

Bullock Creek School District
Midland, Michigan

Financial Statements
(with required and additional
supplementary information)
June 30, 2023



Bullock Creek School District
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June 30, 2023

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To the Members of the Board
Bullock Creek School District
Midland, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bullock Creek School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Sincerely,

Roslund, Prestage & Company, P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants

October 24, 2023

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



Bullock Creek School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

The following discussion and analysis of the Bullock Creek School District's financial performance provides an overall review of the District's financial activities and position for the fiscal year ended June 30, 2023. Readers should also review the financial statements, the notes to the financial statements and the supplementary information to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The basic financial statements include two kinds of statements that present different views of the District: the district-wide financial statements and the fund financial statements.

District-wide Financial Statements

The District-wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District-wide statements: The Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various district services.

When analyzed together, the two statements help the reader determine whether the District is financially stronger or weaker as a result of the year's activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the district, reporting the District's operation in more detail than the district-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Public School Accounting Manual*. In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds. The funds used by Bullock Creek School District include Capital Project Funds, Fiduciary Funds, Debt Service Funds and a Special Revenue Fund for Food Service.

Bullock Creek School District is the trustee, or fiduciary, for its student activity funds established for the benefit of our students. These fiduciary activities are reported in a separate statement of fiduciary

**Bullock Creek School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

assets and liabilities. They are excluded from the other financial statements because the District may not use the assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Financial Analysis of the District as a Whole

Summary of the Statement of Net Position

	Governmental Activities		
	June 30, 2023	June 30, 2022	Change
Assets			
Current assets	\$ 11,961,713	\$ 8,552,279	\$ 3,409,434
Capital assets	46,677,806	44,685,691	1,992,115
Less accumulated depreciat	(21,864,385)	(20,431,053)	(1,433,332)
Capital assets			
net book value	24,813,421	24,254,638	558,783
Deferred outflows of resourc	15,952,346	8,564,283	7,388,063
Total assets	52,727,480	41,371,200	11,356,280
Liabilities			
Current liabilities	7,647,426	6,408,820	1,238,606
Noncurrent liabilities	56,818,016	39,769,342	17,048,674
Total liabilities	64,465,442	46,178,162	18,287,280
Deferred inflows of resource	9,269,396	17,789,497	(8,520,101)
Net Position			
Net investment in			
capital assets	15,780,440	12,914,235	2,866,205
Restricted	223,070	996,991	(773,921)
Unrestricted	(37,010,868)	(36,507,685)	(503,183)
Total net position	\$ (21,007,358)	\$ (22,596,459)	\$ 1,589,101

Unrestricted net position is similar but not identical to fund balance. Reserves for grants, deferred gifts and debt service within the fund balance are treated as restricted assets since they are not available for general operations. A reconciliation of the difference between the change net position and change in fund balance is on page 4.

Effective for the year ended June 30, 2015, the District adopted new accounting guidance, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions, and Statements No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date*. This change impacted every public school district participating in MPERS, and will continue to significantly affect the District's financial statements for years to come. Please refer to Note 11 of the Financial Statements for further details.

The net position for the District increased by \$1,589,101 during the 2022-23 year. The *Summary of the Statement of Activities* (above) shows the details of this change.

The *Summary of the Statement of Activities* shows the change from another perspective. As shown in the *Summary of the Statement of Net Position*, the Revenues increased over the prior year, as we continued to receive ESSER funds and the state gave us additional funds for the pension liability.

**Bullock Creek School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

The net change in total liabilities was also an increase, which is related to additional ESSER purchases of curriculum and the paying down of the pension liability.

Summary of the Statement of Activities

	Governmental Activities		
	Year ended 2023	Year ended 2022	Difference
Revenues			
Program Revenues			
Charges for Services	\$ 578,041	\$ 401,831	\$ 176,210
Operating Grants/Contributions	6,763,800	2,406,868	4,356,932
Capital Grants/Contributions	-	-	-
General Revenues			
Property Taxes	3,230,925	3,157,579	73,346
State Foundation Allowance	14,394,536	17,963,358	(3,568,822)
Other	1,599,623	1,397,816	201,807
Total Revenues	<u>26,566,925</u>	<u>25,327,452</u>	<u>1,239,473</u>
Expenses			
Instruction	13,195,693	12,966,486	229,207
Support Services	9,900,729	8,085,693	1,815,036
Food Services	1,172,382	1,128,338	44,044
Other Transactions	709,020	722,370	(13,350)
Total Expenses	<u>24,977,824</u>	<u>22,902,887</u>	<u>2,074,937</u>
Change in Net Position	<u>\$ 1,589,101</u>	<u>\$ 2,424,565</u>	<u>\$ (835,464)</u>

Approximately 75% of the District's revenues are received from State sources. The Net State Foundation Grant is based on three variables:

1. The State of Michigan State Aid Act per student foundation allowance.
2. Student count returned to the normal calculation which is figured by 90% of the October count is added to 10% of the previous year's February count.
3. The amount raised by the District's non principal residence exemption tax levy of 18 mills.

The School District's Funds

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$6,199,405, which is an increase of \$2,243,805 from last year. The primary reasons for the increases are:

- In the General Fund, our principal operating fund, the fund balance increased by \$134,940. The district experienced higher operational costs due material shortages and increased cost of goods and more support services required to help with mental health. These were offset by returning to pre-Covid spending limits and the additional mental health and safety grants that were received during the fiscal year.
- In the Special Revenue Funds, the Food Service fund balance decreased by \$135,936. This was due to the spend down plan which allowed us to replace multiple appliances in the department.

**Bullock Creek School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

- The Student Activity accounts are no longer presented as fiduciary funds, but are now considered a Special Revenue Fund. The total fund balance at year end for these funds decreased by \$65,852 due to increased spending by the individual groups.
- The sale of the 2016 building and site bonds Series III, after construction and equipment purchase throughout the 2022-2023 fiscal year, left a fund balance of \$3,693,052.

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. In 2022-23 the State was able to fully fund the Bullock Creek School District foundation allowance of \$9,150 per pupil.

Student Enrollment

The District's student enrollment for the fall count of 2022-2023 was 1,697 students. This is a decrease of 24 students from the previous September. While the District has seen an overall decrease in students in previous years, it continues to have a strong school of choice population. This is due, in part, to the District offering some unique programs that other area schools do not offer such as Nature K-2 and a Young Fives program. The following summarizes fall student enrollments in the past five years:

Enrollment History

<u>Year</u>	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2022-2023	1697	(24)
2021-2022	1721	(120)
2020-2021	1841	(20)
2019-2020	1861	34
2018-2019	1827	11
2017-2018	1816	(48)
2014-2015	1,864	(69)
2012-2013	1,933	(91)
2008-2009	2,024	(161)

Preliminary student enrollment projections for 2023-2024 indicate that enrollments are likely to decrease compared to 2022-2023. The District uses county birthrates, current enrollment, and community factors as part of this forecast. Both sets of numbers will have to be reviewed at each semester.

