

BANGOR PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
**(with required supplementary and additional
supplementary information)**

YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS.....	11
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14-15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	16-17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Notes to Financial Statements.....	19-46
REQUIRED SUPPLEMENTARY INFORMATION	47
Budgetary Comparison Schedule - General Fund	48
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability.....	49
Schedule of the Reporting Unit's Pension Contributions	50
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability	51
Schedule of the Reporting Unit's OPEB Contributions	52
Notes to Required Supplementary Information	53
ADDITIONAL SUPPLEMENTARY INFORMATION	54
Nonmajor Governmental Fund Types	
Combining Balance Sheet.....	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	56
Long-Term Debt	
Schedule of Bonded Debt Service Requirements.....	57-59
Schedule of Expenditures of Federal Awards.....	60-62
Notes to Schedule of Expenditures of Federal Awards.....	63-64

TABLE OF CONTENTS

	<u>Page</u>
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 <i>GOVERNMENT AUDITING STANDARDS</i>	65-66
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	67-69
Schedule of Findings and Questioned Costs	70
Corrective Action Plan	71
Schedule of Prior Year Audit Findings	72-74



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Bangor Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bangor Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Bangor Public Schools' 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 Bangor Public Schools, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bangor Public Schools' 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 Bangor Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023 on our consideration of Bangor Public Schools' 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 Bangor Public Schools' 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 Bangor Public Schools' internal control over financial reporting and compliance.

Manes Costeiran PC

October 23, 2023

BANGOR PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Bangor Public Schools' (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the District's financial statements which immediately follow this section. A comparative analysis with the prior year has been provided.

District-wide Financial Statements

The first two statements are District-wide financial statements that provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The statements are compiled using the full accrual basis of accounting and more closely represent financial statements presented by business and industry. All of the District's assets, liabilities, deferred inflows of resources, and deferred outflows of resources, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt and other long-term obligations of the District resulting in total net position.

Over time, increases or decreases in the District's net position is one indicator of whether its financial position is improving or deteriorating. To assess the District's overall financial health, one should consider additional factors which may include the State's and/or region's economic condition, changes in the District's property tax base, and age and condition of its capital assets.

Fund Financial Statements

For the most part, the fund financial statements are comparable to financial statements for the previous fiscal year. The fund level statements are reported on a modified accrual basis in that only those assets that are deemed "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The formats of the fund statements comply with requirements of the Michigan Department of Education's "Accounting Manual". In the state of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds categorized as Special Revenue, Debt Service, and Capital Projects Funds.

In the fund financial statements, capital assets purchased are considered expenditures in the year of acquisition with no asset being reported. The issuance of debt is treated as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

**BANGOR PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Summary of Net Position

The following schedule summarizes the net position at June 30, 2023 and 2022:

	2023	2022*
ASSETS		
Current and other assets	\$ 5,866,990	\$ 5,225,080
Capital assets	12,886,620	12,481,576
TOTAL ASSETS	18,753,610	17,706,656
DEFERRED OUTFLOWS OF RESOURCES		
	9,920,717	5,116,308
LIABILITIES		
Long-term liabilities	10,118,505	10,117,902
Other liabilities	2,085,397	2,059,333
Net pension liability	24,415,592	15,446,175
Net OPEB liability	1,392,210	971,279
TOTAL LIABILITIES	38,011,704	28,594,689
DEFERRED INFLOWS OF RESOURCES		
	5,746,636	11,259,909
NET POSITION		
Net investment in capital assets	3,388,929	2,365,806
Restricted for debt service	537,239	357,987
Unrestricted	(19,010,181)	(19,755,427)
TOTAL NET POSITION, as restated	\$ (15,084,013)	\$ (17,031,634)
* The 2022 figures have not been updated for the prior period adjustment disclosed in Note 15.		

Analysis of Net Position

During the fiscal year ended June 30, 2023, the District's net position improved. A few of the more significant factors affecting net position during the year are discussed below:

➤ Cash Equivalents, Deposits, and Investments

At June 30, 2023, the District's cash equivalents, deposits, and investments amounted to approximately \$1.4 million. This represented a decrease of approximately \$500,000 over the previous year, primarily as a result of making current year debt principal and interest payments.

➤ Capital Outlay Acquisitions

For the fiscal year ended June 30, 2023, approximately \$1.33 million of expenditures were capitalized and recorded as assets of the District.

The net effect of the new capital assets, assets disposed of during the fiscal year, and the current year's depreciation is a net increase to capital assets of approximately \$400,000 for the fiscal year ended June 30, 2023.

**BANGOR PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

➤ Depreciation Expense

GASB 34 requires school districts to maintain records of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in the net position.

➤ Accumulated Compensated Absences

At June 30, 2023, the District had an obligation to employees for the portion of earned compensated absences that they would be entitled to upon separation in the amount of \$108,153.

Results of Operations

For the fiscal years ended June 30, 2023 and 2022, the results of operations, on a District-wide basis, were:

Table A-4 Changes in Bangor Public Schools' Net Position		
	<u>2023</u>	<u>2022*</u>
REVENUES		
Program revenues		
Charges for services	\$ 110,786	\$ 250,927
Operating grants, as restated	8,022,970	6,084,010
General revenues		
Property taxes	2,722,555	2,553,697
Investment earnings	46,026	-
State aid - unrestricted	7,584,131	7,228,290
Other	<u>749,436</u>	<u>173,256</u>
TOTAL REVENUES	<u>19,235,904</u>	<u>16,290,180</u>
EXPENSES		
Instruction	8,091,600	5,990,649
Support services	6,493,408	5,424,931
Community services	125,397	107,816
Food services	988,441	818,683
Student/school activities	197,360	116,453
Interest on long-term debt	221,358	286,966
Unallocated depreciation	<u>924,363</u>	<u>878,422</u>
TOTAL EXPENSES	<u>17,041,927</u>	<u>13,623,920</u>
Change in net position, as restated	<u>\$ 2,193,977</u>	<u>\$ 2,666,260</u>

* The 2022 figures have not been updated for the prior period adjustment disclosed in Note 15.

**BANGOR PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

➤ Property Taxes

The District levied 18.0000 mills of property taxes for operations on non-principal residence exempt property (PRE) for the 2022 tax year. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of increase in the prior year's Consumer Price Index or 5%, whichever is less. At the time that property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is one half of the property's market value.

➤ State Sources

The majority of the unrestricted state sources of revenues is comprised of the per student foundation allowance. The State of Michigan funds school districts based on a blended student enrollment which is calculated using the 90/10 blend for 2022-2023. For the 2022-2023 fiscal year, the District received \$9,150 per student full time equivalent. The student foundation allowance amount increased \$450 per student when compared to the 2021-2022 fiscal year.

➤ Operating Grants

The District receives a significant portion of its operating revenue from categorical grants. For the fiscal year ended June 30, 2023, federal, state, and other grants amounted to approximately \$8.1 million. This represents an increase of approximately \$1.9 million over the prior year.

Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

Expenditures	2023	2022	Increase (Decrease)
Instruction	\$ 9,498,523	\$ 7,122,113	\$ 2,376,410
Support services	7,199,618	6,222,220	977,398
Food service activities	1,049,554	951,188	98,366
Student/school activities	197,360	116,453	80,907
Community recreation	125,397	121,782	3,615
Capital outlay	878,529	648,969	229,560
Debt service	877,947	939,260	(61,313)
 Total expenditures	 <u>\$ 19,826,928</u>	 <u>\$ 16,121,985</u>	 <u>\$ 3,704,943</u>

**BANGOR PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund Budgetary Highlights

The Uniform Budgeting Act of the State of Michigan requires that the local Board of Education approve the annual operating budget prior to the start of the fiscal year on July 1. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30, 2023.

The following schedule shows a comparison of the original general fund budget, the final amended budget, and actual totals from operations for the fiscal year ending June 30, 2023.

	Original Budget	Final Budget	Actual	Variance with Budget	% Variance
Total revenues	\$ 13,153,822	\$ 17,448,632	\$ 17,539,586	\$ 90,954	0.52%
Expenditures					
Instruction	\$ 6,973,566	\$ 9,461,096	\$ 9,498,523	\$ (37,427)	-0.40%
Supporting services	5,591,352	7,284,967	7,199,618	85,349	1.17%
Community services	97,752	111,602	125,397	(13,795)	-12.36%
Debt services	22,851	107,319	27,573	79,746	74.31%
Capital outlay	92,700	19,200	19,200	-	0.00%
Total expenditures	\$ 12,778,221	\$ 16,984,184	\$ 16,870,311	\$ 113,873	0.67%
Other financing sources (uses)	\$ -	\$ (850,000)	\$ (677,113)	\$ 172,887	20.34%

The original budget adopted by the Board in June 2022 was amended twice during the year. The amendments, approved in February and June 2023, reflected necessary changes to both revenues and expenditures based on projections made by the Business Manager.

Capital Assets

By the end of the 2022-2023 fiscal year, the District had invested approximately \$30.2 million as the original cost in a broad range of capital assets, including land, construction in progress, school buildings and improvements, furniture and equipment, and school buses and other vehicles. Depreciation expense for the year amounted to \$924,363, bringing the accumulated depreciation to roughly \$17.3 million as of June 30, 2023.

	2023			2022
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 116,632	\$ -	\$ 116,632	\$ 116,632
Construction in progress	426,043	-	426,043	-
Building and improvements	26,081,571	15,518,389	10,563,182	11,191,239
Furniture and equipment	865,428	219,254	646,174	283,140
Technology	973,930	576,426	397,504	277,672
Buses and vehicles	1,763,015	1,025,930	737,085	612,893
Total	\$ 30,226,619	\$ 17,339,999	\$ 12,886,620	\$ 12,481,576

**BANGOR PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Long-term Obligations

At June 30, 2023, the District had approximately \$10.1 million in long-term obligations which included approximately \$9.9 million in outstanding refunded debt. In addition to the refunded debt, the District has an installment note of approximately \$40,000 and an obligation for compensated absences estimated at roughly \$108,000 at the end of the fiscal year.

Table A-6 Bangor Public Schools Outstanding Long-Term Obligations		
	2023	2022
General obligation bonds	\$ 9,970,010	\$ 10,612,513
Notes from direct borrowings and direct placements	40,342	66,407
Compensated absences	108,153	119,500
	\$ 10,118,505	\$ 10,798,420

Factors Bearing on the District’s Future

At the time these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- Over the past few years federal revenue has been at unprecedented levels through the use of the CARES act. At this time, we are unaware of any efforts from the federal government to increase other revenue sources, which would cause a drastic drop in revenue for our district.
- Our district is primarily funded based on a per pupil formula. Our student enrollment has been continually and gradually declining. Further declines would mean lower funding levels for our district. Likewise, if marketing and academic initiative work in growing our attendance, increases in our revenue would be realized.
- Inflationary effects within the economy have outpaced increases in funding in many segments. These added costs have direct impacts on how many materials and services our district can afford to provide our students. If this trend continues, our district will face hardships in either budgetary or academic areas due to the lower relative affordability of expenses.
- The education industry continues to see large amounts of staff turnover in times of staff shortages. This creates a duality of outcomes. If our district is able to attract younger teachers while more experienced teachers are leaving, our district will save money through attrition. If however, our district is forced into competition with other local districts for teachers, we will need to raise our rates and create ongoing added expenses as new staff pools age.

**BANGOR PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- Our district passed a \$7,250,000 bond within the last year that will be distributed in 2 series. This bond money will be used primarily for facilities and technology upgrades. This will have a positive effect on our district as it will reduce ongoing replacement, repair, and utility expenses.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional information, please contact the Business Manager at Bangor Public Schools, 801 West Arlington Street, Bangor, MI 49013.

BASIC FINANCIAL STATEMENTS

**BANGOR PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 640,863
Investments	747,336
Receivables - due from other governmental units	4,159,501
Receivables - taxes	317,858
Inventories	1,432
Capital assets not being depreciated	542,675
Capital assets, net of accumulated depreciation	12,343,945
TOTAL ASSETS	18,753,610
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of amortization	512,661
Related to pensions	7,434,928
Related to OPEB	1,973,128
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,920,717
LIABILITIES	
Accounts payable	300,544
Accrued interest	32,211
Accrued salaries and related items	1,410,491
Unearned revenue	342,151
Noncurrent liabilities	
Due within one year	690,349
Due in more than one year	9,428,156
Net pension liability	24,415,592
Net OPEB liability	1,392,210
TOTAL LIABILITIES	38,011,704
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	791,425
Related to OPEB	3,161,837
Related to state aid funding for pension	1,793,374
TOTAL DEFERRED INFLOWS OF RESOURCES	5,746,636
NET POSITION	
Net investment in capital assets	3,388,929
Restricted for debt service	537,239
Unrestricted	(19,010,181)
TOTAL NET POSITION	\$ (15,084,013)

See notes to financial statements.

**BANGOR PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 8,091,600	\$ -	\$ 4,267,869	\$ (3,823,731)
Support services	6,493,408	29,288	2,611,607	(3,852,513)
Community services	125,397	-	156,594	31,197
Food services	988,441	26,867	986,900	25,326
Student/school activities	197,360	54,631	-	(142,729)
Interest on long-term debt	221,358	-	-	(221,358)
Unallocated depreciation	924,363	-	-	(924,363)
Total governmental activities	<u>\$ 17,041,927</u>	<u>\$ 110,786</u>	<u>\$ 8,022,970</u>	<u>(8,908,171)</u>
General revenues				
Property taxes, levied for general purposes				1,671,270
Property taxes, levied for debt service				1,051,285
State sources - unrestricted				7,584,131
Investment earnings				46,026
Intermediate sources				247,966
Other				501,470
Total general revenues				<u>11,102,148</u>
CHANGE IN NET POSITION				2,193,977
NET POSITION, beginning of year, as restated				<u>(17,277,990)</u>
NET POSITION, end of year				<u>\$ (15,084,013)</u>

See notes to financial statements.

