021, the District-wide Statement of Net Position had a cumulative net deficit of \$5,485,234.

**NOTE 2. DEPOSITS AND INVESTMENTS**

At year-end, the District’s deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	<u>\$ 6,748,977</u>

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

**Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2021, \$6,299,160 of the District’s bank balances of \$7,049,160 was exposed to custodial credit risk, because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department, but not in the District’s name.

**NOTE 2. DEPOSITS AND INVESTMENTS (CONCLUDED)**

**Investments:** State law permits investments in: 1) Bonds and other obligations of the United States Governments, 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC and FSLIC, respectively, 3) Certain commercial paper, 4) United States Government repurchase agreements, 5) Banker's acceptance of the United States Bank, and 6) Certain mutual funds. The District has put further restrictions on those investments through its current policy. As of June 30, 2021, the District had no investments.

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

**Credit Risk:** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by Nationally Recognized Statistical Rating Organizations ("NRSRO's"). As of June 30, 2021, 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, 2021, 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, 2021, the District had no investments.

**Fair Value Measurement** – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The District had no assets with recurring fair value measurements as of June 30, 2021.

**NOTE 3. CAPITAL ASSETS**

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Assets not being depreciated:				
Land	\$ 151,100	\$ -	\$ -	\$ 151,100
Subtotal	<u>\$ 151,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,100</u>
Capital assets being depreciated:				
Building and building improvements	\$ 29,411,866	\$ 115,739	\$ -	\$ 29,527,605
Land improvements	3,488,835	180,226	-	3,669,061
Buses and other vehicles	1,452,200	34,672	-	1,486,872
Furniture and equipment	3,043,492	177,299	-	3,220,791
Subtotal	<u>\$ 37,396,393</u>	<u>\$ 507,936</u>	<u>\$ -</u>	<u>\$ 37,904,329</u>
Accumulated depreciation:				
Building and building improvements	\$ 12,510,440	\$ 569,484	\$ -	\$ 13,079,924
Land improvements	1,554,843	172,650	-	1,727,493
Buses and other vehicles	1,217,672	33,391	-	1,251,063
Furniture and equipment	2,152,852	268,237	-	2,421,089
Subtotal	<u>\$ 17,435,807</u>	<u>\$ 1,043,762</u>	<u>\$ -</u>	<u>\$ 18,479,569</u>
Net capital assets being depreciated	<u>\$ 19,960,586</u>			<u>\$ 19,424,760</u>
Net capital assets	<u>\$ 20,111,686</u>			<u>\$ 19,575,860</u>

Depreciation expense of \$1,043,762 was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances is as follows:

<b>Due To/From Other Funds:</b>		
Receivable Fund	Payable Fund	Amount
Food Services Fund	General Fund	\$ 4
Recreation Fund	General Fund	1,211
Debt Service Fund - QSCB and 2015		
Refunding Bonds	General Fund	2,893
Sinking Fund	General Fund	628

The amount due from General Fund to Food Services is related to the allocation of At Risk income to food services. All other amounts due between funds arise from tax allocations.

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS, CONCLUDED**

The following are the interfund transfers that occurred during the year:

<b>Interfund Transfers:</b>		
Transfer In:	Transfer Out:	Amount
Debt Service Fund- QSCB and 2015 Refunding Bonds	Debt Service Fund - 2012 Building and Site Bonds	\$ 43,490

The QSCB and 2015 Refunding Bonds Fund transfers monies to the Building and Site Debt Service Fund to close the bank account, as the related debt was paid off.

**NOTE 5. LONG-TERM DEBT**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
Bonds	\$ 12,020,000	\$ -	\$ (1,465,000)	\$ 10,555,000	\$ 1,150,000
Unamortized premiums	157,973	-	(12,165)	145,808	12,165
<b>Total Long-Term Debt</b>	<b>\$ 12,177,973</b>	<b>\$ -</b>	<b>\$ (1,477,165)</b>	<b>\$ 10,700,808</b>	<b>\$ 1,162,165</b>

***Governmental Activities:***

General obligation bonds consist of:

\$15,000,000 - 2010 School Building and Site Bonds, Series A, QSCB, (general obligation - unlimited tax); payable in installments of \$1,150,000 to \$1,175,000 beginning May 1, 2015 through May 1, 2027; interest from 3.8% to 6.50%.	\$ 6,950,000
\$3,605,000 - 2015 Refunding Bonds (general obligation - unlimited tax); payable in installments of \$72,100 to \$594,200 beginning May 1, 2016 through May 1, 2035; interest at 4.0%.	3,605,000
	\$ 10,555,000