Property Taxes Levied for General Operations

The District levies 18.0 mills of property taxes on non principal residence exemption properties and 6.0 mills on Commercial personal property for operations (General Fund). Under Michigan law, the tax levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in

**Bullock Creek School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

property values is capped at lesser of the rate of the prior year's Consumer Price Index increase or 5 percent. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, theoretically 50 percent of the market value. The following summarizes the local tax revenues as a percent of all general fund revenues for the past five years:

Local Property Tax History

Year	Local Property Tax Revenue	% of General Fund Revenue
2022-2023	\$ 1,013,567	4.2%
2021-2022	\$ 1,005,683	4.6%
2020-2021	\$ 1,059,221	4.8%
2019-2020	\$ 1,028,636	5.1%
2018-2019	\$ 1,002,451	5.1%
2017-2018	\$ 866,538	4.6%
2016-2017	\$ 846,428	4.5%

Capital Assets

At June 30, 2023, the District had \$24,813,421 invested in capital assets including land, construction in progress, buildings, furniture, and equipment.

Assets	Governmental Activities	
	2023	2022
Land and construction in progress	\$ 987,841	\$ 278,944
Buildings and additions	40,719,534	40,469,633
Equipment and furniture	2,011,694	1,417,972
Buses and other vehicles	2,958,737	2,519,142
Subtotal	46,677,806	44,685,691
Less accumulated depreciation	(21,864,385)	(20,431,053)
Total	\$ 24,813,421	\$ 24,254,638

Debt Administration

At June 30, 2023, the District had \$13,200,000 in general obligation bonds outstanding for capital projects. During the 2022-2023 fiscal year, the District levied a debt millage of 7.0 mills that generated revenue of \$2,114,201 and was based on the taxable value of all properties within the District. The revenue raised by the debt levy is used to pay maturities on the general obligation bonds.

The School District's general obligation bond rating continues to be equivalent to the State's credit rating.

**Bullock Creek School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

For more detailed information on debt, please see the accompanying Notes to the Financial Statements.

Original versus Revised Budget

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The budget for 2022-2023 was approved on June 27, 2022 and amended in April and June of 2023.

General Fund Revenues

Total Revenues Revised Budget	\$24,096,302
Total Revenues Original Budget	<u>\$21,435,076</u>
Change	<u>\$2,661,226</u>

The District's actual general fund revenues were higher than the revised budget by \$2,661,226 a variance of 11.1%, due to utilization of ESSER Funds, additional Mental Health and Safety grants, and additional pension liability offset payments from the state.

General Fund Expenditures

Total Expenditures Revised Budget	\$23,908,374
Total Expenditures Original Budget	<u>\$21,385,886</u>
Change	<u>\$2,522,488</u>

The District's actual general fund expenditures were more than the revised budget by \$2,522,488, a variance of 10.6%.

General Fund expenditures were more than anticipated because the District had more transportation and operation expenses, utilization of ESSER Funds, additional Mental Health and Safety grants, and additional pension liability offset payments from the state.

Economic Factors and Next Year's Budget and Rates

Since most of the District's revenue is derived from the per pupil foundation allowance, student enrollment as reported in the *blended count* is one of the key factors in forecasting revenue. The other key factor in determining revenue is the actual per pupil foundation allowance established in the State Aid Act. The Board of Education was required by law to approve the 2022-2023 budget by July 1, 2022. The District's initial budget was based on a per pupil foundation allowance of \$9,000 and a count of 1700 students.

**Bullock Creek School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Requests for Information

This financial report is designed to give our citizens, taxpayers, parents, students, investors and creditors a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional information should be addressed to: Director of Business Services, Bullock Creek School District, 1420 South Badour Road, Midland, MI 48640; telephone number 989-631-9022.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



Bullock Creek School District
Statement of Net Position
June 30, 2023

Assets

Cash and cash equivalents	\$ 3,465,987
Investments	4,005,360
Due from other governmental units	4,139,603
Asset held for sale	336,083
Prepaid items	14,680
Noncurrent assets	
Capital assets not being depreciated	987,841
Capital assets being depreciated, net	23,825,580
Total assets	36,775,134

Deferred outflows of resources

Related to debt refunding	49,289
Related to pension	12,696,279
Related to other post-employment benefits	3,206,778
Total deferred outflows of resources	15,952,346

Liabilities

Accounts payable	918,955
State aid loan payable	1,871,875
Due to other governmental units	3,904
Accrued expenses	2,257,508
Unearned revenue	710,066
Accrued interest	79,617
Compensated absences due within one year	57,475
General obligations due within one year	1,710,000
Direct borrowing and direct placement due within one year	38,026
Noncurrent liabilities	
Compensated absences due beyond one year	325,694
General obligations due beyond one year	11,490,000
Direct borrowing and direct placement due beyond one year	208,061
Premium on general obligations	936,331
Net pension liability	41,551,200
Net other post-employment benefit liability	2,306,730
Total liabilities	64,465,442

Deferred inflows of resources

Related to pension	1,222,915
Related to other post-employment benefits	5,088,108
Related to 147c allocation	2,958,373
Total deferred inflows of resources	9,269,396

Net position

Net investment in capital assets	15,780,440
Restricted for debt service	223,070
Unrestricted	(37,010,868)
Total net position	\$ (21,007,358)

Bullock Creek School District
Statement of Activities
For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues		Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 13,195,693	\$ -	\$ 5,915,127	\$ (7,280,566)
Support services	9,900,729	109,568	-	(9,791,161)
Food service	1,172,382	228,775	848,673	(94,934)
Student activities	305,550	239,698	-	(65,852)
Interest and fees	403,470	-	-	(403,470)
Total governmental activities	<u>\$ 24,977,824</u>	<u>\$ 578,041</u>	<u>\$ 6,763,800</u>	<u>(17,635,983)</u>
General revenues:				
Property taxes				3,230,925
State aid not restricted to specific purposes				14,394,536
Intermediate sources				1,217,847
Interest and investment earnings - unrestricted				6,892
Interest and investment earnings - restricted				128,910
Other revenues				245,974
Total general revenues				<u>19,225,084</u>
Change in net position				1,589,101
Net position - beginning				<u>(22,596,459)</u>
Net position - ending				<u>\$ (21,007,358)</u>

