



BRIDGMAN PUBLIC SCHOOL DISTRICT
FINANCIAL REPORT
WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2025



St. Joseph, MI

BRIDGMAN PUBLIC SCHOOL DISTRICT
Bridgman, Michigan
June 30, 2025

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BRIDGMAN PUBLIC SCHOOL DISTRICT
Bridgman, Michigan
June 30, 2025

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Bridgman, Michigan
June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgman Public School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 14 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan
October 8, 2025

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, 2025, 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 of whether 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), and Sinking Fund (a capital projects fund).

In the fund financial statements, capital assets purchased with 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.

Analysis of Financial Position

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

	2025	2024*
Assets	\$ 34,585,334	\$ 30,970,815
Deferred Outflows of Resources	\$ 5,090,738	\$ 8,076,203
Liabilities	\$ 22,978,785	\$ 30,032,707
Deferred Inflows of Resources	\$ 9,011,294	\$ 6,561,969
Net Position		
Net investment in capital assets	\$ 12,386,251	\$ 10,862,272
Restricted	6,542,816	5,800,096
Unrestricted	(11,243,074)	(14,210,026)
Total Net Position	<u>\$ 7,685,993</u>	<u>\$ 2,452,342</u>

*The 2024 numbers have not been updated for the adoption of GASB 101.

During the fiscal year ended June 30, 2025, the District's net position increased by \$5,670,134. A few of the significant factors affecting net position during the year are discussed below.

A. Assets

The District's assets increased by \$3,614,519 during the year, primarily due to an increase in cash and investments at end of year.

The District's investment in capital assets decreased by \$531,786 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	39,285,436	382,493	(2,864,135)	36,803,794
Less: Accumulated depreciation	<u>21,462,416</u>	<u>885,940</u>	<u>(2,835,796)</u>	<u>19,512,560</u>
Net capital assets	<u>\$ 17,974,120</u>	<u>\$ (503,447)</u>	<u>\$ (28,339)</u>	<u>\$ 17,442,334</u>

Current year capital additions of \$382,493 is comprised of improvements to the middle and high school flooring, two new buses, copiers, the elementary and high school basin project.

B. Deferred Outflows of Resources

The District's deferred outflows of resources decreased by \$2,985,465 during the year, primarily due to an decrease in deferred outflows of resources related to pension.

C. Long-Term Debt

During fiscal year 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 year 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 early debt payments in the amount of \$905,000.

Results of Operations**A. District-wide**

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

	2025	2024*
Revenues		
General Revenues		
Property taxes levied for general purposes	\$ 12,273,150	\$ 10,974,327
Property taxes levied for recreational purposes	871,160	834,265
Property taxes levied for debt service purposes	1,533,241	1,434,935
Property taxes levied for capital project purposes	871,150	681,426
State aid not restricted to specific purposes	42,831	87,586
Other general revenues	763,866	816,245
Loss on disposal of capital assets	(28,339)	-
Total general revenues	<u>\$ 16,327,059</u>	<u>\$ 14,828,784</u>
Operating Grants/Contributions	<u>\$ 5,455,611</u>	<u>\$ 5,666,297</u>
Charges for Services		
Food services	\$ 84,340	\$ 51,743
Student activities	213,904	229,118
Athletics	49,745	61,628
Recreation	57,445	40,370
Total charges for services	<u>\$ 405,434</u>	<u>\$ 382,859</u>
Total revenues	<u>\$ 22,188,104</u>	<u>\$ 20,877,940</u>
Expenses		
Instruction and instructional support	\$ 7,841,054	\$ 8,591,322
Support services	5,556,981	5,761,779
Food services	704,575	653,065
Student activities	210,600	232,329
Recreation	508,517	419,641
Athletics	466,345	487,003
Interest on long-term debt	343,958	441,391
Depreciation (unallocated)	885,940	888,802
Total expenses	<u>\$ 16,517,970</u>	<u>\$ 17,475,332</u>
Change in Net Position	<u><u>\$ 5,670,134</u></u>	<u><u>\$ 3,402,608</u></u>

*The 2024 numbers have not been updated for the adoption of GASB 101.

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% of current year fall count and 10% 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 2024-2025 was 795 students. The District's enrollment decreased by 18 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>
2024-2025	795	(18)
2023-2024	813	(24)
2022-2023	837	(1)
2021-2022	838	(21)
2020-2021	859	(29)

Subsequent to year end June 30, 2025, preliminary student enrollments for 2025-2026 indicate enrollments will decrease slightly with the fiscal year 2025.

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

The District levies 8.376 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 2024-2025 fiscal year produced revenue of \$12,273,150. Revenue produced by the non-homestead tax levy increased by 6.20% 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>	Non- Homestead <u>Tax Levy</u>	<u>Prior Year</u>
2024-2025	\$ 12,273,150	6.20%
2023-2024	10,974,327	-5.10%
2022-2023	11,559,259	5.90%
2021-2022	10,913,447	1.30%
2020-2021	10,773,396	0.50%

C. Debt Service Funds

The District's debt service fund's 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 2024-2025, the District's debt millage levies totaled .88 mills that generated revenue of \$1,533,241.