**NOTE 5. LONG-TERM DEBT (CONCLUDED)**

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

	Principal	Interest	Total
2022	\$ 1,150,000	\$ 580,426	\$ 1,730,426
2023	1,150,000	512,000	1,662,000
2024	1,150,000	443,576	1,593,576
2025	1,150,000	371,700	1,521,700
2026	1,175,000	296,950	1,471,950
2027-2031	2,975,000	689,376	3,664,376
2032-2035	1,805,000	180,800	1,985,800
Unamortized premiums	145,808	-	145,808
	<u>\$ 10,700,808</u>	<u>\$ 3,074,828</u>	<u>\$ 13,775,636</u>

Interest expense of \$650,919 was not allocated, as the District considers its debt impacts multiple activities and allocation is not practical. Future interest payments listed in the above schedules are presented gross, and have not been offset by the interest subsidy anticipated to be received by the federal government for the Qualified School Construction Bonds.

**Defeased Debt** – During fiscal 2016, the District defeased \$3,675,000 of unlimited tax refunding bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future interest and principal payments totaling \$6,299,786. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of June 30, 2021, the amount of defeased debt outstanding, but removed from the District's financial statements, is \$3,675,000. The final payment date for the 2015 refunding bonds is May 1, 2035.

**NOTE 6. RISK MANAGEMENT**

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

**NOTE 7. PROVISION FOR UNCOLLECTIBLE PROPERTY TAXES**

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

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

**NOTE 8. UNEARNED/UNAVAILABLE REVENUE**

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

Description	Unavailable	Unearned
At Risk (31A)	\$ -	\$ 14,370
Early Literacy	-	4,893
Other amounts	-	2,918
Total	\$ -	\$ 22,181

**NOTE 9. SINKING FUND EXPENDITURES**

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

**NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM**

**Plan Description** - The Michigan Public School Employees’ Retirement System (“MPERS”) (“System”) is a costsharing, 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. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.michigan.gov/orsschools](http://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.

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

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

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

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

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

**Pension Reform 2010** - On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of 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.



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

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
- MIP-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

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

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

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

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.

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

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

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

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

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

**Retiree Healthcare Reform of 2012** - Public Act 300 of 2012 granted all active members of MPSERS, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

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

**Regular Retirement (no reduction factor for age) - Eligibility** - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For 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 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, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

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

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

	<u>Pension</u>	<u>Other Postemployment Benefits</u>
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were \$1,915,373.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were \$462,725.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 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**

<u>employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total pension liability	\$ 85,290,583,799	\$ 83,442,507,212
Plan fiduciary net position	50,939,496,006	50,325,869,388
Net pension liability	34,351,087,793	33,116,637,824
Proportionate share	0.063382%	0.060707%
Net pension liability for the District	21,772,416	20,104,031

For the year ended June 30, 2021, the District recognized pension expense of \$3,571,671.

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

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 332,665	\$ 46,470
Changes of assumptions	2,412,593	-
Net difference between projected and actual earnings on pension plan investments	91,478	-
Changes in proportion and differences between District contributions and proportionate share of contributions	915,797	17,070
District contributions subsequent to the measurement date*	1,756,886	-
Revenues in support of contributions subsequent to the measurement date	-	828,787
<b>Total</b>	<b>\$ 5,509,419</b>	<b>\$ 892,327</b>

Deferred inflows of resources of \$828,787 resulting from the pension portion of State Aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2022.

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:
2021	\$ 1,610,285
2022	1,167,650
2023	684,062
2024	226,996
	<u>\$ 3,688,993</u>

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

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

**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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 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**

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Total other postemployment benefits liability	\$ 13,206,903,534	\$ 13,925,860,688
Plan fiduciary net position	7,849,636,555	6,748,112,668
Net other postemployment liability	5,357,266,979	7,177,748,020
Proportionate share	0.06397%	0.06184%
Net other postemployment benefits liability for the District	3,427,273	4,438,378

For the year ended June 30, 2021, the District recognized OPEB expense of (\$8,554). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 28,604	\$ 2,553,639
Change of assumptions	1,130,040	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	354,489	4,226
District contributions subsequent to the measurement date	395,487	-
<b>Total</b>	<b>\$ 1,908,620</b>	<b>\$ 2,557,865</b>

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

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:
2021	\$ (292,613)
2022	(252,741)
2023	(194,011)
2024	(156,847)
2025	(148,520)
	<u>\$ (1,044,732)</u>

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

**Actuarial Assumptions** - The total pension liability and total OPEB liability as of September 30, 2020 is based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension and OPEB liabilities were determined using the following actuarial assumptions:

Summary of Actuarial Assumptions

Actuarial cost method	Entry Age, Normal
Wage inflation rate	3.00%
Investment rate of return - Pension	6.00 - 6.80%
Investment rate of return - OPEB	6.95%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disable Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

**Experience study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. 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, 2019 Comprehensive Annual Financial Report.