FUND FINANCIAL STATEMENTS



Bullock Creek School District
Balance Sheet - Governmental Funds
June 30, 2023

	General	2016 Series II and III Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,262,338	\$ 93,024	\$ 1,110,625	\$ 3,465,987
Investments	-	4,005,360	-	4,005,360
Due from other funds	1,608,519	-	633,287	2,241,806
Due from other governmental units	4,098,396	-	41,207	4,139,603
Asset held for sale	336,083	-	-	336,083
Prepaid items	14,680	-	-	14,680
Total assets	<u>\$ 8,320,016</u>	<u>\$ 4,098,384</u>	<u>\$ 1,785,119</u>	<u>\$ 14,203,519</u>
Liabilities				
Accounts payable	\$ 396,750	\$ 517,279	\$ 4,926	\$ 918,955
State aid loan payable	1,871,875	-	-	1,871,875
Due to other governmental units	-	-	3,904	3,904
Due to other funds	631,368	743,107	867,331	2,241,806
Accrued expenditures	2,257,508	-	-	2,257,508
Unearned revenue	700,183	-	9,883	710,066
Total liabilities	<u>5,857,684</u>	<u>1,260,386</u>	<u>886,044</u>	<u>8,004,114</u>
Fund balance				
Nonspendable	350,763	-	-	350,763
Restricted	-	2,837,998	899,075	3,737,073
Committed	85,000	-	-	85,000
Unassigned	2,026,569	-	-	2,026,569
Total fund balances	<u>2,462,332</u>	<u>2,837,998</u>	<u>899,075</u>	<u>6,199,405</u>
Total liabilities and fund balances	<u>\$ 8,320,016</u>	<u>\$ 4,098,384</u>	<u>\$ 1,785,119</u>	<u>\$ 14,203,519</u>

Bullock Creek School District
 Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
 to the Net Position of Governmental Activities on the Statement of Net Position
 June 30, 2023

Total fund balance - governmental funds		\$ 6,199,405
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Add: Cost of capital assets		46,677,806
Deduct: Accumulated depreciation		(21,864,385)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>		
Deduct: 2015 refunding bonds		(1,320,000)
Deduct: 2016 building and site bonds, series I		(3,305,000)
Deduct: 2016 building and site bonds, series II		(5,295,000)
Deduct: 2016 building and site bonds, series III		(3,280,000)
Deduct: School loan revolving fund		(133,021)
Deduct: Lease liability - 2021 copiers		(113,066)
Deduct: Premium on 2016 building and site bonds, series II		(464,746)
Deduct: Premium on 2016 building and site bonds, series III		(471,585)
<p>Other amounts reported in the statement of activities that do not require current financial resources consist of:</p>		
Add: Deferred outflow - related to 2015 refunding bonds		49,289
Add: Deferred outflow - related to pension		12,696,279
Add: Deferred outflow - related to other post-employment benefits		3,206,778
Deduct: Net pension liability		(41,551,200)
Deduct: Net other post-employment benefit liability		(2,306,730)
Deduct: Deferred inflow - related to pension		(1,222,915)
Deduct: Deferred inflow - related to other post-employment benefits		(5,088,108)
Deduct: Deferred inflow - 147c allocation		(2,958,373)
Deduct: Compensated absences payable		(383,169)
Deduct: Accrued interest on long-term liabilities		(79,617)
Total net position - governmental activities		\$ (21,007,358)

Bullock Creek School District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	General	2016 Series II and III Capital Projects	Total Nonmajor Funds	Total
Revenues				
Local sources	\$ 1,369,032	\$ 125,294	\$ 2,596,199	\$ 4,090,525
State sources	20,352,265	-	141,018	20,493,283
Federal sources	1,164,769	-	807,872	1,972,641
Other sources	1,217,847	-	-	1,217,847
Total revenues	24,103,913	125,294	3,545,089	27,774,296
Expenditures				
Instruction				
Basic programs	11,091,606	-	-	11,091,606
Added needs	3,166,161	-	-	3,166,161
Continuing education	213,221	-	-	213,221
Total instruction	14,470,988	-	-	14,470,988
Support services				
Pupil services	1,552,547	-	-	1,552,547
Instructional staff	977,145	-	-	977,145
General administration	335,994	-	-	335,994
School administration	1,519,589	-	-	1,519,589
Business services	442,344	244,625	-	686,969
Operation and maintenance	2,226,808	-	-	2,226,808
Pupil transportation	1,486,528	439,595	-	1,926,123
Central	418,471	-	-	418,471
Other	440,759	-	-	440,759
Total support services	9,400,185	684,220	-	10,084,405
Food service	-	-	1,220,169	1,220,169
Student activities	-	-	305,550	305,550
Capital outlay	-	905,979	52,253	958,232
Debt service				
Principal	34,196	-	1,815,000	1,849,196
Interest, fees and other	7,604	-	437,849	445,453
Total expenditures	23,912,973	1,590,199	3,830,821	29,333,993
Revenues over (under) expenditures	190,940	(1,464,905)	(285,732)	(1,559,697)
Other financing sources (uses)				
Proceeds from borrowing - par value	-	3,280,000	9,046	3,289,046
Proceeds from borrowing - premium	-	514,456	-	514,456
Transfers in	-	-	56,000	56,000
Transfers out	(56,000)	-	-	(56,000)
Net change in fund balances	134,940	2,329,551	(220,686)	2,243,805
Fund balances - beginning	2,327,392	508,447	1,119,761	3,955,600
Fund balances - ending	\$ 2,462,332	\$ 2,837,998	\$ 899,075	\$ 6,199,405

Bullock Creek School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds \$ 2,243,805

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

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

Add:	Capital outlay	1,992,115
Deduct:	Depreciation expense	(1,433,332)

Long-term debt proceeds are reported as other financing sources in the governmental funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Add:	Payment of 2015 refunding bonds	460,000
Add:	Payment of 2016 building and site bonds, series I	800,000
Add:	Payment of 2016 building and site bonds, series II	410,000
Deduct:	Proceeds of 2016 building and site bonds, series III	(3,280,000)
Add:	Payment from school loan revolving fund	145,000
Add:	Payment of lease liability - 2021 copiers	34,196
Add:	Amortization of 2016 building and site bonds, series II	42,250
Add:	Amortization of 2016 building and site bonds, series III	42,871
Deduct:	Proceeds of premium on 2016 building and site bonds, series III	(514,456)
Deduct:	Proceeds from school bond loan revolving fund	(9,046)

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

Deduct:	Change in deferred outflow - related to 2015 refunding bonds	(16,428)
Add:	Change in deferred outflow - related to pension	6,619,145
Add:	Change in deferred outflow - related to other post-employment benefits	785,346
Deduct:	Change in net pension liability	(14,602,136)
Deduct:	Change in net other post-employment benefit liability	(607,368)
Add:	Change in deferred inflow - related to pension	8,120,404
Add:	Change in deferred inflow - related to other post-employment benefits	1,607,068
Deduct:	Change in accrual for compensated absences	(16,252)
Deduct:	Change in accrued interest on long-term liabilities	(26,710)

Revenue in support of pension contribution made subsequent to the measurement date.