**BANGOR PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 210,717	\$ 430,146	\$ 640,863
Investments	425,527	321,809	747,336
Receivables			
Taxes receivable	194,521	123,337	317,858
Due from other funds	70,000	491,454	561,454
Due from other governmental units	4,142,197	17,304	4,159,501
Inventories	-	1,432	1,432
	<u>\$ 5,042,962</u>	<u>\$ 1,385,482</u>	<u>\$ 6,428,444</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 176,781	\$ 123,763	\$ 300,544
Accrued salaries and related items	1,406,922	3,569	1,410,491
Due to other funds	485,611	75,843	561,454
Unearned revenue	341,953	198	342,151
	<u>2,411,267</u>	<u>203,373</u>	<u>2,614,640</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - federal revenue	141,013	-	141,013
	<u>141,013</u>	<u>-</u>	<u>141,013</u>
FUND BALANCES			
Nonspendable			
Inventories	-	1,432	1,432
Restricted for:			
Food service	-	504,773	504,773
Debt service	-	569,450	569,450
Committed for capital projects	-	51,422	51,422
Committed for student/school activities	-	55,032	55,032
Assigned for subsequent years' expenditures	937,041	-	937,041
Unassigned	1,553,641	-	1,553,641
	<u>2,490,682</u>	<u>1,182,109</u>	<u>3,672,791</u>
TOTAL FUND BALANCES	<u>\$ 5,042,962</u>	<u>\$ 1,385,482</u>	<u>\$ 6,428,444</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,042,962</u>	<u>\$ 1,385,482</u>	<u>\$ 6,428,444</u>

See notes to financial statements.

Total governmental fund balances		\$ 3,672,791
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred charge on refunding, net of amortization	\$ 512,661	
Deferred outflows of resources - related to pensions	7,434,928	
Deferred outflows of resources - related to OPEB	1,973,128	
Deferred inflows of resources - related to pensions	(791,425)	
Deferred inflows of resources - related to OPEB	(3,161,837)	
Deferred inflows of resources - related to state pension funding	<u>(1,793,374)</u>	4,174,081
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
The cost of the capital assets is	30,226,619	
Accumulated depreciation is	<u>(17,339,999)</u>	12,886,620
Revenue not recorded in the funds due to not being collected until after September 1st.		
Unavailable revenue - federal revenue		141,013
Long-term liabilities are not due and payable in the current period and are not reported in the funds		
General obligation bonds and direct borrowing and direct placement		(10,010,352)
Compensated absences		(108,153)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(32,211)
Net pension liability		(24,415,592)
Net OPEB liability		<u>(1,392,210)</u>
Net position of governmental activities		<u>\$ (15,084,013)</u>

**BANGOR PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources			
Property taxes	\$ 1,671,270	\$ 1,051,285	\$ 2,722,555
Food sales	-	26,867	26,867
Investment earnings	27,575	18,451	46,026
Student/school activities	-	54,631	54,631
Other	325,675	205,083	530,758
	<u>2,024,520</u>	<u>1,356,317</u>	<u>3,380,837</u>
Total local sources			
State sources	11,163,979	19,025	11,183,004
Federal sources	4,103,121	967,875	5,070,996
Intermediate school districts and other	247,966	-	247,966
	<u>17,539,586</u>	<u>2,343,217</u>	<u>19,882,803</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	9,498,523	-	9,498,523
Supporting services	7,199,618	-	7,199,618
Food services	-	1,049,554	1,049,554
Student/school activities	-	197,360	197,360
Community services	125,397	-	125,397

See notes to financial statements.

	<u>General Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES (continued)			
Capital outlay	\$ 19,200	\$ 859,329	\$ 878,529
Debt service			
Principal repayment	26,065	645,000	671,065
Interest	1,508	204,646	206,154
Other	-	728	728
	<u>16,870,311</u>	<u>2,956,617</u>	<u>19,826,928</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>669,275</u>	<u>(613,400)</u>	<u>55,875</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	70,000	747,113	817,113
Transfers out	<u>(747,113)</u>	<u>(70,000)</u>	<u>(817,113)</u>
	<u>(677,113)</u>	<u>677,113</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(7,838)	63,713	55,875
FUND BALANCES			
Beginning of year, as restated	<u>2,498,520</u>	<u>1,118,396</u>	<u>3,616,916</u>
End of year	<u>\$ 2,490,682</u>	<u>\$ 1,182,109</u>	<u>\$ 3,672,791</u>

See notes to financial statements.

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

Net Change in Fund Balances Total Governmental Funds	\$ 55,875
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	(924,363)
Capital outlay	1,329,407
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	17,007
Accrued interest payable, end of the year	(32,211)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Payments on debt	671,065
Amortization of bond premiums	10,515
Amortization of bond discounts	(13,012)
Amortization of deferred charge on refunding	(50,489)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available.	
Unavailable revenue, beginning of year	-
Unavailable revenue, end of year	141,013
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences, beginning of the year	119,500
Accrued compensated absences, end of the year	(108,153)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Pension related items	537,985
OPEB related items	1,227,750
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
State aid funding for pension	(787,912)
Change in Net Position of Governmental Activities	\$ 2,193,977

See notes to financial statements.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Bangor Public Schools (the “District”) is governed by the Bangor Public Schools Board of Education (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Description of Government-wide 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 District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District’s funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

Other Nonmajor Funds

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in the special revenue funds.

The *Debt Service Funds* account for property tax and other revenue legally restricted for payment of long-term debt. The District’s debt service funds include the 2020 Refunding Fund and 2013 Debt Service Fund.

The *Capital Projects Fund* accounts for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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.

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 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).

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

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.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with increased appropriations due to the additional funding received from state and federal sources. The final budget was approved prior to June 30, 2023. The District does not consider these amendments appropriations to be significant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments (continued)

- 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.

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include building and improvements, furniture, and equipment, and buses and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress, if any, are not depreciated. The other remaining capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	20 - 50
Furniture and equipment	5 - 10
Technology	5 - 10
Buses and vehicles	5 - 10

BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Defined Benefit Plans

For purposes of measuring the net pension liability and other postemployment benefit liability, 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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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

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 the deferred charge on refunding and pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four 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 liabilities and the actual results. The fourth item arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year-end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position 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.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance 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 of the 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.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

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, 2023, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund 2013	
PRE, Non-PRE, Commercial and Industrial Personal Property	2.5300
Debt service fund 2020	
PRE, Non-PRE, Commercial and Industrial Personal Property	1.9700

Compensated Absences

The District's contracts generally provide for granting sick leave with pay. The current and long-term liability for compensated absences is reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations, or retirements.

Long-term Obligations

In the government-wide financial statements, long-term general obligation 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023 the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, \$668,518 of the District's bank balance of \$925,879 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 \$706,566.

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.

Interest Rate Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (years)</u>
MILAF External Investment Pool - MAX	\$ 504,824	N/A
MILAF External Investment Pool - CMC	<u>242,512</u>	N/A
Total fair value	<u>\$ 747,336</u>	

One day maturity equals 0.0027, one year equals 1.00.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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
MILAF External Investment Pool - MAX	\$ 504,824	AAAm	Standard & Poor's
MILAF External Investment Pool - CMC	242,512	AAAm	Standard & Poor's
	<u>\$ 747,336</u>		

Foreign Currency Risk

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

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.