**The long-term expected rate of return on pension and other postemployment benefit plan investments** - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, 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** - 7.0% 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 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

The target asset allocation as September 30, 2020 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%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Real Return / Opportunistic Pools	12.5%	6.6%
Absolute Return Pools	9.0%	3.2%
Short-Term Investment Pools	2.0%	-0.1%
<b>TOTAL</b>	<b>100.0%</b>	

\*Long-term rates of return are net of administrative expenses and 2.1% inflation.

**Rate of Return** - For fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24% 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 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). 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 6.95% 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 6.95%. 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 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONCLUDED)**

**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 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
\$ 28,180,696	\$ 21,772,416	\$ 16,461,376

**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 6.95%, 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:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 4,402,722	\$ 3,427,273	\$ 2,606,027

**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 of 7.0% (decreasing to 3.5%), 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:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
\$ 2,574,583	\$ 3,427,273	\$ 4,397,103

**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 2020 Comprehensive Annual Financial Report.

**Payable to the pension and OPEB plan** - At year end, the 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 UAAL.

**NOTE 11. OTHER BENEFITS**

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

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

**NOTE 12. CONTINGENT LIABILITIES**

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

**NOTE 13. TAX ABATEMENT**

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by various municipalities within the District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. For the fiscal year ended June 30, 2021, the District’s property tax revenues were reduced by \$2,350 under these programs.

**NOTE 14. UPCOMING PRONOUNCEMENTS**

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to increase the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

**NOTE 14. UPCOMING PRONOUNCEMENTS (CONCLUDED)**

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. 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. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

**NOTE 15. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 19, 2021, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY SCHEDULE  
 BUDGETARY COMPARISON SCHEDULE — GENERAL FUND  
 YEAR ENDED JUNE 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance (Negative) Positive</b>
<b>Revenues</b>				
Property taxes	\$ 10,792,619	\$ 10,771,823	\$ 10,773,396	\$ 1,573
Local sources	253,400	228,609	103,466	(125,143)
State sources	1,296,448	1,878,947	1,906,546	27,599
Federal sources	145,168	595,512	629,364	33,852
Intermediate sources	140,000	205,331	301,399	96,068
Earnings on investments	80,020	100,039	103,096	3,057
Total Revenues	<u>\$ 12,707,655</u>	<u>\$ 13,780,261</u>	<u>\$ 13,817,267</u>	<u>\$ 37,006</u>
<b>Expenditures</b>				
Instruction				
Basic programs	\$ 6,227,523	\$ 6,349,493	\$ 6,281,675	\$ 67,818
Added needs	1,360,052	1,565,930	1,520,308	45,622
Adult and continuing education	129,421	141,106	141,099	7
Supporting services				
Pupil	780,058	946,879	980,850	(33,971)
Instructional staff	328,948	349,279	330,055	19,224
General administration	458,624	443,695	423,573	20,122
School administration	833,685	875,551	915,861	(40,310)
Business services	351,145	445,579	441,172	4,407
Athletics	505,756	368,124	284,527	83,597
Operations and maintenance	1,338,204	1,323,804	1,314,766	9,038
Transportation	396,503	312,619	309,757	2,862
Capital outlay	-	115,319	195,609	(80,290)
Intergovernmental payments	9,350	2,916	2,914	2
Total Expenditures	<u>\$ 12,719,269</u>	<u>\$ 13,240,294</u>	<u>\$ 13,142,166</u>	<u>\$ 98,128</u>
Excess (Deficit) of Revenues Over (Under)				
Expenditures	<u>\$ (11,614)</u>	<u>\$ 539,967</u>	<u>\$ 675,101</u>	<u>\$ 135,134</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Other Financing Sources (Uses)	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 138,386	\$ 539,967	\$ 675,101	<u>\$ 135,134</u>
Fund Balances - Beginning of year	<u>2,540,867</u>	<u>2,540,867</u>	<u>2,540,867</u>	
Fund Balances - End of year	<u><u>\$ 2,679,253</u></u>	<u><u>\$ 3,080,834</u></u>	<u><u>\$ 3,215,968</u></u>	