Deduct:	Change in deferred inflow - 147c allocation	(1,207,371)
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Net change in net position - governmental activities \$ 1,589,101

NOTES TO THE FINANCIAL STATEMENTS



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Bullock Creek School District (the District) conform to generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the District. All amounts shown are in dollars.

Reporting Entity

The District is governed by Board of Education members which have the responsibility and control over all activities related to public school education within the District. The District receives funding from local, state and federal government 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. All fiduciary activities, if any, are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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 fund are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

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.
- The *capital projects funds* account for the receipt of bond proceeds, transfers from the general fund (as applicable), and the acquisition of fixed assets or construction of capital projects. The District accounts for the 2016 Series II and III Capital Projects (formerly referred to as the 2019 Capital Projects fund) in the capital projects funds.

The District reports the following non-major governmental 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 activities in the special revenue funds.
- The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The District accounts for the debt service activity in the Debt Service Fund.
- The *capital projects funds* account for the receipt of bond proceeds, transfers from the general fund (as applicable), and the acquisition of fixed assets or construction of capital projects. The District accounts for the 2016 Series I Capital Projects (formerly referred to as the Capital Projects fund) in the capital projects funds.

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. 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 the 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 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 capital leases are reported as other financing sources.

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:

- 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.
- Public hearings are conducted to obtain taxpayer comments.
- 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, are noted below as well as in the required supplementary information section.
- 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.

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

- The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30. Although the district does consider these amendments to be significant, they were deemed necessary due to considerable uncertainty at the time the original budget was adopted.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the general fund as follows:

Function	Original Budget	Final Budget	Actual	Variance
Basic programs	10,030,337	10,922,711	11,091,606	(168,895)
Continuing education	232,784	185,597	213,221	(27,624)
General administration	299,244	328,814	335,994	(7,180)
School administration	1,327,637	1,515,545	1,519,589	(4,044)
Operation and maintenance	1,848,576	2,226,516	2,226,808	(292)
Pupil transportation	1,194,639	1,446,064	1,486,528	(40,464)
Central	217,790	406,105	418,471	(12,366)
Other	397,528	440,023	440,759	(736)
Debt service	43,700	40,000	41,800	(1,800)

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 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:

- Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- 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.
- 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.
- The United States government or federal agency obligations repurchase agreements.
- Bankers' acceptances of United States banks.
- 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.

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

Accounts Receivable/Payable

Accounts receivable/payable in all funds report amounts that have arisen in the ordinary course of business. Accounts receivable are stated net of allowances for uncollectible amounts, if any.

Due from/Due to Other Governmental Units

Due from/due to other governmental units consist primarily of amounts due from/to grantors and the State of Michigan.

Inventory

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

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Asset held for sale

Students participating in the home building course annually build a residential home for the community which is eventually sold. The direct costs to the School District for the build are reflected in total as an asset held for sale.

Capital Assets

Capital assets, as detailed in the table below, are reported in the government-wide financial statements. Capital assets are tangible and intangible assets 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets, the measurement of which is discussed in the leases note below). 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. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible capital assets in the appropriate capital asset class.

The costs of normal maintenance and repairs that do not increase the asset's capacity or efficiency 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 tangible and intangible property, plant, equipment, and the right to use assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5 - 50
Furniture and equipment	5 - 20
Vehicles	6
Right to use – leased equipment	5

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a related expense is recognized in the current year.

Accrued Payroll and Benefits

Accrued payroll and benefits relate to salaries and wages earned prior to year-end but not paid until after year-end.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the District has a legal claim to the

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

resources, the liability for unearned revenue is removed from the fund financial statements and Government-wide financial statements, and revenue is recognized.

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Defined Benefit Plans

For purposes of measuring the net pension 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, 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. The deferred amounts related to pension and other postemployment benefits relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and other postemployment benefit related changes. These amounts are recognized in the plan year in which they apply.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and other postemployment benefit related changes. These amounts are recognized in the plan year in which they apply.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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.

Leases

Lessee: The District is a lessee for a noncancelable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consist of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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 and unrestricted net position in the government-wide 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.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- *Nonspendable* fund balance represents amounts that are either not in spendable form or are either legally or contractually required to be maintained intact.

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Education prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board of Education adopts another ordinance to remove or revise the limitation.
- *Assigned* fund balance represents amounts that 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 has by resolution authorized the finance director to assign fund balance. 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.
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, 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.

Revenues

Program Revenues

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

Property Tax Revenue

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.

The District levied the following amounts per \$1,000 of assessed valuation. The District levied 18.00 mills for school general operations on the non-homestead taxable value. The District also levied an additional 7.00 mills on all property in the District for the purpose of debt service.

State Aid Revenue

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.

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

The state portion of the Foundation is provided primarily by a state education property tax millage of 6.00 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 18.00 mills as well as 6.00 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 an intergovernmental receivable.

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.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District, and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

As of year-end, the District had deposits and investments subject to the following risks:

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of year-end, \$3,599,600 of the District’s bank balance of \$3,849,600 was exposed to custodial credit risk because it was uninsured and uncollateralized. The above amounts include interest bearing accounts.

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.

Investment Type	Fair Value	Weighted Average Maturity
Michigan Class Cooperative Liquid Asset	325,622	N/A
One day maturity equals 0.0027, one year equals 1		

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	Standard & Poor’s Rating	Rating Agency
Michigan Class Cooperative Liquid Asset	325,622	AAAm	Standard & Poor’s

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

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.

At year-end, the District had the following recurring fair value measurements.

Description	Value as of Sept 30 th	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
Commercial Paper	488,333	-	488,333	-

Also, 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 redemption prior to 14 days to avoid penalties. These funds are not subject to fair value disclosures.

Investment Type	Amortized Cost
Michigan Class Cooperative Liquid Asset	325,622

The following summarizes the categorization of these amounts as of year-end:

Description	Amount
Petty cash	1,946
Cash and cash equivalents	3,464,041
Investments	813,955
Cash held in investment accounts	3,191,405
Total	7,471,347

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivable and payable shown on the fund financial statements as of June 30th, are as follows:

Description	Due from Other Funds	Due to Other Funds
General Fund	1,608,519	631,368
2016 Series II and III Capital Projects Fund	-	743,107
Food Service Fund	557,475	544,140
Student Activities Fund	25,812	125,938
Debt Service Fund	-	145,000
2016 Series I Capital Projects Fund	50,000	52,253
Total	2,241,806	2,241,806

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 system and 3) payments between funds are made.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

As of June 30th, due from other governmental units is comprised of the following amounts:

Description	Amount
State aid	3,649,610
Federal grants and other pass-through agencies	489,993
Total	4,139,603

No allowance for doubtful accounts is considered necessary based on previous experience.