D. Sinking Fund

The District's Sinking Fund is to be used for capital repairs. The Sinking Fund levied .50 mills and resulted in Sinking Fund revenue of \$871,150.

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 2024-2025, the millage was .50 mills and generated revenue of \$871,160.

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

The total expenditures and transfers from Food Services operations exceeded total revenue for the year by \$50,459 for an ending fund balance of \$252,527.

General Fund Expenditures Budget Vs. Actual—Five Year History

<u>Fiscal Year</u>	Expenditures		<u>Expenditures</u> <u>Final Audit</u>	Variance:	Variance:
	<u>Preliminary</u> <u>Budget</u>	<u>Expenditures</u> <u>Final Budget</u>		Audit vs. Prelim. <u>Budget</u>	Audit vs. Final <u>Budget</u>
2024-2025	\$ 16,474,440	\$ 16,000,770	\$ 15,873,450	3.65%	0.80%
2023-2024	15,166,006	16,278,246	16,178,930	-6.68%	0.61%
2022-2023	13,845,480	15,673,036	15,632,155	-12.90%	0.26%
2021-2022	13,424,616	13,533,395	13,496,513	-0.54%	0.27%
2020-2021	12,719,269	13,240,294	13,142,166	-3.32%	0.74%
Five Year Average (-Over/Under) Budget				-3.96%	0.54%

General Fund Revenues Budget Vs. Actual—Five Year History

<u>Fiscal Year</u>	Revenues		<u>Revenues</u> <u>Final Audit</u>	Variance:	Variance:
	<u>Preliminary</u> <u>Budget</u>	<u>Revenues</u> <u>Final Budget</u>		Audit vs. Prelim. <u>Budget</u>	Audit vs. Final <u>Budget</u>
2024-2025	\$ 16,381,079	\$ 17,453,205	\$ 17,510,073	6.89%	0.33%
2023-2024	14,412,464	16,379,054	16,495,664	14.45%	0.71%
2022-2023	13,933,534	16,416,287	16,485,366	18.31%	0.42%
2021-2022	13,585,534	14,263,326	14,315,224	5.37%	0.36%
2020-2021	12,857,655	13,780,261	13,817,267	7.46%	0.27%
Five Year Average Over Budget				10.50%	0.42%

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 2024-2025 year, the District amended its original budget in February 2025 and June 2025.

Factors Bearing on District's Future

Lake Township and Indiana Michigan Power have reached a settlement regarding a tax tribunal appeal. This resolution will have direct implications for the District's financial outlook for the upcoming years. The settlement stipulates that for the tax years 2025, 2026, and 2027, Indiana Michigan Power's taxable value will revert to the 2022 value of \$1,108,681,400. While this decision aims to provide stability for the parties involved, it will also have adverse financial consequences for the District. In tax years 2028, 2029, and 2030, the District will see an increase to Indiana Michigan Power's taxable value at a rate of 5% per year. The agreed-upon taxable value will result in an estimated loss of revenue of approximately \$1.2 million in tax year 2025 and will stay flat for 2026 and 2027. This reduction in revenue has necessitated a reevaluation of the District's budget and financial planning strategies. The District has implemented strategic financial planning measures to address the anticipated revenue shortfall. This has included exploring alternative funding sources, reassessing expenditures, and adjusting staffing and program offerings to align with available resources. These evaluation and planning measures will continue every fiscal year.

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, 2025**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,138,154
Investments	12,239,916
Receivables	23,466
Due from other governmental units	746,917
Inventories	39,913
Prepaid expenditures	124,994
Capital assets not being depreciated	151,100
Capital assets being depreciated, net	17,291,234
Net OPEB asset	2,829,640
Total Assets	\$ 34,585,334
Deferred Outflows of Resources	
Related to pension	\$ 4,210,979
Related to OPEB	784,009
Interest charges on bond issuance	95,750
Total Deferred Outflows of Resources	\$ 5,090,738
Liabilities	
Accounts payable	\$ 137,247
Salaries and benefits payable	809,400
Accrued interest	43,458
Unearned revenue	181,512
Noncurrent liabilities	
Bonds payable, due within one year	1,187,730
Compensated absences and severance pay, due within one year	41,047
Bonds payable, due in more than one year	3,964,103
Compensated absences and severance pay, due in more than one year	369,420
Net pension liability	16,244,868
Total Liabilities	\$ 22,978,785
Deferred Inflows of Resources	
Related to pension	\$ 4,618,039
Related to state funding for pension benefits	713,609
Related to OPEB	3,679,646
Total Deferred Inflows of Resources	\$ 9,011,294
Net Position	
Net investment in capital assets	\$ 12,386,251
Restricted for:	
Capital projects	3,503,570
Debt service	209,606
Net OPEB asset	2,829,640
Unrestricted	(11,243,074)
Total Net Position	\$ 7,685,993