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

**BRIDGMAN PUBLIC SCHOOL DISTRICT****REQUIRED SUPPLEMENTARY SCHEDULE  
BUDGETARY COMPARISON SCHEDULE — RECREATION FUND  
YEAR ENDED JUNE 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance (Negative) Positive</b>
<b>Revenues</b>				
Property taxes	\$ 734,392	\$ 744,669	\$ 746,041	\$ 1,372
Local sources	42,000	2,750	7,142	4,392
Earnings on investments	10,000	9,941	11,121	1,180
Total Revenues	<u>\$ 786,392</u>	<u>\$ 757,360</u>	<u>\$ 764,304</u>	<u>\$ 6,944</u>
<b>Expenditures</b>				
Recreation	\$ 487,010	\$ 344,478	\$ 350,347	\$ (5,869)
Capital outlay	95,000	95,000	94,621	379
Total Expenditures	<u>\$ 582,010</u>	<u>\$ 439,478</u>	<u>\$ 444,968</u>	<u>\$ (5,490)</u>
Excess of Revenues over Expenditures	<u>\$ 204,382</u>	<u>\$ 317,882</u>	<u>\$ 319,336</u>	<u>\$ 1,454</u>
Net Change in Fund Balances	\$ 204,382	\$ 317,882	\$ 319,336	<u>\$ 1,454</u>
Fund Balances - Beginning of year	937,468	937,468	937,468	
Fund Balances - End of year	<u>\$ 1,141,850</u>	<u>\$ 1,255,350</u>	<u>\$ 1,256,804</u>	

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

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of net pension liability	0.06338%	0.06071%	0.05894%	0.05843%	0.05656%	0.05652%	0.05188%
District's proportionate share of net pension liability	\$ 21,772,416	\$ 20,104,031	\$ 17,717,731	\$ 15,144,001	\$ 14,111,958	\$ 13,804,730	\$ 11,426,867
District's covered-employee payroll	\$ 5,652,652	\$ 5,396,425	\$ 4,996,976	\$ 4,961,329	\$ 4,770,734	\$ 4,874,967	\$ 4,630,281
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	385.17%	372.54%	354.57%	305.24%	295.80%	283.18%	246.79%
Plan fiduciary net position as a percentage of total pension liability	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.*



**BRIDGMAN PUBLIC SCHOOL DISTRICT**

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 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 1,915,373	\$ 1,728,806	\$ 1,602,852	\$ 1,498,981	\$ 1,396,936	\$ 1,314,076	\$ 1,022,706
Contributions in relation to statutorily required contributions	<u>1,915,373</u>	<u>1,728,806</u>	<u>1,602,852</u>	<u>1,498,981</u>	<u>1,396,936</u>	<u>1,314,076</u>	<u>1,022,706</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,862,095	\$ 5,603,177	\$ 5,334,809	\$ 4,935,377	\$ 5,098,838	\$ 4,896,859	\$ 7,868,348
Contributions as a percentage of covered-employee payroll	32.67%	30.85%	30.05%	30.37%	27.40%	26.84%	21.01%

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.*

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of net OPEB liability	0.06397%	0.06184%	0.05875%	0.05824%
District's proportionate share of net OPEB liability	\$ 3,427,273	\$ 4,438,378	\$ 4,669,877	\$ 5,157,688
District's covered-employee payroll	\$ 5,396,425	\$ 5,396,425	\$ 4,996,976	\$ 4,961,329
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	63.51%	82.25%	93.45%	103.96%
Plan fiduciary net position as a percentage of total OPEB liability	59.76%	48.67%	43.10%	36.53%

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

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

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 462,725	\$ 437,152	\$ 414,699	\$ 352,970
Contributions in relation to statutorily required contributions	<u>462,725</u>	<u>437,152</u>	<u>414,699</u>	<u>352,970</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,862,095	\$ 5,603,177	\$ 5,334,809	\$ 4,935,377
Contributions as a percentage of covered-employee payroll	7.89%	7.80%	7.77%	7.15%

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

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

## **BRIDGMAN PUBLIC SCHOOL DISTRICT**

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021

### **Pension Information:**

There were no changes of benefit terms for the plan year ended September 30, 2020.

There were no changes of assumptions for the plan year ended September 30, 2020.

### **OPEB Information:**

There were no changes of benefit terms for the plan year ended September 30, 2020.

Changes of OPEB assumptions – the assumption changes for the plan year ended September 30, 2020, were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

### **Stewardship, Compliance, and Accountability**

Excess of Expenditures over Appropriations in Budgeted Funds – See previous Budgetary Comparison Schedules for budget variances as they apply to the District.