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depr/amort					
Land	278,944	-	-	-	278,944
Construction in process	-	708,897	-	-	708,897
Total capital assets not being depr/amort	278,944	708,897	-	-	987,841
Capital assets being depr/amort					
Buildings and improvements	40,469,633	249,901	-	-	40,719,534
Furniture and equipment	1,417,972	593,722	-	-	2,011,694
Vehicles	2,331,955	439,595	-	-	2,771,550
Right to use – leased equipment	187,187	-	-	-	187,187
Total capital assets being depr/amort	44,406,747	1,283,218	-	-	45,689,965
Accumulated depr/amort					
Buildings and improvements	(17,855,244)	(1,018,992)	-	-	(18,874,236)
Furniture and equipment	(741,561)	(151,070)	-	-	(892,631)
Vehicles	(1,796,176)	(225,198)	-	-	(2,021,374)
Right to use – leased equipment	(38,072)	(38,072)	-	-	(76,144)
Total accumulated depr/amort	(20,431,053)	(1,433,332)	-	-	(21,864,385)
Net capital assets being depr/amort	23,975,694	(150,114)	-	-	23,825,580
Net capital assets	24,254,638	558,783	-	-	24,813,421

Depreciation/amortization expense for the year ended June 30, 2023, was charged to the functions of the District's activities as follows:

Governmental Activities	Amount
Instruction	802,625
Support services	612,912
Food services	17,795
Total depreciation	1,433,332

NOTE 6 - ACCRUED EXPENSES

Accrued expenses as of year-end include amounts due for accrued wages, retirement, FICA, employee benefit insurances, and termination benefits (if any). Accrued wages represent the remaining balance on teacher contracts to be paid during the summer and other salaries and wages earned as of June 30th.

Bullock Creek School District
Notes to the Financial Statements
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NOTE 7 - DEBT

Short-term debt

On August 22, 2022, the District borrowed \$1,615,000 from the Michigan Finance Authority in the form of a State Aid Anticipation note for the purpose of providing funds for school operations. The interest rate is stated at 1.97% and is payable on July 20, 2023. On August 22, 2022, the District borrowed an additional \$1,615,000 from the Michigan Finance Authority in the form of a State Aid Anticipation note for the purpose of providing funds for school operations. The interest rate is stated at 0.496% and is payable on August 21, 2023. In the event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. The amounts shown below include accrued interest on short-term debt. During the year, the District sets aside funds to pay the state aid note.

	Beginning Balance	Additions	(Deletions)	Ending Balance
Short-term debt	2,009,801	3,228,441	(3,366,367)	1,871,875

Premiums and Discounts

Debt may be issued at par value, with a premium (applicable to debt issued in excess of par value) or at a discount (applicable to debt issued at amounts less than the par value). Premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

The changes in premium and discounts during the fiscal year are as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance
Premium on 2016 building and site bonds, Series II	506,996	-	(42,250)	464,746
Premium on 2016 building and site bonds, Series III	-	514,456	(42,871)	471,585
Total	506,996	514,456	(85,121)	936,331

Deferred charge on refunding

The District issued bonds in 2015 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$180,713. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred inflow of resources and is being charged to activities through fiscal year 2026.

The following summarizes the activity of the deferred amount on refunding:

	Beginning Balance	Additions	(Deletions)	Ending Balance
Deferred outflow related to refunding				
Related to 2015 refunding bonds	65,717	-	(16,428)	49,289

Bullock Creek School District
Notes to the Financial Statements
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Long-term debt

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
General Obligations				
2015 refunding bonds	2,545,000	1.45%–3.05%	2026	1,320,000
2016 building and site bonds (Series I)	4,970,000	1.25%-2.15%	2027	3,305,000
2016 building and site bonds (Series II)	5,855,000	2.00%-5.00%	2034	5,295,000
2016 building and site bonds (Series III)	3,280,000	4.00%-5.00%	2035	3,280,000
Total general obligation bonds				13,200,000
Direct borrowings and direct placements				
Lease liability	192,998	2.00%	2026	113,066
School Loan Revolving Fund	See below	See below	See below	133,021
Total direct borrowings and direct placements				246,087

The District's outstanding notes from direct borrowings and direct placements related to governmental activities 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.

School Bond Loan Fund/School Loan Revolving Fund

Borrowing from the State of Michigan - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the District, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30th was 4.11%.

Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.0 mills. The school district is required to levy 7.0 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Currently the District levies 7.0 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

Summary of Long-Term Debt

The changes in long-term debt during the fiscal year are as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance	Due within one year
Long-term debt					
Compensated absences	366,917	71,290	(55,038)	383,169	57,475
General obligation bonds	11,590,000	3,280,000	(1,670,000)	13,200,000	1,710,000
Direct borrowings and direct placements	416,237	9,046	(179,196)	246,087	38,026
Total long-term debt	12,373,154	3,360,336	(1,904,234)	13,829,256	1,805,501

Bullock Creek School District
Notes to the Financial Statements
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The requirements to pay principal and interest on the long-term debt outstanding at June 30th, are shown below:

Year Ended June 30	General Obligation Bonds		Direct Borrowings and Direct Placements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	1,710,000	434,491	38,026	1,914	1,748,026	436,405
2025	1,710,000	384,942	38,793	1,147	1,748,793	386,089
2026	1,300,000	328,901	36,247	363	1,336,247	329,264
2027	1,105,000	300,701	-	-	1,105,000	300,701
2028	1,020,000	271,244	-	-	1,020,000	271,244
2029-2033	5,315,000	665,569	-	-	5,315,000	665,569
2034-2038	1,040,000	28,850	-	-	1,040,000	28,850
Total long-term debt	13,200,000	2,414,698	113,066	3,424	13,313,066	2,418,122

School Bond Loan Fund & School Loan Revolving Fund (included in direct borrowing and direct placement on the summary of long-term debt) are not subject to annual principal and interest payments and therefore are not included in the schedule above.

NOTE 8 - RETIREMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) 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. The board consists of twelve members- eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System. The System's financial statements are available on the ORS website at Michigan.gov/ORSSchools.

Benefits Provided

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

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

Contributions

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

Bullock Creek School District
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Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the Sept. 30, 2021 valuation will be amortized over an 17-year period beginning Oct. 1, 2021 and ending Sept. 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended Sept. 30, 2022.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.14%
Member Investment Plan	3.0 - 7.0%	20.14%
Pension Plus	3.0 - 6.4%	17.22%
Pension Plus 2	6.2%	19.93%
Defined Contribution	0.0%	13.73%

Required contributions to the pension plan from the District were \$3,760,381 for the year ended Sept. 30, 2022.

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

At September 30, 2022, the District reported a liability of \$41,551,200 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of Sept. 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. the District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At Sept. 30, 2022, the District's proportion was 0.11048289%, which was a decrease of -0.00334433% from its proportion measured as of Sept. 30, 2021.