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

BRIDGMAN PUBLIC SCHOOL DISTRICTSTATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Instruction	\$ 7,841,054	\$ -	\$ 4,691,302	\$ -	\$ (3,149,752)
Support services	5,556,981	-	-	-	(5,556,981)
Food services	704,575	84,340	583,498	-	(36,737)
Student activities	210,600	213,904	-	-	3,304
Recreation	508,517	57,445	-	-	(451,072)
Athletics	466,345	49,745	-	-	(416,600)
Interest on long-term debt	343,958	-	180,811	-	(163,147)
Depreciation (unallocated)	885,940	-	-	-	(885,940)
	<u>\$ 16,517,970</u>	<u>\$ 405,434</u>	<u>\$ 5,455,611</u>	<u>\$ -</u>	<u>\$ (10,656,925)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purposes					\$ 12,273,150
Property taxes, levied for recreational purposes					871,160
Property taxes, levied for debt service purposes					1,533,241
Property taxes, levied for capital project purposes					871,150
State aid not restricted to specific purposes					42,831
Interest					710,479
Other					53,387
Loss on disposal of asset					(28,339)
Total general revenues					<u>\$ 16,327,059</u>
Change in Net Position					\$ 5,670,134
Net Position - beginning of year (as previously stated)					2,452,342
Adjustment to beginning net position					(436,483)
Net Position - beginning of year (as restated)					<u>\$ 2,015,859</u>
Net Position - end of year					<u>\$ 7,685,993</u>

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

BRIDGMAN PUBLIC SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2025

	General Fund	Recreation Fund	Debt Service Funds	Sinking Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 324,198	\$ 124,706	\$ 208,820	\$ 80,000	\$ 400,430	\$ 1,138,154
Investments	6,679,963	2,076,920		3,483,033	-	12,239,916
Receivables	-	2,118	-	-	-	2,118
Due from other governmental units	739,700	-	-	-	7,217	746,917
Due from other governmental funds	-	446	786	446	3,290	4,968
Inventories	33,876	-	-	-	6,037	39,913
Prepaid expenditures	124,994	-	-	-	-	124,994
Total Assets	<u>\$ 7,902,731</u>	<u>\$ 2,204,190</u>	<u>\$ 209,606</u>	<u>\$ 3,563,479</u>	<u>\$ 416,974</u>	<u>\$ 14,296,980</u>
Liabilities						
Accounts payable	\$ 65,604	\$ 8,850	\$ -	\$ 59,909	\$ 2,884	\$ 137,247
Salaries and benefits payable	809,400	-	-	-	-	809,400
Unearned revenue	181,512	-	-	-	-	181,512
Due to other governmental funds	4,968	-	-	-	-	4,968
Total Liabilities	<u>\$ 1,061,484</u>	<u>\$ 8,850</u>	<u>\$ -</u>	<u>\$ 59,909</u>	<u>\$ 2,884</u>	<u>\$ 1,133,127</u>
Fund Balances						
Non-spendable - inventories	\$ 33,876	\$ -	\$ -	\$ -	\$ 6,037	\$ 39,913
Non-spendable - prepaid items	124,994	-	-	-	-	124,994
Restricted for capital projects	-	-	-	3,503,570	-	3,503,570
Restricted for debt retirement	-	-	209,606	-	-	209,606
Restricted for food services	-	-	-	-	246,490	246,490
Restricted for recreation	-	2,195,340	-	-	-	2,195,340
Committed for student activities	-	-	-	-	161,563	161,563
Assigned for 2025-26 budget deficit	442,193	-	-	-	-	442,193
Unassigned	6,240,184	-	-	-	-	6,240,184
Total Fund Balances	<u>\$ 6,841,247</u>	<u>\$ 2,195,340</u>	<u>\$ 209,606</u>	<u>\$ 3,503,570</u>	<u>\$ 414,090</u>	<u>\$ 13,163,853</u>
Total Liabilities and Fund Balances	<u>\$ 7,902,731</u>	<u>\$ 2,204,190</u>	<u>\$ 209,606</u>	<u>\$ 3,563,479</u>	<u>\$ 416,974</u>	<u>\$ 14,296,980</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 THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balances - Governmental Funds \$ 13,163,853

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

Federal receivable for interest subsidy related to the 2010 QSCB bond
issuance that will be received after 60 days but earned by year-end. 21,348

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

Cost of the capital assets 36,954,894
Accumulated depreciation (19,512,560)

Deferred outflows of resources related to:

Pensions 4,210,979
OPEB 784,009

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

Bonds payable (5,050,000)
Amortized premiums (101,833)
Compensated absences (410,467)

Net pension liability (16,244,868)

Net OPEB asset 2,829,640

Accrued interest on long-term debt is not included as a liability in
governmental funds; it is recorded when paid. (43,458)

Deferred interest charges from bond refunding are not capitalized in the
governmental funds. 95,750

Deferred inflows of resources related to:

Pensions (4,618,039)
State aid funding for pension (713,609)
OPEB (3,679,646)