**OTHER SUPPLEMENTARY  
INFORMATION**

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2021

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Food Services Fund</u>	<u>Student Activity Fund</u>	<u>Debt Service Fund - 2012 Building and Site Bonds</u>	
<b>Assets</b>				
Cash and investments	\$ 430,294	\$ 139,966	\$ -	\$ 570,260
Due from other governmental units	51,711	-	-	51,711
Due from other governmental funds	4	-	-	4
Inventories	9,516	-	-	9,516
Total Assets	<u>\$ 491,525</u>	<u>\$ 139,966</u>	<u>\$ -</u>	<u>\$ 631,491</u>
<b>Liabilities</b>				
Accounts payable	\$ 58,740	\$ -	\$ -	\$ 58,740
Total Liabilities	<u>\$ 58,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,740</u>
<b>Fund Balances</b>				
Non-spendable - inventories	\$ 9,516	\$ -	\$ -	\$ 9,516
Restricted for food services	423,269	-	-	423,269
Committed for student activities	-	139,966	-	139,966
Total Fund Balances	<u>\$ 432,785</u>	<u>\$ 139,966</u>	<u>\$ -</u>	<u>\$ 572,751</u>
Total Liabilities and Fund Balances	<u>\$ 491,525</u>	<u>\$ 139,966</u>	<u>\$ -</u>	<u>\$ 631,491</u>

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	
	<u>Food Services Fund</u>	<u>Student Activity Fund</u>	<u>Debt Service Fund - 2012 Building and Site Bonds</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 301,966	\$ 301,966
Local sources	13,739	96,477	-	110,216
State sources	26,791	-	-	26,791
Federal sources	920,351	-	-	920,351
Total Revenues	<u>\$ 960,881</u>	<u>\$ 96,477</u>	<u>\$ 301,966</u>	<u>\$ 1,359,324</u>
<b>Expenditures</b>				
Food service	\$ 737,918	\$ -	\$ -	\$ 737,918
Student activities	-	96,109	-	96,109
Debt service				
Principal payments	-	-	315,000	315,000
Interest	-	-	7,290	7,290
Capital outlay	93,165	-	-	93,165
Total Expenditures	<u>\$ 831,083</u>	<u>\$ 96,109</u>	<u>\$ 322,290</u>	<u>\$ 1,249,482</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	\$ -	\$ -	\$ (43,490)	\$ (43,490)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,490)</u>	<u>\$ (43,490)</u>
Net Change in Fund Balances	\$ 129,798	\$ 368	\$ (63,814)	\$ 66,352
Fund Balances - Beginning of year	302,987	139,598	63,814	506,399
Fund Balances - End of year	<u>\$ 432,785</u>	<u>\$ 139,966</u>	<u>\$ -</u>	<u>\$ 572,751</u>