For the plan year ending September 30, 2022, the District recognized pension expense of \$4,919,653. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	7,139,985	-
Net difference between projected and actual earnings on pension plan investments	97,438	-
Differences between actual and expected experience	415,657	92,904
Changes in proportion and differences between employer contributions and proportionate share of contributions	257,243	1,130,011
Employer contributions subsequent to the measurement date	4,785,956	-
Total	12,696,279	1,222,915

Bullock Creek School District
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Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2023	1,988,133
2024	1,311,208
2025	1,089,963
2026	2,298,104

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	Sept. 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.00% net of investment expenses
- Pension Plus Plan:	6.00% net of investment expenses
- Pension Plus 2 Plan:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality (Retirees):	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Mortality (Active):	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.3922
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2022 MPSEERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Bullock Creek School District
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Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of Sept. 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short-Term Investment Pools	2.0%	(0.5)%
TOTAL	100.0%	
*Long-term rates of return are net of administrative expenses and 2.2% inflation.		

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension 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.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
54,832,147	41,551,200	30,607,101

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at Michigan.gov/ORSSchools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

The District reported payables to the defined benefit pension plan in the amount of \$843,640 as of June 30, 2023.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) 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. The board consists of twelve members- eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at Michigan.gov/ORSschools.

Benefits Provided

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

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 Sept. 3, 2012 or were on an approved professional services or military leave of absence on Sept. 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal

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actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the Sept. 30, 2021 valuation will be amortized over a 17-year period beginning Oct. 1, 2021 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended Sept. 30, 2022.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.09%
Personal Healthcare Fund (PHF)	0.00%	7.23%

Required contributions to the OPEB plan from the District were \$829,585 for the year ended September 30, 2022.

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

At September 30, 2022, the District reported a liability of \$2,306,730 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of Sept. 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At Sept. 30, 2022, the District's proportion was 0.10890756%, which was a decrease of -0.00242540% from its proportion measured as of Oct. 1, 2021.

For the plan year ending September 30, 2022, the District recognized OPEB expense of (\$921,752). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	2,056,063	167,416
Net difference between projected and actual earnings on OPEB plan investments	180,289	-
Differences between actual and expected experience	-	4,518,001
Changes in proportion and differences between employer contributions and proportionate share of contributions	155,873	402,691
Employer contributions subsequent to the measurement date	814,553	-
Total	3,206,778	5,088,108

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Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2023	(896,503)
2024	(812,934)
2025	(756,903)
2026	(150,039)
2027	(74,679)
Thereafter	(4,825)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	Sept. 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality (Retirees):	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Mortality (Active):	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions (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.
Other Assumptions (Survivor Coverage):	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Other Assumptions (Coverage Election at Retirement):	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual valuations beginning with the Sept. 30, 2018 valuation. The total OPEB liability as of Sept. 30, 2022, is based on the results of an actuarial valuation date of Sept. 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2250
- Recognition period for assets in years: 5.0000

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

- Full actuarial assumptions are available in the 2022 MPSEERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Long-term Expected Return on Plan Assets

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

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of Sept. 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short-Term Investment Pools	2.0%	(0.5)%
TOTAL	100.0%	
*Long-term rates of return are net of administrative expenses and 2.2% inflation.		

Rate of Return

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

Discount Rate

A 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the 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 District's proportionate share of the net OPEB liability to changes in the discount rate

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
3,869,318	2,306,730	990,837

Bullock Creek School District
Notes to the Financial Statements
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Sensitivity of the District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
965,948	2,306,730	3,811,785

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

Payables to the OPEB Plan

The District reported payables to the defined benefit OPEB plan in the amount of \$104,172 as of June 30, 2023.

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

As of June 30th, the composition of net investment in capital assets was comprised of the following:

Net investment in capital assets	Amount
Capital assets not being depreciated	987,841
Capital asset being depreciated, net	23,825,580
Deferred amount on debt refunding	49,289
Capital related general obligation bonds	(13,200,000)
Capital related direct borrowing and direct placement	(113,066)
Unspent bond proceeds held in the capital projects fund	4,230,796
Net investment in capital assets	15,780,440

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District participates in the MESSA risk pool for claims relating to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The District has purchased commercial insurance for medical claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There was no reduction in coverage obtained through commercial insurance during the past year.

NOTE 12 – TRANSFERS

During the year the following transfers were made between funds:

- The transfer of \$6,000 from the general fund to the food service fund was for the required At-Risk school breakfast program supplement. Districts operating a school breakfast program are required to use up to \$10 per student for the costs associated with the operation of the breakfast program.
- The transfer of \$50,000 from the general fund to the capital projects fund was to prepare for future capital projects that fall outside the scope of bond work.

NOTE 13 – CONTINGENT LIABILITIES

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

NOTE 14 – ECONOMIC DEPENDENCE

The District receives over 80% of its General Fund revenues from the Michigan Department of Education. Due to the significance of this revenue source, the District is considered to be economically dependent.

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

NOTE 15 – CONSTRUCTION COMMITMENTS

The District has active construction projects as of June 30th. The projects include remodeling of buildings. At June 30th, the Districts’ commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Building remodel – High School	79,259	126,319
Building remodel – Middle School	121,335	375,852
Building remodel – Floyd Elementary	21,151	256,039
Building remodel – Pine River Elementary	521,152	698,021

NOTE 16 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77 (*Tax Abatements*). For the year ended June 30, 2023, the District did not receive reduced property tax revenues as a result of tax abatements from taxing authorities within its district boundaries. Additionally, there are no abatements made by the District.

NOTE 17 - FUND BALANCE – NON SPENDABLE, COMMITTED, AND RESTRICTED

Non-spendable fund balance for the General Fund is for the asset held for sale and prepaid items. Fund balance in the Food Service Fund is restricted for food service activities. Fund balance in the Student Activities Fund is for student activities. Fund balance for the Debt Service Fund is restricted for debt service. Fund Balance in the Capital Projects Funds is restricted for capital improvements.

Fund balance in the General Fund has been committed by the Board of Education for the following item as of year-end:

Description	Amount
Capital projects that fall outside the scope of bond work	85,000

NOTE 18 – SUBSEQUENT EVENT

On August 21, 2023 (after the end of the fiscal year), the District borrowed \$1,500,000 in two notes (\$750,000 and \$750,000) from the Michigan Finance Authority in the form of a State Aid Anticipation note for the purpose of providing funds for school operations. The interest rate is stated at 3.46% and 3.46% respectively and is payable on August 20, 2024. This loan was acquired after the end of the fiscal year and, therefore, is not shown as a current liability.

NOTE 19 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 100, *Accounting Changes and Error Corrections*, was issued by the GASB in June 2022 and will be effective for the District’s fiscal year June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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.