Total Net Position - Governmental Activities \$ 7,685,993

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, 2025

	General Fund	Recreation Fund	Debt Service Funds	Sinking Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 12,273,150	\$ 871,160	\$ 1,533,241	\$ 871,150	\$ -	\$ 15,548,701
Local sources	140,165	57,445	-	-	298,244	495,854
State sources	3,966,336	1,179	2,854	332	219,316	4,190,017
Federal sources	210,554	-	191,257	-	364,182	765,993
Intermediate sources	515,845	-	-	-	-	515,845
Interest	404,023	92,052	56,671	157,733	-	710,479
Total Revenues	<u>\$ 17,510,073</u>	<u>\$ 1,021,836</u>	<u>\$ 1,784,023</u>	<u>\$ 1,029,215</u>	<u>\$ 881,742</u>	<u>\$ 22,226,889</u>
Expenditures						
Instruction	\$ 9,378,276	\$ -	\$ -	\$ -	\$ -	\$ 9,378,276
Support services	6,480,483	-	-	-	-	6,480,483
Food service	-	-	-	-	718,297	718,297
Student activities	-	-	-	-	210,600	210,600
Recreation	-	508,517	-	-	-	508,517
Debt service						
Principal	-	-	2,055,000	-	-	2,055,000
Interest	-	-	387,149	-	-	387,149
Intergovernmental payments	14,691	-	-	-	-	14,691
Capital outlay	-	-	-	401,789	-	401,789
Total Expenditures	<u>\$ 15,873,450</u>	<u>\$ 508,517</u>	<u>\$ 2,442,149</u>	<u>\$ 401,789</u>	<u>\$ 928,897</u>	<u>\$ 20,154,802</u>
Net Change in Fund Balances	\$ 1,636,623	\$ 513,319	\$ (658,126)	\$ 627,426	\$ (47,155)	\$ 2,072,087
Fund Balances - Beginning of year	5,204,624	1,682,021	867,732	2,876,144	461,245	11,091,766
Fund Balances - End of year	<u>\$ 6,841,247</u>	<u>\$ 2,195,340</u>	<u>\$ 209,606</u>	<u>\$ 3,503,570</u>	<u>\$ 414,090</u>	<u>\$ 13,163,853</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 THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Total Governmental Funds **\$ 2,072,087**

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	(885,940)
Capital additions	382,493
Loss of disposal of capital assets, net	(28,339)

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.	(10,446)
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Repayment of bond principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	2,055,000
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Change in benefit expense related to pension	984,141
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Change in benefit expense related to OPEB	1,055,869
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Amortization expense for bond premium	12,730
---------------------------------------	--------

Current year use of deferred interest charges associated with the issuance of the 2015 refunding bonds	(11,969)
--	----------

Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	18,492
--	--------

Change in the liability for compensated absences	<u>26,016</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 5,670,134</u></u>
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The Notes to Financial Statements are an integral part of this statement.

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Based Statements - The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures 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, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The District reports the following Major Governmental Funds:

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

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

Debt Service Funds 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. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan of Treasury Letter No. 2023-1.

The District reports the following Nonmajor Governmental Funds:

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 and Student Activity Funds.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgets and Budgetary Accounting - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and Michigan State law ("State") 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents -- Cash and cash equivalents include cash on hand, demand deposits, certificate of deposits, and short-term investments with a maturity of three months or less when acquired.

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

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation ("FDIC") or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation ("FSLIC") or a credit union which is insured by the National Credit Union Administration ("NCUA"), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c) Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d) The United States government or federal agency obligations repurchase agreements.
- e) Bankers' acceptances of United States banks.
- f) Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

Inventory – The inventory is valued at cost on a first-in, first-out ("FIFO") basis. The cost of such inventories is recorded as expenditures/expenses when consumed rather than 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. Right-of-use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. 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)

Defined Benefit Plans - For purposes of measuring the net pension liability and net other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public 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. 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.

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. They are pension and other postemployment benefits related items, as well as deferred interest charges on bond issuance, reported in the Government-Wide Statement of Net Position. These amounts are expensed in the plan year in which they apply.

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 assets that applies to a future period(s) and will not be recognized as an inflow of sources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Revenues and Expenditures/Expenses –

Program Revenues - Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes - Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. For the year ended June 30, 2025, the District levied the following mills: General Fund 8.376 mills, Debt Service Funds .880 mills, Sinking Fund .500 mills, and Recreation Fund .500 mills.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences – The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the Government-Wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations - In the Government-Wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

Leases and Subscription Based IT Arrangements (“SBITA”) – As of June 30, 2025, the District had no material lease/SBITA liabilities or assets. The District recognizes lease/SBITA liabilities with an initial, individual value of \$25,000 or more.

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

The following are the District’s fund balance classifications:

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

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

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

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

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

Fund Deficit – Under State Law, school districts are required to maintain positive fund balance in each fund. As of June 30, 2025, the District had no fund balances that were in deficit.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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

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

NOTE 2. DEPOSITS AND INVESTMENTS

As of June 30, 2025 the District had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, \$718,190 of the District's bank balance of \$1,427,010 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$1,138,154.

Custodial Credit Risk - Investments

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

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities allowed by law and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)**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 by 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.