## **SINGLE AUDIT INFORMATION**



**BRIDGMAN PUBLIC SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/ Project Number	Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2020	Adjustments	Federal Funds/ In- Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2021
U.S Department of Agriculture									
Passed through the Michigan Department of Education:									
Child Nutrition Cluster									
National School Lunch Program:									
Non-Cash Assistance (Commodities) - National School Lunch - Entitlement Commodities - 2020/2021	N/A	10.555	\$ 32,323	\$ -	\$ -	\$ -	\$ 32,323	\$ 32,323	\$ -
Non-Cash Assistance (Commodities) - National School Lunch - Bonus - 2020/2021	N/A	10.555	485	-	-	-	485	485	-
Total Non-Cash Assistance			<u>\$ 32,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,808</u>	<u>\$ 32,808</u>	<u>\$ -</u>
Cash Assistance:									
COVID-19 SFSP (Unanticipated Grant Payments)	200902	10.555	<u>\$ 475,221</u>	<u>\$ 475,221</u>	<u>\$ 132,717</u>	<u>\$ -</u>	<u>\$ 132,717</u>	<u>\$ -</u>	<u>\$ -</u>
Total COVID-19 SFSP (Unanticipated Grant Payments)			<u>\$ 475,221</u>	<u>\$ 475,221</u>	<u>\$ 132,717</u>	<u>\$ -</u>	<u>\$ 132,717</u>	<u>\$ -</u>	<u>\$ -</u>
Total National Lunch Program			<u>\$ 508,029</u>	<u>\$ 475,221</u>	<u>\$ 132,717</u>	<u>\$ -</u>	<u>\$ 165,525</u>	<u>\$ 32,808</u>	<u>\$ -</u>
Summer Food Service Program for Children:									
COVID-19 SFSP Operating	200900	10.559	\$ 259,953	\$ -	\$ -	\$ -	\$ 259,953	\$ 259,953	\$ -
COVID-19 SFSP Operating	210904	10.559	627,590	-	-	-	579,394	627,590	48,196
Total Summer Food Service Program for Children			<u>\$ 887,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839,347</u>	<u>\$ 887,543</u>	<u>\$ 48,196</u>
Total Cash Assistance			<u>\$ 1,362,764</u>	<u>\$ 475,221</u>	<u>\$ 132,717</u>	<u>\$ -</u>	<u>\$ 972,064</u>	<u>\$ 887,543</u>	<u>\$ 48,196</u>
Total Child Nutrition Cluster			<u>\$ 1,395,572</u>	<u>\$ 475,221</u>	<u>\$ 132,717</u>	<u>\$ -</u>	<u>\$ 1,004,872</u>	<u>\$ 920,351</u>	<u>\$ 48,196</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>\$ 1,395,572</b></u>	<u><b>\$ 475,221</b></u>	<u><b>\$ 132,717</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,004,872</b></u>	<u><b>\$ 920,351</b></u>	<u><b>\$ 48,196</b></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/ Project Number	Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2020	Adjustments	Federal Funds/ In- Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2021
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Grants to Local Educational Agencies - Title I, Part A									
Title I, Part A 1920	201530	84.010	\$ 140,451	\$ 132,667	\$ 8,473	\$ -	\$ 8,473	\$ -	\$ -
Title I, Part A 2021	211530	84.010	131,207	-	-	-	102,473	130,750	28,277
Total Title I, Part A			<u>\$ 271,658</u>	<u>\$ 132,667</u>	<u>\$ 8,473</u>	<u>\$ -</u>	<u>\$ 110,946</u>	<u>\$ 130,750</u>	<u>\$ 28,277</u>
Student Support and Academic Enrichment Grant - Title IV, Part A									
Title IV, Part A 2021	210750	84.424	\$ 10,147	\$ -	\$ -	\$ -	\$ 6,723	\$ 10,147	\$ 3,424
Total Title IV, Part A			<u>\$ 10,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,723</u>	<u>\$ 10,147</u>	<u>\$ 3,424</u>
Improving Teacher Quality - Title II, Part A									
Title II, Part A 2021	210520	84.367	\$ 18,982	\$ -	\$ -	\$ -	\$ 9,219	\$ 18,439	\$ 9,220
Total Title II, Part A			<u>\$ 18,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,219</u>	<u>\$ 18,439</u>	<u>\$ 9,220</u>
Education Stabilization Fund									
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I)	203710	84.425D	\$ 114,617	\$ -	\$ -	\$ -	\$ 114,617	\$ 114,617	\$ -
Total Education Stabilization Fund			<u>\$ 114,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,617</u>	<u>\$ 114,617</u>	<u>\$ -</u>
Total Passed through Michigan Department of Education			<u>\$ 415,404</u>	<u>\$ 132,667</u>	<u>\$ 8,473</u>	<u>\$ -</u>	<u>\$ 241,505</u>	<u>\$ 273,953</u>	<u>\$ 40,921</u>
Passed through the Berrien RESA									
Career and Technical Education - Basic Grants to State - Perkins V 2020-2021	N/A	84.048	\$ 10,937	\$ -	\$ -	\$ -	\$ 10,937	\$ 10,937	\$ -
Total Career and Technical Education - Basic Grants to State - Perkins V 2020-2021			<u>\$ 10,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,937</u>	<u>\$ 10,937</u>	<u>\$ -</u>
Total Passed through the Berrien RESA			<u>\$ 10,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,937</u>	<u>\$ 10,937</u>	<u>\$ -</u>
<b>Total U.S. Department of Education</b>			<u>\$ 426,341</u>	<u>\$ 132,667</u>	<u>\$ 8,473</u>	<u>\$ -</u>	<u>\$ 252,442</u>	<u>\$ 284,890</u>	<u>\$ 40,921</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/ Project Number	Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2020	Adjustments	Federal Funds/ In- Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2021
<u>U.S. Department of Health and Human Services</u>									
Passed through the Berrien RESA									
Medicaid Outreach - 2020/2021	N/A	93.778	\$ 4,251	\$ -	\$ -	\$ -	\$ 4,251	\$ 4,251	\$ -
Total Medicaid Cluster			\$ 4,251	\$ -	\$ -	\$ -	\$ 4,251	\$ 4,251	\$ -
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 4,251</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,251</b>	<b>\$ 4,251</b>	<b>\$ -</b>
<u>U.S. Department of Treasury</u>									
Passed through Michigan Department of Education									
COVID - 19 Coronavirus Relief Funds									
COVID -19 Coronavirus Relief Funds	11(p)	21.019	\$ 310,625	\$ -	\$ -	\$ -	\$ 310,625	\$ 310,625	\$ -
COVID -19 Coronavirus Relief Funds - District									
COVID Costs	103(2)	21.019	10,934	-	-	-	10,934	10,934	-
Total Passed through Michigan Department of Education			\$ 321,559	\$ -	\$ -	\$ -	\$ 321,559	\$ 321,559	\$ -
Passed through MAISA/Copper County ISD									
COVID -19 Coronavirus Relief Funds - MiConnect Connectivity Funding		21.019	\$ 18,664	\$ -	\$ -	\$ -	\$ 18,664	\$ 18,664	\$ -
Total Passed through MAISA/Copper County ISD			\$ 18,664	\$ -	\$ -	\$ -	\$ 18,664	\$ 18,664	\$ -
Total COVID - 19 Coronavirus Relief Funds			\$ 340,223	\$ -	\$ -	\$ -	\$ 340,223	\$ 340,223	\$ -
<b>Total U.S. Department of Treasury</b>			<b>\$ 340,223</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 340,223</b>	<b>\$ 340,223</b>	<b>\$ -</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 2,166,387</b>	<b>\$ 607,888</b>	<b>\$ 141,190</b>	<b>\$ -</b>	<b>\$ 1,601,788</b>	<b>\$ 1,549,715</b>	<b>\$ 89,117</b>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**BRIDGMAN PUBLIC SCHOOL DISTRICT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