GASB Statement No. 101, *Compensated Absences*, was issued by the GASB in June 2022 and will be effective for the District’s fiscal year June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

Bullock Creek School District
Notes to the Financial Statements
June 30, 2023

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 requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. 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.

REQUIRED SUPPLEMENTARY INFORMATION



Bullock Creek School District
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with final budget
	Original	Final		
Revenues				
Local sources	\$ 1,376,861	\$ 1,319,017	\$ 1,369,032	\$ 50,015
State sources	18,377,386	20,488,864	20,352,265	(136,599)
Federal sources	593,529	1,186,421	1,164,769	(21,652)
Other sources	1,087,300	1,102,000	1,217,847	115,847
Total revenues	21,435,076	24,096,302	24,103,913	7,611
Expenditures				
Instruction				
Basic programs	10,030,337	10,922,711	11,091,606	(168,895)
Added needs	3,114,104	3,247,568	3,166,161	81,407
Continuing education	232,784	185,597	213,221	(27,624)
Total instruction	13,377,225	14,355,876	14,470,988	(115,112)
Support services				
Pupil services	1,433,224	1,611,787	1,552,547	59,240
Instructional staff	774,155	1,032,425	977,145	55,280
General administration	299,244	328,814	335,994	(7,180)
School administration	1,327,637	1,515,545	1,519,589	(4,044)
Business services	416,168	449,219	442,344	6,875
Operation and maintenance	1,848,576	2,226,516	2,226,808	(292)
Pupil transportation	1,194,639	1,446,064	1,486,528	(40,464)
Central	217,790	406,105	418,471	(12,366)
Other	397,528	440,023	440,759	(736)
Total support services	7,908,961	9,456,498	9,400,185	56,313
Debt service	43,700	40,000	41,800	(1,800)
Total expenditures	21,329,886	23,852,374	23,912,973	(60,599)
Other financing sources (uses)				
Transfers in (out)	(56,000)	(56,000)	(56,000)	-
Revenues over (under) expenditures	49,190	187,928	134,940	(52,988)
Fund balance - beginning	2,327,392	2,327,392	2,327,392	-
Fund balance - ending	\$ 2,376,582	\$ 2,515,320	\$ 2,462,332	\$ (52,988)

Bullock Creek School District
 Required Supplemental Information
 Michigan Public School Employees Retirement Plan
 Prospective 10-year trend information - Pension

Schedule of the District's Proportionate Share of the Net Pension Liability (NPL)

Description	Plan year Sept 30, 2014	Plan year Sept 30, 2015	Plan year Sept 30, 2016	Plan year Sept 30, 2017	Plan year Sept 30, 2018
District's proportion of NPL (%)	0.1094264%	0.11246060%	0.11442470%	0.11226140%	0.11225920%
District's proportionate share of NPL	\$ 24,102,818	\$ 27,468,529	\$ 28,548,019	\$ 29,091,709	\$ 33,747,154
District's covered employee payroll	\$ 9,297,179	\$ 9,448,595	\$ 9,780,231	\$ 9,278,784	\$ 9,613,513
District's proportionate share of NPL as a % of covered employee payroll	259.25%	290.72%	291.90%	313.53%	351.04%
Plan fiduciary net position as a percentage of total pension liability	66.20%	63.17%	63.27%	64.21%	62.36%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's Pension Contributions

Description	Fiscal year June 30, 2015	Fiscal year June 30, 2016	Fiscal year June 30, 2017	Fiscal year June 30, 2018	Fiscal year June 30, 2019
Statutorily required pension contributions	\$ 1,992,636	\$ 2,409,246	\$ 2,621,418	\$ 2,869,591	\$ 2,978,965
Contributions in relation to statutorily required pension contributions	1,992,636	2,409,246	2,621,418	2,869,591	2,978,965
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,362,550	\$ 9,414,968	\$ 9,336,285	\$ 9,487,017	\$ 9,896,387
Contributions as a percentage of covered-employee payroll	21.28%	25.59%	28.08%	30.25%	30.10%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms
 Changes of assumptions: There were no changes of benefit assumptions

Bullock Creek School District
 Required Supplemental Information
 Michigan Public School Employees Retirement Plan
 Prospective 10-year trend information - Pension

Schedule of the District's Proportionate Share of the Net Pension Liability (NPL)

Description	Plan year Sept 30, 2019	Plan year Sept 30, 2020	Plan year Sept 30, 2021	Plan year Sept 30, 2022
District's proportion of NPL (%)	0.11357870%	0.11593844%	0.11382722%	0.11048289%
District's proportionate share of NPL	\$ 37,613,430	\$ 39,826,115	\$ 26,949,064	\$ 41,551,200
District's covered employee payroll	\$ 9,998,901	\$ 10,341,780	\$ 10,043,187	\$ 10,562,194
District's proportionate share of NPL as a % of covered employee payroll	376.18%	385.10%	268.33%	393.40%
Plan fiduciary net position as a percentage of total pension liability	60.31%	59.72%	72.60%	60.77%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's Pension Contributions

Description	Fiscal year June 30, 2020	Fiscal year June 30, 2021	Fiscal year June 30, 2022	Fiscal year June 30, 2023
Statutorily required pension contributions	\$ 3,131,247	\$ 3,338,414	\$ 3,720,203	\$ 4,946,920
Contributions in relation to statutorily required pension contributions	3,131,247	3,338,414	3,720,203	4,946,920
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,382,173	\$ 9,940,824	\$ 10,854,280	\$ 10,744,462
Contributions as a percentage of covered-employee payroll	30.16%	33.58%	34.27%	46.04%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms
 Changes of assumptions: There were no changes of benefit assumptions

Bullock Creek School District
 Required Supplemental Information
 Michigan Public School Employees Retirement Plan
 Prospective 10-year trend information - OPEB

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

Description	Plan year Sept 30, 2017	Plan year Sept 30, 2018	Plan year Sept 30, 2019	Plan year Sept 30, 2020	Plan year Sept 30, 2021
District's proportion of net OPEB liability (%)	0.11246120%	0.11297540%	0.11447290%	0.11681698%	0.11133296%
District's proportionate share of net OPEB liability	\$ 9,958,967	\$ 8,980,362	\$ 8,216,573	\$ 6,258,197	\$ 1,699,362
District's covered employee payroll	\$ 9,278,784	\$ 9,613,513	\$ 9,998,901	\$ 10,341,780	\$ 10,043,187
District's proportionate share of net OPEB liability as a % of covered employee payroll	107.33%	93.41%	82.17%	60.51%	16.92%
Plan fiduciary net position as a percentage of total OPEB liability	36.39%	42.95%	48.46%	59.44%	87.33%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's OPEB Contributions

Description	Fiscal year June 30, 2018	Fiscal year June 30, 2019	Fiscal year June 30, 2020	Fiscal year June 30, 2021	Fiscal year June 30, 2022
Statutorily required OPEB contributions	\$ 695,930	\$ 826,172	\$ 883,939	\$ 864,688	\$ 875,877
Contributions in relation to statutorily required OPEB contributions	695,930	826,172	883,939	864,688	875,877
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,487,017	\$ 9,896,387	\$ 10,382,173	\$ 9,940,824	\$ 10,854,280
Contributions as a percentage of covered-employee payroll	7.34%	8.35%	8.51%	8.70%	8.07%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms
 Changes of assumptions: The Healthcare cost trend rate has changed. The Pre 65 rate is 7.50% Year 1 graded to 3.50% year 15. The Post 65 rate is 6.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rates were reported as: The Pre 65 rate is 7.75% Year 1 graded to 3.50% year 15. The Post 65 rate is 5.25% Year 1 graded to 3.50% Year 15.