Type	Fair Value	Weighted Average Maturity (Years)
Michigan CLASS Investment Pool	\$ 12,239,916	0.0810

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

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

Investment Type	Fair Value	Rating	Rating Agency
Michigan CLASS Investment Pool	\$ 12,239,916	AAAm	Standard & Poor's

Foreign Currency Risk

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

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)**Fair Value Measurement**

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

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

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

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Type	Fair Value	Unfunded Commitments	Redemption Frequently, if eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 12,239,916	\$ -	No restrictions	None

NOTE 2. DEPOSITS AND INVESTMENTS (CONCLUDED)

The deposits and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2025:

	Primary Government
Cash and cash equivalents	\$ 1,138,154
Investments	<u>12,239,916</u>
	<u>\$ 13,378,070</u>

NOTE 3. CAPITAL ASSETS

A summary of changes in governmental capital assets follows:

	Beginning Balance	Additions	Disposals	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	\$ 29,556,305	\$ 113,575	\$ -	\$ 29,669,880
Land improvements	4,446,504	93,398	-	4,539,902
Buses and other vehicles	1,578,064	115,000	-	1,693,064
Furniture and equipment	3,704,563	60,520	(2,864,135)	900,948
Subtotal	<u>\$ 39,285,436</u>	<u>\$ 382,493</u>	<u>\$ (2,864,135)</u>	<u>\$ 36,803,794</u>
Accumulated depreciation:				
Building and building improvements	\$ 14,583,156	\$ 476,957	\$ -	\$ 15,060,113
Land improvements	2,349,220	230,490	-	2,579,710
Buses and other vehicles	1,370,086	46,957	-	1,417,043
Furniture and equipment	3,159,954	131,536	(2,835,796)	455,694
Subtotal	<u>\$ 21,462,416</u>	<u>\$ 885,940</u>	<u>\$ (2,835,796)</u>	<u>\$ 19,512,560</u>
Net capital assets being depreciated	<u>\$ 17,823,020</u>			<u>\$ 17,291,234</u>
Net capital assets	<u>\$ 17,974,120</u>			<u>\$ 17,442,334</u>

Depreciation for the fiscal year ended June 30, 2025 amounted to \$885,940. The District determine that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 4. LONG-TERM DEBT

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

	Beginning Balance (restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
<i>General Obligations Bonds</i>					
Bonds	\$ 7,105,000	\$ -	\$ (2,055,000)	\$ 5,050,000	\$ 1,175,000
Premium	114,563	-	(12,730)	101,833	12,730
Total general obligation bonds	\$ 7,219,563	\$ -	\$ (2,067,730)	\$ 5,151,833	\$ 1,187,730
<i>Direct Borrowing and Direct Placement</i>					
Compensated absences*	\$ 436,483	\$ -	\$ (26,016)	\$ 410,467	\$ 41,047
Total governmental activities long-term debt	\$ 7,656,046	\$ -	\$ (2,093,746)	\$ 5,562,300	\$ 1,228,777

*The change in the compensated absences liability is presented as a net change.

Governmental Activities
General Obligation Bonds

\$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 6.5%. \$ 2,350,000

\$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%. 2,700,000

Premium 101,833

Total General Obligation Bonds \$ 5,151,833

Direct Borrowing and Direct Placement

Employee Compensated Absences \$ 410,467

Total long-term debt \$ 5,562,300

NOTE 4. LONG-TERM DEBT (CONCLUDED)

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

Year Ending June 30	General Obligation Bonds		Total
	Principal	Interest	
2026	\$ 1,175,000	\$ 296,950	\$ 1,471,950
2027	1,175,000	220,576	1,395,576
2028	450,000	144,200	594,200
2029	450,000	126,200	576,200
2030	450,000	108,200	558,200
2031-2035	1,350,000	216,600	1,566,600
Premium	101,833	-	101,833
	<u>\$ 5,151,833</u>	<u>\$ 1,112,726</u>	<u>\$ 6,264,559</u>

Interest expense of \$343,958, net of amortization, was not charged to activities as the District considers its debt and related assets to impact multiple activities and allocation was 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, 2025, 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 5. INTERFUND ACTIVITY

The composition of interfund balances is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
Food Service Fund	General Fund	\$ 3,290
Debt Service Fund - QSCB and 2015 Refunding Bonds	General Fund	786
Recreation Fund	General Fund	446
Sinking Fund	General Fund	446
		<u>4,968</u>

The General Fund owes the Food Service Fund for the allocation of at risk income to food services.

The General Fund owes the Debt Service Fund, Recreation Fund, and Sinking Fund for miscellaneous expenditures.

NOTE 6. 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 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Plan Description - The Michigan Public School Employees' Retirement System ("MPSERS") ("System") is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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

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

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

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

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

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

NOTE 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

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

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

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

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

NOTE 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

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

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.

NOTE 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Retiree Healthcare Reform of 2012 - Public Act 300 of 2012 granted all active members of the 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.

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

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

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

Member Contributions - Depending on the plan selected, member contributions range from 0% - 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, 2024 were determined as of the September 30, 2021 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021 are amortized over a 16-year period beginning October 1, 2023 and ending September 30, 2038.