**SECTION I – SUMMARY OF AUDITORS RESULTS**

*Financial Statements*

Type of auditors report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  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  No

Identification of major programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
<u>Number(s)</u> 10.553, 10.555, 10.556, 10.559, & 10.579	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

**SECTION II – STATUS OF PRIOR YEAR FINDINGS**

**Finding: 2020-001 – Material Noncompliance – Budget Variance**

**Criteria** – The Uniform Budgeting and Accounting Act (the “Act”) establishes budgeting requirements for local units of government. Noncompliance with this Act includes, but is not limited, to, net change in fund balance being less than the budgeted amount.

**Condition** – The District’s General Fund net change in fund balance was less than the budgeted amount.

**Cause and Effect** – Actual revenues in the General Fund were less than the budgeted amount primarily as a result of reduced State sources revenue, which was due to the COVID-19 pandemic. Expenditures were not sufficiently under budget to offset this variance in revenues, resulting in change in fund balance that was less than the budgeted amount.

**Recommendation** – Budgets should be sufficiently conservative to allow for unexpected decreases in revenue and/or unexpected increases in expenditures. Budgets should be amended as new information comes to light regarding such decreases or increases. However, we acknowledge circumstances surrounding the decreased State sources revenue in particular were not reasonably foreseeable in the timeframe in which the budget could have been amended.

**Views of the Responsible Officials and Planned Corrective Actions** – The District is aware of this deficiency and continues to take steps to ensure accuracy of budgeted amounts, amending budgeted amounts as needed, given information known at the time. The District feels the variance for this year is an anomaly and does not expect this condition to continue in the future.

**Status of Comment** – The District has addressed and resolved this finding, as the net change in fund balance was greater than the budgeted amount for fiscal year 2021. The budget was monitored more closely during the current fiscal year, and was amended accordingly.

# **BRIDGMAN PUBLIC SCHOOL DISTRICT**

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2021

### **SECTION II – STATUS OF PRIOR YEAR FINDINGS (CONCLUDED)**

**Finding: 2020-002 – CFDA Number, Federal Agency, and Program Name** – 10.553, 10.555, 10.556, 10.559, 10.579, Child Nutrition Cluster, U.S. Department of Agriculture

**Finding Type** – Material weakness in internal controls (*Uniform Guidance*).

**Criteria** – The USDA requires that the ending balance of the non-profit school food service fund does not exceed three months’ average of operating expenses. If an excess fund balance should occur, the School Food Authority (“SFA”) will be required to develop a spending plan for reducing the balance to an acceptable level during the following school year. The plan must be submitted to MDE, Office of School Support Services, for prior approval. As a result, this allows the SFA to use those excess funds to further improve the school meals program operations. The school food service account is a non-profit account which means that the excess funds cannot be used to profit the general fund. It must be used for a specific purpose in the School Meals Program.

**Condition** – The District’s fund equity in the Food Service Fund exceeded the allowable three-months of expenditures threshold.

**Questioned Costs** – None

**Context** – The District’s fund equity of \$324,795 at fiscal year-end exceeded the allowable three-months of expenditures threshold by \$101,686.

**Cause and Effect** – During the 2020 fiscal year, the District’s revenues exceeded expenditures, such that, when added to the opening fund balance, the final fund balance caused the fund to be in non-compliance. Without proper monitoring, the District could see an adverse effect of funding from federal sources.