The District does not have any investments subject to the fair value measurement.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	<u>Amortized Cost</u>
MILAF External Investment Pool - MAX	\$ 504,824
MILAF External Investment Pool - CMC	242,512
	\$ 747,336

The cash and cash equivalents 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, 2023:

	<u>Primary Government</u>
Cash and cash equivalents	\$ 640,863
Investments	747,336
	\$ 1,388,199

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2023 consist of the following:

	<u>Government- wide</u>
State aid	\$ 1,999,809
Federal revenue	2,018,806
Other	140,886
	\$ 4,159,501

Intergovernmental receivables include amounts due from federal, state, and ISD sources for various projects and programs. Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Assets not being depreciated				
Land	\$ 116,632	\$ -	\$ -	\$ 116,632
Construction in progress	-	426,043	-	426,043
Subtotal	<u>116,632</u>	<u>426,043</u>	<u>-</u>	<u>542,675</u>
Other capital assets				
Building and improvements	26,081,571	-	-	26,081,571
Furniture and equipment	443,661	421,767	-	865,428
Buses and vehicles	1,508,790	254,225	-	1,763,015
Technology	746,558	227,372	-	973,930
Subtotal	<u>28,780,580</u>	<u>903,364</u>	<u>-</u>	<u>29,683,944</u>
Accumulated depreciation				
Building and improvements	14,890,332	628,057	-	15,518,389
Furniture and equipment	160,521	58,733	-	219,254
Buses and vehicles	895,897	130,033	-	1,025,930
Technology	468,886	107,540	-	576,426
Total accumulated depreciation	<u>16,415,636</u>	<u>924,363</u>	<u>-</u>	<u>17,339,999</u>
Net capital assets being depreciated	<u>12,364,944</u>	<u>(20,999)</u>	<u>-</u>	<u>12,343,945</u>
Net governmental capital assets	<u>\$ 12,481,576</u>	<u>\$ 405,044</u>	<u>\$ -</u>	<u>\$ 12,886,620</u>

Depreciation for the fiscal year ended June 30, 2023 amounted to \$924,363. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2023 are as follows:

Receivable Fund		Payable Fund	
Food service	\$ 367,454	General fund	\$ 485,611
General fund	70,000	Student/school activities	5,843
Public improvement fund	<u>124,000</u>	Food service	<u>70,000</u>
	<u>\$ 561,454</u>		<u>\$ 561,454</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of the long-term debt obligations for the District for the year ended June 30, 2023:

	General Obligation Bonds	Installment purchase agreement	Compensated Absences	Total
Balance July 1, 2022	\$ 10,612,513	\$ 66,407	\$ 119,500	\$ 10,798,420
Deletions	<u>(642,503)</u>	<u>(26,065)</u>	<u>(11,347)</u>	<u>(679,915)</u>
Balance June 30, 2023	9,970,010	40,342	108,153	10,118,505
Due within one year	<u>(655,000)</u>	<u>(24,534)</u>	<u>(10,815)</u>	<u>(690,349)</u>
Due in more than one year	<u>\$ 9,315,010</u>	<u>\$ 15,808</u>	<u>\$ 97,338</u>	<u>\$ 9,428,156</u>

Long-term obligations at June 30, 2023 is comprised of the following:

General Obligation Bonds

2020 Refunding bonds due in annual installments of \$230,000 to \$785,000 through May 1, 2037 with interest at 0.60% to 2.10% \$ 7,280,000

2013 Refunding bonds due in annual installments of \$425,000 to \$470,000 through May 1, 2029 with interest at 2.50% to 3.00% 2,705,000

Add issuance premiums 63,084

Less issuance discounts (78,074)

Total general obligation bonds 9,970,010

Notes from Direct Borrowings and Direct Placements

2018 Installment Note due in annual installments of \$15,808 to \$24,534 through May 1, 2024 with interest at 2.77% 40,342

Total general obligation bonds and notes from direct borrowings and direct placements 10,010,352

Compensated absences 108,153

Total general long-term obligations \$ 10,118,505

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$40,342 contain provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

In prior years, the District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023, \$2,760,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2023 are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2024	\$ 655,000	\$ 193,269	\$ 24,534	\$ 744	\$ -	\$ 873,547
2025	670,000	181,263	15,808	-	-	867,071
2026	685,000	168,860	-	-	-	853,860
2027	695,000	155,965	-	-	-	850,965
2028	710,000	142,115	-	-	-	852,115
2029 - 2033	3,545,000	491,618	-	-	-	4,036,618
2034 - 2037	3,025,000	158,205	-	-	-	3,183,205
	9,985,000	1,491,294	40,342	744	-	11,517,380
Issuance premiums	63,084	-	-	-	-	63,084
Issuance discounts	(78,074)	-	-	-	-	-
Compensated absences	-	-	-	-	108,153	108,153
	<u>\$ 9,970,010</u>	<u>\$ 1,491,294</u>	<u>\$ 40,342</u>	<u>\$ 744</u>	<u>\$ 108,153</u>	<u>\$ 11,688,617</u>

Interest expense for the year ended June 30, 2023 was approximately \$221,000.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (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. MPERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

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:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
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%.

Pension Reform 2010

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

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012

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

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

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

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

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

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

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

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.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

Pension Reform of 2017

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012 (continued)

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

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

Employer Contributions

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

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

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

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (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 Benefit
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$3,247,000. Of the total pension contributions approximately \$3,133,000 was contributed to fund the Defined Benefit Plan and approximately \$114,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately \$649,000. Of the total OPEB contributions approximately \$594,000 was contributed to fund the Defined Benefit Plan and approximately \$55,000 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

Pension Liabilities

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

<i>MPSERS (Plan) Non-university Employers</i>	September 30, 2022	September 30, 2021
Total pension liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan fiduciary net position	\$ 58,268,076,344	\$ 62,717,060,920
Net pension liability	\$ 37,608,719,276	\$ 23,675,412,475
Proportionate share	0.06492%	0.06524%
Net pension liability for the District	\$ 24,415,592	\$ 15,446,175

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

For the year ended June 30, 2023, the District recognized pension expense of 2,495,933.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 4,195,474	\$ -
Net difference between projected and actual pension plan investment earnings	57,255	-
Differences between expected and actual experience	244,241	(54,591)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,135	(736,834)
Reporting Unit's contributions subsequent to the measurement date	2,936,823	-
	\$ 7,434,928	\$ (791,425)

\$2,936,823, 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:

Year Ending September 30,	Amount
2023	\$ 918,471
2024	691,506
2025	703,052
2026	1,393,651

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Liabilities

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

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total other postemployment benefit liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan fiduciary net position	\$ 10,404,650,683	\$ 10,520,015,621
Net other postemployment benefit liability	\$ 2,118,062,641	\$ 1,526,377,890
Proportionate share	0.06573%	0.06363%
Net other postemployment liability for the District	\$ 1,392,210	\$ 971,279

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

For the year ended June 30, 2023, the District recognized OPEB benefit of \$626,133.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,240,922	\$ (101,043)
Net difference between projected and actual other post employment benefits plan investment earnings	108,812	-
Differences between expected and actual experience	-	(2,726,807)
Changes in proportion and differences between employer contributions and proportionate share of contributions	110,991	(333,987)
Reporting Unit's contributions subsequent to the measurement date	<u>512,403</u>	<u>-</u>
	<u>\$ 1,973,128</u>	<u>\$ (3,161,837)</u>

\$512,403, 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 in the subsequent fiscal year.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

Year Ending September 30,	Amount
2023	\$ (622,600)
2024	(537,263)
2025	(463,299)
2026	(69,822)
2027	(12,856)
2028	4,728

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan 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: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

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

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

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

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

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

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

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

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

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

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.00%	5.1%
International Equity Pools	15.00%	6.7%
Private Equity Pools	16.00%	8.7%
Real Estate and Infrastructure Pools	10.00%	5.3%
Fixed Income Pools	13.00%	-0.2%
Absolute Return Pools	9.00%	2.7%
Real Return/Opportunistic Pools	10.00%	5.8%
Short Term Investment Pools	2.00%	-0.5%
	<u>100.00%</u>	

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

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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 the school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, 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:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	<u>\$ 32,219,511</u>	<u>\$ 24,415,592</u>	<u>\$ 17,984,811</u>

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

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment liability	<u>\$ 2,335,299</u>	<u>\$ 1,392,210</u>	<u>\$ 598,013</u>

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

Reporting Unit's proportionate share of the net other postemployment benefit liability	Other Postemployment Benefits		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	\$ 582,991	\$ 1,392,210	\$ 2,300,575

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 2022 Annual Comprehensive Financial Report.