NOTE 7. 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:

	Pension	Other Postemployment Benefits
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2025 was equal to the required contribution total. Total pension contributions were approximately \$2,862,000. Of the total pension contributions, approximately \$2,804,000 was contributed to fund the Defined Benefit Plan and approximately \$58,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 was equal to the required contribution total. Total OPEB contributions were approximately \$78,000. Of the total OPEB contributions, approximately \$39,000 was contributed to fund the Defined Benefit Plan and approximately \$39,000 was contributed to fund the Defined Contribution Plan.

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

The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023 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.

MPERS (Plan) Non-university employers	September 30, 2024	September 30, 2023
Total pension liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position	71,283,482,728	62,581,762,238
Net pension liability	24,482,016,787	32,366,066,319
Proportionate share	0.06635%	0.06566%
Net pension liability for the District	16,244,868	21,252,258

For the year ended June 30, 2025, the District recognized pension expense of \$1,650,312.

NOTE 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 440,735	\$ 176,503
Changes of assumptions	1,693,624	1,190,235
Net difference between projected and actual earnings on pension plan investments	-	3,100,209
Changes in proportion and differences between District contributions and proportionate share of contributions	267,353	151,092
District contributions subsequent to the measurement date*	<u>1,809,267</u>	<u>-</u>
Total	<u><u>\$ 4,210,979</u></u>	<u><u>\$ 4,618,039</u></u>

*\$1,809,267, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

<u>Year Ending</u>	<u>Amount</u>
2025	\$ (416,782)
2026	118,072
2027	(1,126,232)
2028	<u>(791,385)</u>
	<u><u>\$ (2,216,327)</u></u>

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

NOTE 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

MPSERS (Plan) Non-university employers	September 30, 2024	September 30, 2023
Total other postemployment benefits liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	14,295,943,589	11,789,347,341
Net other post employment benefits liability (asset)	(4,304,397,666)	(565,698,392)
Proportionate share	0.06574%	0.06615%
Net other postemployment benefits liability (asset) for the District	(2,829,640)	(374,209)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$849,066.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,998,555
Change of assumptions	618,034	71,038
Net difference between projected and actual earnings on OPEB investments	-	535,683
Changes in proportion and differences between District contributions and proportionate share of contributions	127,314	74,370
District contributions subsequent to the measurement date*	38,661	-
Total	\$ 784,009	\$ 3,679,646

*\$38,661 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ending	Amount
2025	\$ (927,090)
2026	(570,551)
2027	(581,111)
2028	(518,717)
2029	(282,484)
Thereafter	(54,345)
	\$ (2,934,298)

NOTE 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**Actuarial Assumptions**

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

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

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

Inflation - 3.0%.

Mortality Assumptions:

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

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

Disabled Retirees: PunNS-2010 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023 valuation.

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit – Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and graded to 3.5% in year fifteen.

NOTE 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Additional Assumptions for Other Postemployment Benefit Only - Applies to individuals hired before September 4, 2012:

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

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

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

The target asset allocation as September 30, 2024 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%	5.3%
International Equity Pools	15.0%	6.5%
Private Equity Pools	16.0%	9.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Fixed Income Pools	13.0%	2.2%
Absolute Return Pools	9.0%	5.2%
Real Return / Opportunistic Pools	10.0%	7.3%
Short-Term Investment Pools	2.0%	1.4%
TOTAL	100.0%	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return - For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

NOTE 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
\$ 23,815,152	\$ 16,244,868	\$ 9,941,151

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

1% Decrease	Current Discount Rate	1% Increase
\$ (2,186,769)	\$ (2,829,640)	\$ (3,385,470)

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (3,385,476)	\$ (2,829,640)	\$ (2,233,509)

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 Annual Comprehensive Financial Report.

NOTE 7. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONCLUDED)

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

NOTE 8. UNEARNED 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:

<u>Description of Unearned Revenue</u>	<u>Unearned</u>
31a At Risk	\$ 59,254
31aa Mental health	90,218
35j Literacy PD	9,540
67f FAFSA	1,025
147g MPSERS EMP Healthcare	18,744
Other amounts	2,731
Total	<u>\$ 181,512</u>

NOTE 9. 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, 2025, the District's property tax revenues were decreased by approximately \$3,000 under these programs.

NOTE 10. 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 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. CALCULATION OF NET INVESTMENT IN CAPITAL ASSETS

As of June 30, 2025, the calculation of the District’s net investment in capital assets in the Statement of Net Position consists of:

Capital Assets - nondepreciable	\$ 151,100
Capital Assets - depreciable, net	17,291,234
Less: long-term debt related to capital assets	(5,151,833)
Add: deferred interest charges from capital bond refunding	95,750
Net investment in capital assets	<u><u>\$ 12,386,251</u></u>

NOTE 13. UPCOMING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a) Management’s discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b) Unusual or infrequent items;

NOTE 13. UPCOMING PRONOUNCEMENTS (CONCLUDED)

- c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d) Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e) Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public- Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. Summary: This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

As of July 1, 2024, the change in governmental net position as a result of the implementation of the accounting principle was a decrease in the amount of \$436,483 to a restated beginning governmental net position of \$2,015,859.

NOTE 15. SUMMARY OF FEDERAL REVENUES RECEIVED

The District has received federal funds during the fiscal year but expended below the \$750,000 threshold as noted in the table below and for the purposes of the 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"), the District is not required to have a single for the year ended June 30, 2025.