**Recommendation** – The District has already reviewed the circumstances surrounding this occurrence and is cognizant of the corrective action.

**Views of the Responsible Officials and Planned Corrective Actions** – The District will use up fund balance with the purchase of a new equipment. The District will monitor the fund balance throughout the 2020-21 school year to ensure the fund balance does not exceed the state limits.

**Status of Comment** – The District has not resolved this finding for fiscal year 2021. See finding 2021-001.

**SECTION III – FINANCIAL STATEMENT FINDINGS**

There are no financial statement findings.

**SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2021-001 – CFDA Number, Federal Agency, and Program Name** – 10.553, 10.555, 10.556, 10.559, 10.579, Child Nutrition Cluster, U.S. Department of Agriculture

**Finding Type** – Material weakness in internal controls (*Uniform Guidance*).

**Criteria** – The USDA requires that the ending balance of the non-profit school food service fund does not exceed three months’ average of operating expenses. If an excess fund balance should occur, the School Food Authority (“SFA”) will be required to develop a spending plan for reducing the balance to an acceptable level during the following school year. The plan must be submitted to MDE, Office of School Support Services, for prior approval. As a result, this allows the SFA to use those excess funds to further improve the school meals program operations. The school food service account is a non-profit account which means that the excess funds cannot be used to profit the general fund. It must be used for a specific purpose in the School Meals Program.

**Condition** – The District’s fund equity in the Food Service Fund exceeded the allowable three-months of expenditures threshold.

**Questioned Costs** – None

**Context** – The District’s fund equity of \$432,785 at fiscal year-end exceeded the allowable three-months of expenditures threshold by \$168,670.

**Cause and Effect** – During the 2021 fiscal year, the District’s revenues exceeded expenditures, such that, when added to the opening fund balance, the final fund balance caused the fund to be in non-compliance. Without proper monitoring, the District could see an adverse effect of funding from federal sources.

**Recommendation** – The District has already reviewed the circumstances surrounding this occurrence and is cognizant of the corrective action.

**Views of the Responsible Officials and Planned Corrective Actions** – The District will use up fund balance with the purchase of a new equipment. The District will monitor the fund balance throughout the 2021-2022 school year to ensure the fund balance does not exceed the state limits.

# **BRIDGMAN PUBLIC SCHOOL DISTRICT**

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2021

### **NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bridgman Public Schools (the "District") under programs of the federal government for the year ended June 30, 2021. 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 did not qualify for low-risk status for the year ended June 30, 2021. Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

### **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 \$1,549,715 per the audit of the financial statements. The related expenditures are composed of the following:

	Amount
Actual cash expenditures	\$ 1,516,907
Entitlement and bonus commodities used	32,808
	<u>\$ 1,549,715</u>



**BRIDGMAN PUBLIC SCHOOL DISTRICT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

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

The actual Federal source revenues amounts to \$1,549,715 per the audit of the financial statements. The related revenues are composed of the following:

Financial Statement Reporting Units:	
General Fund	\$ 629,364
Debt Service Fund - QSCB and 2015 Refunding Bond	441,287
Non-Major Fund - Food Services Fund	<u>920,351</u>
Total Federal Revenues reported in Financial Statement Audit	\$ 1,991,002
Less Federal Revenues that are excluded from Uniform Guidance consideration:	
Federal interest subsidy in debt service fund	<u>(441,287)</u>
Total Uniform Guidance regulated Federal Expenditures	<u>\$ 1,549,715</u>

**NOTE 5. INDIRECT COSTS**

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

**NOTE 6. PASS-THROUGH SUBRECIPIENTS**

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

**NOTE 7. DONATED PERSONAL PROTECTIVE EQUIPMENT**

For the year ended June 30, 2021, the District did not receive any donated personal protective equipment.

## **MANAGEMENT COMPLIANCE LETTERS**



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIALS STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgman Public School District (the “District”), as of and for the year ended June 30, 2021, 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 19, 2021.

**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) to determine the 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 may exist that have not been identified.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIALS STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of 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 determination of financial statement amounts. 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,



Certified Public Accountants

St. Joseph, Michigan  
October 19, 2021



**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  
Bridgman Public School District  
Bridgman, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited Bridgman Public School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bridgman Public School District's major federal programs for the year ended June 30, 2021. Bridgman Public School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Bridgman Public School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bridgman Public School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bridgman Public School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Bridgman Public School 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, 2021.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Report on Internal Control Over Compliance**

Management of Bridgman Public School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bridgman Public School District’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bridgman Public School District’s 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

Bridgman Public School District’s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bridgman Public School District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of the 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,



Certified Public Accountants

St. Joseph, Michigan  
October 19, 2021