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

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

NOTE 9 - TRANSFERS

The general fund transferred \$747,113 to the public improvement fund. The transfers were made for the purpose of funding capital outlay related to the public improvement fund during the year ended June 30, 2023. Additionally, the Food Service Fund transferred \$70,000 to the General Fund for an indirect cost reimbursement.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatements*.

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by various municipalities within the District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
City of Bangor	\$ 23,712

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no abatements made by the District.

NOTE 11 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

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

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the District's prior year financials after the adoption of GASB Statement 96.

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2021 fiscal year.

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

NOTE 14 - SUBSEQUENT EVENT

On August 23, 2023, the District issued general obligation bonds in the amount of \$4,420,000. As of June 30, 2023 no funds have been received and no expenses have been incurred.

NOTE 15 - RESTATEMENT

The following restatement of beginning fund balance was made during the period, which was a result of a change in the recognition of federal revenue into the proper period. These adjustments were reported as changes to the beginning fund balances.

	General Fund
Fund Balance as of July 1, 2022, as previously stated	\$ 2,744,876
Recognition of federal revenue into proper period	(246,356)
Fund Balance as of July 1, 2022 as restated	\$ 2,498,520

**BANGOR PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 15 - RESTATEMENT (continued)

The restatement of the beginning of the year had the following impact on net position. The change in the recognition of federal revenue into the proper period is as follows:

	<u>Governmental Activities</u>
Net Position as of July 1, 2022, as previously stated	\$ (17,031,634)
Recognition of federal revenue in proper period	<u>(246,356)</u>
Net Position as of July 1, 2022 as restated	<u><u>\$ (17,277,990)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**BANGOR PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 1,726,171	\$ 2,061,648	\$ 2,024,520	\$ (37,128)
State sources	9,957,868	11,107,597	11,163,979	56,382
Federal sources	1,296,283	4,048,380	4,103,121	54,741
Intermediate school districts and other	173,500	231,007	247,966	16,959
TOTAL REVENUES	13,153,822	17,448,632	17,539,586	90,954
EXPENDITURES				
Current				
Instruction				
Basic programs	6,973,566	9,461,096	9,498,523	(37,427)
Supporting services				
Pupil	257,793	328,245	318,180	10,065
Instructional staff	247,214	904,058	858,305	45,753
General administration	364,185	420,807	434,826	(14,019)
School administration	955,583	1,334,002	1,275,284	58,718
Business	416,536	418,524	411,003	7,521
Operations and maintenance	1,847,297	2,088,484	2,111,011	(22,527)
Pupil transportation	898,260	978,780	927,864	50,916
Central	279,818	355,204	408,580	(53,376)
Athletics	324,666	456,863	454,565	2,298
Total supporting services	5,591,352	7,284,967	7,199,618	85,349
Community services	97,752	111,602	125,397	(13,795)
Debt service	22,851	107,319	27,573	79,746
Capital outlay	92,700	19,200	19,200	-
TOTAL EXPENDITURES	12,778,221	16,984,184	16,870,311	113,873
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	375,601	464,448	669,275	204,827
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	70,000	70,000
Transfers out	-	(850,000)	(747,113)	102,887
Total other financing sources (uses)	-	(850,000)	(677,113)	172,887
NET CHANGE IN FUND BALANCE	\$ 375,601	\$ (385,552)	(7,838)	\$ 377,714
FUND BALANCE				
Beginning of year, as restated			2,498,520	
End of year			<u>\$ 2,490,682</u>	

**BANGOR PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.06492%	0.06524%	0.06811%	0.06935%	0.07151%	0.07253%	0.07343%	0.07315%	0.07582%
Reporting Unit's proportionate share of net pension liability	\$ 24,415,592	\$ 15,446,175	\$ 23,395,722	\$ 22,966,087	\$ 21,497,227	\$ 18,794,619	\$ 18,320,661	\$ 17,866,531	\$ 16,699,618
Reporting Unit's covered-employee payroll	\$ 6,410,348	\$ 5,763,489	\$ 6,039,268	\$ 6,055,816	\$ 6,063,369	\$ 6,046,078	\$ 6,220,084	\$ 6,255,742	\$ 6,737,555
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	380.88%	268.00%	387.39%	379.24%	354.54%	310.86%	294.54%	285.60%	247.86%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	60.77%	72.60%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.20%

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

**BANGOR PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<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>
Statutorily required contributions	\$ 3,133,341	\$ 1,958,953	\$ 2,000,613	\$ 1,942,273	\$ 1,843,563	\$ 1,898,659	\$ 1,707,435	\$ 1,648,164	\$ 1,322,656
Contributions in relation to statutorily required contributions	<u>3,133,341</u>	<u>1,958,953</u>	<u>2,000,613</u>	<u>1,942,273</u>	<u>1,843,563</u>	<u>1,898,659</u>	<u>1,707,435</u>	<u>1,648,164</u>	<u>1,322,656</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 7,094,121	\$ 6,306,269	\$ 5,652,970	\$ 6,159,207	\$ 6,009,209	\$ 6,052,819	\$ 6,084,319	\$ 6,068,661	\$ 6,385,534
Contributions as a percentage of covered-employee payroll	44.17%	31.06%	35.39%	31.53%	30.68%	31.37%	28.06%	27.16%	20.71%

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

**BANGOR PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.06573%	0.06363%	0.06802%	0.06854%	0.07104%	0.07242%
Reporting Unit's proportionate share of net OPEB liability	\$ 1,392,210	\$ 971,279	\$ 3,644,207	\$ 4,919,966	\$ 5,646,757	\$ 6,413,124
Reporting Unit's covered-employee payroll	\$ 6,410,348	\$ 5,763,489	\$ 6,039,268	\$ 6,055,816	\$ 6,063,369	\$ 6,046,078
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	21.72%	16.85%	60.34%	81.24%	93.13%	106.07%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	83.09%	87.33%	59.76%	48.67%	43.10%	36.53%

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

**BANGOR PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 593,724	\$ 472,376	\$ 475,134	\$ 494,121	\$ 459,645	\$ 495,039
Contributions in relation to statutorily required contributions	<u>593,724</u>	<u>472,376</u>	<u>475,134</u>	<u>494,121</u>	<u>459,645</u>	<u>495,039</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 7,094,121	\$ 6,306,269	\$ 5,652,970	\$ 6,159,207	\$ 6,009,209	\$ 6,052,819
Contributions as a percentage of covered-employee payroll	8.37%	7.49%	8.41%	8.02%	7.65%	8.18%