Financial Statement Reporting Units:

General Fund	\$ 210,554
Debt Service Fund - QSCB and 2015 Refunding Bond	191,257
Non-Major Fund - Food Services Fund	<u>364,182</u>
Total Federal Revenues reported in Financial Statement Audit	\$ 765,993

Less Federal Revenues that are excluded from Uniform Guidance consideration:

Federal interest subsidy in debt service fund	<u>(191,257)</u>
Total Uniform Guidance regulated Federal Expenditures	<u><u>\$ 574,736</u></u>

NOTE 16. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 8, 2025, the date the financial statements were available to be issued. No events or transactions occurred during this period which requires recognition or disclosures in the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

BRIDGMAN PUBLIC SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY SCHEDULE
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance (Negative) Positive
Revenues				
Property taxes	\$ 12,268,393	\$ 12,274,827	\$ 12,273,150	\$ (1,677)
Local sources	135,253	317,802	140,165	(177,637)
State sources	3,346,164	3,738,914	3,966,336	227,422
Federal sources	191,256	208,668	210,554	1,886
Intermediate sources	140,000	515,844	515,845	1
Interest	300,013	397,150	404,023	6,873
Total Revenues	<u>\$ 16,381,079</u>	<u>\$ 17,453,205</u>	<u>\$ 17,510,073</u>	<u>\$ 56,868</u>
Expenditures				
Instruction				
Basic programs	\$ 7,465,812	\$ 7,530,871	\$ 7,619,210	\$ (88,339)
Added needs	2,465,861	1,967,688	1,668,918	298,770
Adult and continuing education	29,590	27,550	90,148	(62,598)
Supporting services				
Pupil	977,958	902,417	1,414,556	(512,139)
Instructional staff	676,700	704,088	301,587	402,501
General administration	666,907	547,565	596,073	(48,508)
School administration	882,507	834,299	855,084	(20,785)
Business services	579,401	608,959	454,130	154,829
Athletics	556,599	503,752	504,832	(1,080)
Operations and maintenance	1,748,390	1,853,519	1,853,295	224
Transportation	414,579	504,200	500,926	3,274
Intergovernmental payments	10,136	15,862	14,691	1,171
Total Expenditures	<u>\$ 16,474,440</u>	<u>\$ 16,000,770</u>	<u>\$ 15,873,450</u>	<u>\$ 127,320</u>
Net Change in Fund Balances	<u>\$ (93,361)</u>	<u>\$ 1,452,435</u>	<u>\$ 1,636,623</u>	<u>\$ 184,188</u>
Fund Balances - Beginning of year	<u>5,204,624</u>	<u>5,204,624</u>	<u>5,204,624</u>	
Fund Balances - End of year	<u><u>\$ 5,111,263</u></u>	<u><u>\$ 6,657,059</u></u>	<u><u>\$ 6,841,247</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, 2025

	Original Budget	Final Budget	Actual	Variance (Negative) Positive
Revenues				
Property taxes	\$ 831,473	\$ 870,709	\$ 871,160	\$ 451
Local sources	22,000	55,375	57,445	2,070
State sources	-	1,178	1,179	1
Interest	50,000	90,042	92,052	2,010
Total Revenues	<u>\$ 903,473</u>	<u>\$ 1,017,304</u>	<u>\$ 1,021,836</u>	<u>\$ 4,532</u>
Expenditures				
Recreation	\$ 760,132	\$ 512,979	\$ 508,517	\$ 4,462
Total Expenditures	<u>\$ 760,132</u>	<u>\$ 512,979</u>	<u>\$ 508,517</u>	<u>\$ 4,462</u>
Net Change in Fund Balances	\$ 143,341	\$ 504,325	\$ 513,319	<u>\$ 8,994</u>
Fund Balances - Beginning of year	<u>1,682,021</u>	<u>1,682,021</u>	<u>1,682,021</u>	
Fund Balances - End of year	<u><u>\$ 1,825,362</u></u>	<u><u>\$ 2,186,346</u></u>	<u><u>\$ 2,195,340</u></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 30TH

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.06635%	0.06566%	0.06582%	0.06531%	0.06338%	0.06071%	0.05894%	0.05843%	0.05656%	0.05652%
District's proportionate share of net pension liability	\$ 16,244,868	\$ 21,252,258	\$ 24,755,733	\$ 15,461,903	\$ 21,772,416	\$ 20,104,031	\$ 17,717,731	\$ 15,144,001	\$ 14,111,958	\$ 13,804,730
District's covered-employee payroll	\$ 6,817,491	\$ 6,542,089	\$ 6,224,279	\$ 5,920,882	\$ 5,652,652	\$ 5,396,425	\$ 4,996,976	\$ 4,961,329	\$ 4,770,734	\$ 4,874,967
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	238.28%	324.85%	397.73%	261.14%	385.17%	372.54%	354.57%	305.24%	295.80%	283.18%
Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%

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 30TH

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 2,774,175	\$ 2,812,544	\$ 3,036,263	\$ 2,197,887	\$ 1,915,373	\$ 1,728,806	\$ 1,602,852	\$ 1,498,981	\$ 1,396,936	\$ 1,314,076
Contributions in relation to statutorily required contributions	<u>2,774,175</u>	<u>2,812,544</u>	<u>3,036,263</u>	<u>2,197,887</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,782,458	\$ 6,804,041	\$ 6,398,636	\$ 5,975,905	\$ 5,862,095	\$ 5,603,177	\$ 5,334,809	\$ 4,935,377	\$ 5,098,838	\$ 4,896,859
Contributions as a percentage of covered-employee payroll	40.90%	41.34%	47.45%	36.78%	32.67%	30.85%	30.05%	30.37%	27.40%	26.84%

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(ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AMOUNTS WERE DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30TH

	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (asset)	0.06574%	0.06615%	0.06467%	0.06590%	0.06397%	0.06184%	0.05875%	0.05824%
District's proportionate share of net OPEB liability (asset)	\$ (2,829,640)	\$ (374,199)	\$ 1,369,703	\$ 1,005,939	\$ 3,427,273	\$ 4,438,378	\$ 4,669,877	\$ 5,157,688
District's covered-employee payroll	\$ 6,817,491	\$ 6,542,089	\$ 6,224,279	\$ 5,920,882	\$ 5,396,425	\$ 5,396,425	\$ 4,996,976	\$ 4,961,329
District's proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	-41.51%	-5.72%	22.01%	16.99%	63.51%	82.25%	93.45%	103.96%
Plan fiduciary net position as a percentage of total OPEB liability (asset)	143.08%	105.04%	83.09%	87.33%	59.76%	48.67%	43.10%	36.53%

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

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

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 30TH

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 546,421	\$ 547,136	\$ 519,044	\$ 467,563	\$ 462,725	\$ 437,152	\$ 414,699	\$ 352,970
Contributions in relation to statutorily required contributions	<u>546,421</u>	<u>547,136</u>	<u>519,044</u>	<u>467,563</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,782,458	\$ 6,804,041	\$ 6,398,636	\$ 5,975,905	\$ 5,862,095	\$ 5,603,177	\$ 5,334,809	\$ 4,935,377
Contributions as a percentage of covered-employee payroll	8.06%	8.04%	8.11%	7.82%	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.

NOTE 1. PENSION INFORMATION

Benefit changes – there were no changes of benefit terms for each of the reported plan years ended September 30.

Changes of assumptions – the assumption changes for 2024 were:

- 2023 – The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 – The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decrease by 0.80 percentage points.
- 2019 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 – The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 – The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

NOTE 2. OPEB INFORMATION

Benefit changes – there were no changes of benefit terms in 2024.

Changes of assumptions – there were no changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2024 – The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.

NOTE 2. OPEB INFORMATION (CONCLUDED)

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Budgeted Funds — See Budgetary Comparison Schedule 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, 2025

	Special Revenue Funds		
	Food Services Fund	Student Activity Fund	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	\$ 238,867	\$ 161,563	\$ 400,430
Due from other governmental units	7,217	-	7,217
Due from other governmental funds	3,290	-	3,290
Inventories	6,037	-	6,037
Total Assets	<u>\$ 255,411</u>	<u>\$ 161,563</u>	<u>\$ 416,974</u>
Liabilities			
Accounts payable	\$ 2,884	\$ -	\$ 2,884
Total Liabilities	<u>\$ 2,884</u>	<u>\$ -</u>	<u>\$ 2,884</u>
Fund Balances			
Non-spendable - inventories	\$ 6,037	\$ -	\$ 6,037
Restricted for food services	246,490	-	246,490
Committed for student activities	-	161,563	161,563
Total Fund Balances	<u>\$ 252,527</u>	<u>\$ 161,563</u>	<u>\$ 414,090</u>
Total Liabilities and Fund Balances	<u>\$ 255,411</u>	<u>\$ 161,563</u>	<u>\$ 416,974</u>

BRIDGMAN PUBLIC SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds		
	Food Services Fund	Student Activity Fund	Total Non-Major Governmental Funds
Revenues			
Local sources	\$ 84,340	\$ 213,904	\$ 298,244
State sources	219,316	-	219,316
Federal sources	364,182	-	364,182
Total Revenues	<u>\$ 667,838</u>	<u>\$ 213,904</u>	<u>\$ 881,742</u>
Expenditures			
Food services	\$ 718,297	\$ -	\$ 718,297
Student activities	-	210,600	210,600
Total Expenditures	<u>\$ 718,297</u>	<u>\$ 210,600</u>	<u>\$ 928,897</u>
Net Change in Fund Balances	\$ (50,459)	\$ 3,304	\$ (47,155)
Fund Balances - Beginning of year	<u>302,986</u>	<u>158,259</u>	<u>461,245</u>
Fund Balances - End of year	<u><u>\$ 252,527</u></u>	<u><u>\$ 161,563</u></u>	<u><u>\$ 414,090</u></u>

MANAGEMENT COMPLIANCE LETTER



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

To the Board of Education of
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, 2025, 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 8, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan
October 8, 2025