Bullock Creek School District
 Required Supplemental Information
 Michigan Public School Employees Retirement Plan
 Prospective 10-year trend information - OPEB

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

Description	Plan year Sept 30, 2022
District's proportion of net OPEB liability (%)	0.10890756%
District's proportionate share of net OPEB liability	\$ 2,306,730
District's covered employee payroll	\$ 10,562,194
District's proportionate share of net OPEB liability as a % of covered employee payroll	21.84%
Plan fiduciary net position as a percentage of total OPEB liability	83.09%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's OPEB Contributions

Description	Fiscal year June 30, 2023
Statutorily required OPEB contributions	\$ 881,102
Contributions in relation to statutorily required OPEB contributions	881,102
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 10,744,462
Contributions as a percentage of covered-employee payroll	8.20%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms

Changes of assumptions: The Healthcare cost trend rate has changed. The Pre 65 rate is 7.50% Year 1 graded to 3.50% year 15. The Post 65 rate is 6.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rates were reported as: The Pre 65 rate is 7.75% Year 1 graded to 3.50% year 15. The Post 65 rate is 5.25% Year 1 graded to 3.50% Year 15.

OTHER SUPPLEMENTARY INFORMATION



Bullock Creek School District
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Food Service	Student Activities	Debt Service	2016 Series I Capital Projects	Total Nonmajor Funds
Assets					
Cash and cash equivalents	\$ 286,646	\$ 323,497	\$ 368,070	\$ 132,412	\$ 1,110,625
Due from other governmental units	41,207	-	-	-	41,207
Due from other funds	557,475	25,812	-	50,000	633,287
Total assets	<u>\$ 885,328</u>	<u>\$ 349,309</u>	<u>\$ 368,070</u>	<u>\$ 182,412</u>	<u>\$ 1,785,119</u>
Liabilities					
Account payable	\$ 4,926	\$ -	\$ -	\$ -	\$ 4,926
Due to other governmental units	3,904	-	-	-	3,904
Due to other funds	544,140	125,938	145,000	52,253	867,331
Unearned revenue	9,883	-	-	-	9,883
Total liabilities	<u>562,853</u>	<u>125,938</u>	<u>145,000</u>	<u>52,253</u>	<u>886,044</u>
Fund balance					
Restricted	<u>322,475</u>	<u>223,371</u>	<u>223,070</u>	<u>130,159</u>	<u>899,075</u>
Total fund balances	<u>322,475</u>	<u>223,371</u>	<u>223,070</u>	<u>130,159</u>	<u>899,075</u>
Total liabilities and fund balances	<u>\$ 885,328</u>	<u>\$ 349,309</u>	<u>\$ 368,070</u>	<u>\$ 182,412</u>	<u>\$ 1,785,119</u>

The notes are an integral part of these financial statements.

Bullock Creek School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Food Service	Student Activities	Debt Service	2016 Series I Capital Projects	Total Nonmajor Funds
Revenues					
Local sources	\$ 229,560	\$ 239,698	\$ 2,117,299	\$ 9,642	\$ 2,596,199
State sources	40,801	-	100,217	-	141,018
Federal sources	807,872	-	-	-	807,872
Total revenues	<u>1,078,233</u>	<u>239,698</u>	<u>2,217,516</u>	<u>9,642</u>	<u>3,545,089</u>
Expenditures					
Food service	1,220,169	-	-	-	1,220,169
Student activities	-	305,550	-	-	305,550
Capital outlay	-	-	-	52,253	52,253
Debt service					
Principal	-	-	1,815,000	-	1,815,000
Interest, fees and other	-	-	437,849	-	437,849
Total expenditures	<u>1,220,169</u>	<u>305,550</u>	<u>2,252,849</u>	<u>52,253</u>	<u>3,830,821</u>
Revenues over (under) expenditures	(141,936)	(65,852)	(35,333)	(42,611)	(285,732)
Other financing sources (uses)					
Proceeds from borrowing	-	-	9,046	-	9,046
Transfers in	6,000	-	-	50,000	56,000
Net change in fund balance	(135,936)	(65,852)	(26,287)	7,389	(220,686)
Fund balances - beginning	458,411	289,223	249,357	122,770	1,119,761
Fund balances - ending	<u>\$ 322,475</u>	<u>\$ 223,371</u>	<u>\$ 223,070</u>	<u>\$ 130,159</u>	<u>\$ 899,075</u>

The notes are an integral part of these financial statements.



Communication with Those Charged with Governance at the Conclusion of the Audit

To the Members of the Board
Bullock Creek School District
Midland, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bullock Creek School District (the District) 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. We have communicated such information in our letter to you during planning. 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 District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District 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 District's financial statements were:

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

Management's allocation of current and noncurrent compensated absences is based on an estimate of the percentage of employee's use of compensated absences.

Management's estimated lives of capital assets are based on the expected life of the asset. We evaluated the key factors and assumptions used to develop the estimated lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimated incremental borrowing rate used to discount future payments under GASB 87 is based on the entity's current borrowing rate. We evaluated the key factors and assumptions used to develop the estimated intrinsic borrowing rate in determining that it is reasonable in relation to the financial statements taken as a whole.

The assumptions used in the actuarial valuations of the pension and other postemployment benefit plans are based on historical trends and industry standards. We evaluated the key factors and assumptions used to develop the information used in the financial statements in determining that they are reasonable in relation to the financial statements taken as a whole.

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. The following material misstatements were detected as a result of audit procedures: The accounts payable balance in the 2016 Series II and III Capital Projects fund was understated by \$494,995. A journal entry was subsequently posted by management to increase accounts payable and related expenses.

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.

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 District's 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 District's 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 management's discussion and analysis, the budgetary comparison schedules and the prospective 10-year trend information, which are 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 the combining statements which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of Bullock Creek School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Roslund, Prestage & Company, P.C.
Certified Public Accountants