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

**BANGOR PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

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

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate decreased to 6.00% from 6.95%

ADDITIONAL SUPPLEMENTARY INFORMATION

**BANGOR PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2023**

	Special Revenue		Capital Projects	Debt Service		Total Nonmajor Funds
	Food Service	Student/ School Activities	Public Improvement Fund	2020 Refunding	2013 Refunding	
ASSETS						
Cash and cash equivalents	\$ 113,088	\$ 60,875	\$ 51,185	\$ 100,479	\$ 104,519	\$ 430,146
Investments	80,694	-	-	77,947	163,168	321,809
Receivables						
Taxes receivable	-	-	-	53,997	69,340	123,337
Due from other funds	367,454	-	124,000	-	-	491,454
Due from other governmental units	17,304	-	-	-	-	17,304
Inventories	1,432	-	-	-	-	1,432
TOTAL ASSETS	\$ 579,972	\$ 60,875	\$ 175,185	\$ 232,423	\$ 337,027	\$ 1,385,482
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 123,763	\$ -	\$ -	\$ 123,763
Accrued salaries and related items	3,569	-	-	-	-	3,569
Due to other funds	70,000	5,843	-	-	-	75,843
Unearned revenue	198	-	-	-	-	198
TOTAL LIABILITIES	73,767	5,843	123,763	-	-	203,373
FUND BALANCES						
Nonspendable for inventories	1,432	-	-	-	-	1,432
Restricted for food service	504,773	-	-	-	-	504,773
Restricted for debt service	-	-	-	232,423	337,027	569,450
Committed for capital projects	-	-	51,422	-	-	51,422
Committed for student/school activities	-	55,032	-	-	-	55,032
TOTAL FUND BALANCES	506,205	55,032	51,422	232,423	337,027	1,182,109
TOTAL LIABILITIES AND FUND BALANCES	\$ 579,972	\$ 60,875	\$ 175,185	\$ 232,423	\$ 337,027	\$ 1,385,482

**BANGOR PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2023**

	Special Revenue		Capital Projects	Debt Service		Total Nonmajor Funds
	Food Service	Student/ School Activities	Public Improvement Fund	2020 Refunding	2013 Refunding	
REVENUES						
Local sources						
Property taxes	\$ -	\$ -	\$ -	\$ 460,545	\$ 590,740	\$ 1,051,285
Food sales	26,867	-	-	-	-	26,867
Investment earnings	7,843	-	56	3,591	6,961	18,451
Student/school activities	-	54,631	-	-	-	54,631
Other	205,083	-	-	-	-	205,083
State sources	19,025	-	-	-	-	19,025
Federal sources	967,875	-	-	-	-	967,875
TOTAL REVENUES	1,226,693	54,631	56	464,136	597,701	2,343,217
EXPENDITURES						
Current						
Food service	1,049,554	-	-	-	-	1,049,554
Student/school activities	-	197,360	-	-	-	197,360
Capital outlay	134,799	-	724,530	-	-	859,329
Debt service						
Principal	-	-	-	235,000	410,000	645,000
Interest	-	-	-	122,096	82,550	204,646
Other	-	-	-	514	214	728
TOTAL EXPENDITURES	1,184,353	197,360	724,530	357,610	492,764	2,956,617
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	42,340	(142,729)	(724,474)	106,526	104,937	(613,400)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	747,113	-	-	747,113
Transfers out	(70,000)	-	-	-	-	(70,000)
NET CHANGE IN FUND BALANCES	(27,660)	(142,729)	22,639	106,526	104,937	63,713
FUND BALANCES						
Beginning of year	533,865	197,761	28,783	125,897	232,090	1,118,396
End of year	\$ 506,205	\$ 55,032	\$ 51,422	\$ 232,423	\$ 337,027	\$ 1,182,109

**BANGOR PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
JUNE 30, 2023**

\$6,130,000 refunding bonds issued in 2013:

Principal Due		Interest Due		Debt Service Requirement for Fiscal Year	
May 1	November 1	May 1	November 1	June 30	Amount
\$ 425,000	\$ -	\$ 36,150	\$ 36,150	2024	\$ 497,300
435,000	-	30,838	30,838	2025	496,675
450,000	-	25,400	25,400	2026	500,800
460,000	-	19,775	19,775	2027	499,550
470,000	-	14,025	14,025	2028	498,050
465,000	-	6,975	6,975	2029	478,950
<u>\$ 2,705,000</u>	<u>\$ -</u>	<u>\$ 133,163</u>	<u>\$ 133,163</u>		<u>\$ 2,971,325</u>

The bonds were approved by the Board of Education to be used for the purpose of refunding all or a portion of the District's outstanding 2004 refunding bonds. The bonds carry an interest rate of 2.50% to 3.00%.

**BANGOR PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
JUNE 30, 2023**

\$7,740,000 refunding bonds issued in 2020:

Principal Due		Interest Due		Debt Service Requirement for Fiscal Year	
May 1	November 1	May 1	November 1	June 30	Amount
\$ 230,000	\$ -	\$ 60,485	\$ 60,484	2024	\$ 350,969
235,000	-	59,794	59,794	2025	354,588
235,000	-	59,030	59,030	2026	353,060
235,000	-	58,208	58,208	2027	351,415
240,000	-	57,033	57,033	2028	354,065
265,000	-	55,533	55,533	2029	376,065
690,000	-	53,744	53,744	2030	797,488
700,000	-	48,741	48,741	2031	797,483
705,000	-	43,316	43,316	2032	791,633
720,000	-	37,500	37,500	2033	795,000
735,000	-	31,020	31,020	2034	797,040
750,000	-	23,670	23,670	2035	797,340
755,000	-	16,170	16,170	2036	787,340
785,000	-	8,243	8,243	2037	801,485
<u>\$ 7,280,000</u>	<u>\$ -</u>	<u>\$ 612,485</u>	<u>\$ 612,484</u>		<u>\$ 8,504,969</u>

The bonds were approved by the Board of Education to be used for the purpose of refunding all or a portion of the District's outstanding 2012 school building and site bonds. The bonds carry an interest rate of 0.60% to 2.10%.

**BANGOR PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
JUNE 30, 2023**

\$159,753 Installment Purchase Agreement issued in 2018:

<u>Principal Due</u>	<u>Interest Due</u>	<u>Debt Service Requirement</u>	
<u>May 1</u>	<u>May 1</u>	<u>June 30</u>	<u>for Fiscal Year</u>
			<u>Amount</u>
\$ 24,534	\$ 744	2024	\$ 25,278
<u>15,808</u>	<u>-</u>	2025	<u>15,808</u>
<u>\$ 40,342</u>	<u>\$ 744</u>		<u>\$ 41,086</u>

The installment purchase agreement was approved by the Board of Education to be used for the purpose of purchasing buses for the District. The agreement will carry an interest rate of 2.77%

**BANGOR PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	As restated Accrued (Unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
National School Lunch Program - Entitlement	10.555	N/A	\$ 49,931	\$ -	\$ -	\$ -	\$ 49,931	\$ 49,931	\$ -
National School Lunch Program - Entitlement Bonus		N/A	2,276	-	-	-	2,276	2,276	-
Total non-cash assistance			<u>52,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,207</u>	<u>52,207</u>	<u>-</u>
Cash Assistance									
COVID-19 - Supply Chain Assistance Fund	10.555	220910	28,212	-	-	-	28,212	28,212	-
National School Lunch Program		221960	78,566	-	-	-	78,566	78,566	-
COVID-19 - Supply Chain Assistance Fund		230910	15,661	-	-	-	15,661	15,661	-
National School Lunch Program		231960	523,356	-	-	-	523,356	523,356	-
National School Lunch Program		231980	8,466	-	-	-	8,466	8,466	-
			<u>654,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>654,262</u>	<u>654,262</u>	<u>-</u>
Total ALN 10.555			<u>706,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,468</u>	<u>706,468</u>	<u>-</u>
School Breakfast Program	10.553	221971	27,935	-	-	-	27,935	27,935	-
School Breakfast Program		231970	178,271	-	-	-	178,271	178,271	-
Total ALN 10.553			<u>206,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,205</u>	<u>206,205</u>	<u>-</u>
COVID-19 - Summer Food Service Program for Children	10.559	220900	51,569	9,206	9,206	-	42,363	51,569	-
Summer Food Service Program for Children		230900	12,839	-	-	-	12,839	-	12,839
Total ALN 10.559			<u>64,408</u>	<u>9,206</u>	<u>9,206</u>	<u>-</u>	<u>55,202</u>	<u>51,569</u>	<u>12,839</u>
Total cash assistance			<u>924,875</u>	<u>9,206</u>	<u>9,206</u>	<u>-</u>	<u>915,669</u>	<u>912,037</u>	<u>12,839</u>
Total Child Nutrition Cluster			<u>977,082</u>	<u>9,206</u>	<u>9,206</u>	<u>-</u>	<u>967,876</u>	<u>964,243</u>	<u>12,839</u>
COVID-19 Pandemic EBT Local Level Costs	10.649	220980	3,135	-	-	-	3,135	3,135	-
Total U.S. Department of Agriculture			<u>980,217</u>	<u>9,206</u>	<u>9,206</u>	<u>-</u>	<u>971,011</u>	<u>967,378</u>	<u>12,839</u>

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

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	As restated Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	221530	\$ 437,356	\$ 339,956	\$ 339,956	\$ -	\$ -	\$ 339,956	\$ -
Title I Grants to Local Educational Agencies		231530	519,977	-	-	-	297,196	39,498	257,698
Total ALN 84.010			957,333	339,956	339,956	-	297,196	379,453	257,698
Migrant Education State Grant Program - Summer	84.011	221830	299,091	5,757	5,757	-	254,938	299,091	(38,396)
Migrant Education State Grant Program - Summer		231830	346,059	-	-	-	90,066	-	90,066
Migrant Education State Grant Program - Regular		221890	217,701	157,234	157,234	9,220	-	171,550	(5,095)
Migrant Education State Grant Program - Regular		231890	149,037	-	-	-	135,394	45,260	90,135
Total ALN 84.011			1,357,947	162,991	162,991	9,220	480,398	515,901	136,709
English Language Acquisition State Grants	84.365	220570	709	-	-	-	-	696	(696)
English Language Acquisition State Grants		220580	59,340	58,134	58,134	(6,870)	-	58,134	(6,870)
English Language Acquisition State Grants		230570	630	-	-	-	578	-	578
English Language Acquisition State Grants		230580	30,155	-	-	-	27,127	13,963	13,165
Total ALN 84.365			90,834	58,134	58,134	(6,870)	27,705	72,792	6,177
Supporting Effective Instruction State Grants	84.367	220520	61,601	36,407	36,407	11,744	4,080	61,601	(9,370)
Supporting Effective Instruction State Grants		230520	58,114	-	-	-	17,643	2,721	14,922
Total ALN 84.367			119,715	36,407	36,407	11,744	21,723	64,322	5,551
Student Support and Academic Enrichment	84.424	220750	32,800	5,577	5,577	-	-	5,577	-
Student Support and Academic Enrichment		230750	58,827	-	-	-	24,026	5,045	18,981
Total ALN 84.424			91,627	5,577	5,577	-	24,026	10,623	18,981
Rural and Low Income Schools	84.358	230660	52,369	-	-	-	50,138	-	50,138
Adult Education Basic Grants to States 2022	84.002	221130	27,750	(429)	27,750	-	-	(429)	-
Adult Education Basic Grants to States 2023		231130	28,656	-	-	-	3,863	-	3,863
Total ALN 84.002			56,406	(429)	27,750	-	3,863	(429)	3,863
Education Stabilization Fund									
COVID-19 Elementary and Secondary School Emergency Relief Fund									
Emergency Relief Fund (ESSER II Section 98c Per Pupil Learning Loss)	84.425D	213782-2223	52,964	-	-	-	40,828	-	40,828
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER II Summer Program K-8)	84.425D	213722-2122	110,000	36	110,000	-	-	36	-
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER II Credit Recovery)	84.425D	213742-2122	55,000	7,787	55,000	(7,787)	7,787	7,787	-
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER II) - Formula Funds	84.425D	213712-2021	1,502,665	179,070	655,162	-	847,501	1,026,571	-
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER III) - Formula Funds	84.425U	213713-2122	3,369,323	-	-	-	2,314,390	829,194	1,485,196
Total ALN 84.425			5,089,952	186,893	820,162	(7,787)	3,210,507	1,863,588	1,526,024
Total Passed Through the Michigan Department of Education			7,816,183	789,529	1,450,977	6,307	4,115,556	2,906,250	2,005,142
Total U.S. Department of Education			7,816,183	789,529	1,450,977	6,307	4,115,556	2,906,250	2,005,142

**BANGOR PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	As restated Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
<u>Federal Communication Commission</u>									
COVID-19 Emergency Connectivity Funds	32.009	N/A	\$ 117,375	\$ -	\$ -	\$ -	\$ 117,375	\$ 117,375	\$ -
<u>U.S. Department of Health and Human Services</u>									
Passed through Van Buren Intermediate School District									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	826	-	-	-	1,760	934	826
Passed through the Van Buren/Cass District Health Department									
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	12,410	12,410	12,410	-	-	12,410	-
Total U.S. Department of Health and Human Services			13,236	12,410	12,410	-	1,760	13,344	826
TOTAL FEDERAL AWARDS			\$ 8,927,010	\$ 811,145	\$ 1,472,593	\$ 6,307	\$ 5,205,701	\$ 4,004,347	\$ 2,018,806

**BANGOR PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 - BASIS OF PRESENTATION

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

Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Bangor Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements for the year ended June 30, 2023:

General fund	\$ 4,103,121
Other nonmajor governmental funds	<u>967,875</u>
Total federal revenue in the fund financial statements	5,070,996
Less: adjustments	(6,307)
Add: Federal revenue not reported in the financial statements due to not being received within 60 days of year end	<u>141,013</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 5,205,702</u></u>

**BANGOR PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 4 - ADJUSTMENTS TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Adjustments were made to Title IC - Regular (ALN 84.011) and Title IIA (ALN 84.367) for \$9,220 and \$11,744, respectively, for federal expenditures incurred but not reported on the prior year SEFA. Adjustments were also made to Title III (ALN 84.365) and ESSER II Credit Recovery (ALN 84.425D) for (\$6,870) and (\$7,787), respectively, for prior year accrued revenue that was not received.

In addition, adjustments were made to Title IC - Summer (ALN 84.011) due to revenue being incorrectly recognized in the year ended June 30, 2022 for \$246,356. See below for impact on prior year accrued revenue on the schedule of expenditures of federal awards. See Note 15 for restatement of General Fund fund balance as of June 30, 2023.

Accrued revenue at July 1, 2022	\$ 1,057,501
Less: Recognition of federal revenue in proper period	<u>(246,356)</u>
Accrued revenue at July 1, 2022, as restated per the schedule of expenditures of federal awards	<u><u>\$ 811,145</u></u>



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

**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
Bangor Public Schools

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bangor Public Schools as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Bangor Public Schools' basic financial statements and have issued our report thereon dated October 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bangor Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bangor Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Bangor Public Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses of significant deficiencies may exist that were not identified. We identified certain deficiencies in internal controls, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bangor Public Schools' 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bangor Public Schools' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Bangor Public Schools' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Bangor Public Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Manes Costeiran PC

October 23, 2023



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

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

To the Board of Directors of
Bangor Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bangor Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bangor Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bangor Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Manes Costeiran PC

October 23, 2023

**BANGOR PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- | | | | | |
|---|---------------|-----|---------------|---------------|
| ➤ Material weakness(es) identified? | <u> X </u> | Yes | <u> </u> | No |
| ➤ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | <u> </u> | Yes | <u> X </u> | None reported |
| Noncompliance material to financial statements | <u> </u> | Yes | <u> X </u> | No |

Federal Awards

Internal control over major programs:

- | | | | | |
|---|---------------|-----|--------------|---------------|
| ➤ Material weakness(es) identified? | <u> </u> | Yes | <u> X </u> | No |
| ➤ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | <u> </u> | Yes | <u> X </u> | None reported |

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

<u> </u>	Yes	<u> X </u>	No
---------------	-----	--------------	----

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Funds

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

<u> </u>	Yes	<u> X </u>	No
---------------	-----	--------------	----

**BANGOR PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section II - Financial Statement Findings

Finding 2023-001: Considered a material weakness in internal control over financial reporting.

Criteria: In order to maintain adequate internal controls and proper reporting, all accounts should be reconciled and adjusted monthly. The reconciliations should be completed and reviewed on a timely basis.

Condition: Revenue related to Title I Part C was recognized for the year ended June 30, 2022 that should have been recognized during the year ended June 30, 2023.

Cause: Individuals responsible for recording the journal entries and reviewing monthly activity did not complete their procedures in the prior year. The District controls in place were ineffective in identifying this condition in the prior year.

Effect: Without completing and reviewing the reconciliations in a timely manner, inaccurate financial information may be used for management decisions and reporting.

Recommendation: The District should implement a month end procedure checklist to ensure that all balance sheet accounts are reconciled within 30 days of month-end, that the federal grants are recorded to the appropriate grant period, and that federal grant revenue is drawn on a timely basis. The District should implement journal entry review procedures based upon the employee making the journal entry.

Views of Responsible Officials: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

Section III - Federal Award Findings and Question Costs

None



Bangor Public Schools

"Providing Educational Excellence as a Pathway to Success"

BANGOR PUBLIC SCHOOLS CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

October 23, 2023

Michigan Department of Education

Bangor Public Schools submits the following corrective action plan for the year ended June 30, 2023.

Auditor: Maner Costerisan
2425 E. Grand River Avenue, Suite 1
Lansing, MI 48912

Audit Period: Year ended June 30, 2023

Finding – Financial Statement Audit:

2023-001 Material Weakness:

Recommendation: The District should implement a month end procedure checklist to ensure that all balance sheet accounts are reconciled within 30 days of month-end, that the federal grants are recorded to the appropriate grant period, and that federal grant revenue is drawn on a timely basis. The District should implement journal entry review procedures based upon the employee making the journal entry.

Action to be taken: Management is in agreement with the finding and we have already implemented a month end checklist to ensure all transactions are properly recorded, grants are reconciled & drawn down timely and all journal entries are recorded & approved (if required).

District contact person: Lynn Johnson, Superintendent

**BANGOR PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2023**

Finding 2021-001: Considered a significant deficiency in internal control over compliance.

Criteria: In order to comply with Michigan Department of Education requirements, the District's food service fund balance cannot exceed three months of operating expenditures.

Condition: Bangor Public Schools currently has more than the allowable fund balance in the non-profit food service fund. As a result, the District will be required to develop a spending plan to reduce the balance to an acceptable level during the 2023-2024 school year. The plan must be submitted to the Michigan Department of Education prior to implementation. Excess funds cannot be transferred to the general fund except to the extent of the allowable indirect costs transfer.

Questioned costs: None

Cause: The District's received more funding than anticipated through the seamless summer option meals and was unable to reduce the fund balance before year end.

Effect: The District has an excess fund balance in the non-profit food service fund.

Recommendation: The District should submit and implement a spend down plan for the 2023-2024 school year that will adequately reduce the food service fund balance to an acceptable level.

District's Response: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

Status: Michigan Department of Education is no longer requesting excess fund balances to be report as a finding. Michigan Department of Education is requesting that auditors inform the District via a management comment in the management letter instead.

Finding 2022-001: Considered a material weakness in internal control over compliance.

Condition: During the audit, it was discovered the bank reconciliations were not completed in a timely manner.

Status: Resolved.

Finding 2022-002: Considered a material weakness in internal control over financial reporting.

Condition: Prior to the closing of the year end, multiple reclassification and adjusting journal entries material to the financial statements were proposed by their independent audit firm.

Status: This issue is ongoing, and we recommend that the District puts into place processes for improvement as soon as possible. Refer to Finding 2023-001.

**BANGOR PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2023**

Finding 2022-003: Considered a material weakness in internal control over financial reporting and compliance with laws and regulations.

Condition: The District's General Fund expenditures exceeded budgeted expenditures (see Required Supplementary Information – Budgetary Comparison Schedule)

Status: Resolved.

Finding 2022-004: Considered a significant deficiency in internal control over compliance for a major federal program.

Condition: The District incurred the expenditures but was unable to bridge the accounting records supporting the transactions requested upon by the previous business manager to the information available from the current business manager in a timely manner.

Status: Resolved.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

October 23, 2023

To the Board of Education
Bangor Public Schools

In planning and performing our audit of the financial statements of Bangor Public Schools as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Bangor Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated October 23, 2023 on the financial statements of Bangor Public Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Bangor Public Schools develop a plan to spend down the excess by June 30, 2024.

This report is intended solely for the information and use of management, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

October 23, 2023

To the Board of Education of
Bangor Public Schools

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

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Bangor Public Schools are described in Note 1 to the financial statements. As described in Note 12 to the financial statements, the entity adopted Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-based IT Arrangements*, during the year ended June 30, 2023. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by the Bangor Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, one of the misstatements detected as a result of audit procedures and corrected by management was material and resulted in a prior period adjustment of approximately \$250,000 in the general fund.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 23, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Bangor Public Schools' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of Bangor Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC