

**Bloomington School District #16**

**Financial Statements**

**June 30, 2023**



**YEO & YEO**

**BUSINESS SUCCESS  
PARTNERS**

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**Bloomington School District #16**  
**Members of the Board of Education and Administration**  
**June 30, 2023**

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**Members of the Board of Education**

Mr. Timothy Remington – President

Mr. Mark Parsley – Vice President

Ms. Jodi Sower – Secretary

Mr. Maria Sustaita – Treasurer

Mr. Josh Odell – Trustee

Mr. Dan Stafford – Trustee

Ms. Magan Scherer – Trustee

**Administration**

Dr. Deanna Dobbins – Superintendent

Ms. Rachel Edwards – Business Manager

## Independent Auditors' Report

Management and the Board of Education  
Bloomington School District #16  
Bloomington, 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 Bloomington School District #16, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Bloomington School District #16's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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 Bloomington School District #16, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bloomington School District #16, 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 Bloomington School District #16'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 Bloomingdale School District #16'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 Bloomingdale School District #16'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, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions, 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.

### **Other Supplementary Information**

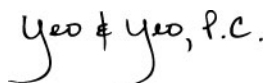
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bloomingdale School District #16's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis 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 other supplementary information, as identified in the table of contents, other than the prior year 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, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Prior Year Supplementary Information**

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Bloomingdale School District #16's basic financial statements as of and for the year ended June 30, 2022, which are not presented with the accompanying basic financial statements. In our report dated August 24, 2022, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Bloomingdale School District #16's basic financial statements as a whole. The 2022 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the 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 Bloomingdale School District #16's basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 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 2022 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 on our consideration of Bloomingdale School District #16'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 Bloomingdale School District #16'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 Bloomingdale School District #16's internal control over financial reporting and compliance.



Kalamazoo, Michigan  
October 10, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Bloomington School District #16**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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Bloomington Public Schools District's (the District) management discussion and analysis (MD&A) is intended to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position and its ability to address subsequent year challenges. The MD&A identifies any material deviations from the financial plan and identifies individual fund issues or concerns.

Following is a graphic representation of how this financial report is presented.

**Table A-1**  
**MD&A**

Management's Discussion And Analysis (Required Supplementary Information)
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**Basic Financial Statements**

District-Wide Financial Statements and Fund Financial Statements
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**Other Required Financial Information**

Supplementary Information Other than MD&A
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As indicated in the illustration, there are two basic types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

**Bloomington School District #16**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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### **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 governmental funds' current financial resources with capital assets and long-term obligations, regardless if they are currently available or not.

The **Statement of Activities** is a full accrual based report stating current year revenues and expenses regardless of when cash is received or paid. The intent of this report is to summarize and simplify the user's analysis of the costs of the various District services.

### **Fund Financial Statements**

The fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are reported when received except where they are measurable and available and therefore represents resources that may be appropriated. Expenditures are accounted for in the period the goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

Funds include the **General Fund, Food Service Fund, Debt Service Funds, Capital Projects Fund, and Fiduciary (Private Purpose Trust) Fund**. The General Fund is used primarily to account for the general education requirements as well as the athletic activities of the District. Its revenues are derived from property taxes, state and federal allocations and grants, and other local and intergovernmental revenues. The Food Service Fund records the revenues and expenditures for the school food service programs. The Debt Funds are used to record the funding and payment of principal and interest on bonded debt. The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or improvements of major capital facilities. The Fiduciary Funds account for assets held by the District in a trustee capacity for scholarship and endowment funds.

**Bloomington School District #16**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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Following is a comparative summary of the features of the various funds:

**Table A-2**  
**Major Features of District-Wide and Fund Financial Statements**

	<b>District-wide Statements</b>	<b>Fund Financial Statements</b>	
		Governmental Funds	Fiduciary Funds
Scope	Entire District	All district activities that are not fiduciary in nature	Fund administered on behalf of someone else
Required Statements:	-Statement of net position	-Balance sheet	-Statement of fiduciary net position
	-Statement of net activities	-Statement of revenues expenditures and changes in fund balances	-Statement of changes in fiduciary net position
Accounting Basis & Focus:	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset & liability information:	All assets & liabilities both financial and capital, short-term & long-term	General assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities	All assets & liabilities, both short-term and long-term
Type of inflow/ outflow information:	All revenues & expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions & deductions during the year, regardless of when cash is received or paid

**Bloomington School District #16**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**Financial Analysis of the District as a Whole**

**Table A-3**  
**Bloomington Public Schools**  
**Statement of Net Position**

	Governmental Activities	
	June 30	
	2023	2022
<b>Assets</b>		
Current and other assets	\$ 7,767,129	\$ 5,401,183
Capital assets	13,372,124	14,108,594
Deferred outflows of resources	9,059,510	4,969,512
Totals assets	<u>30,198,763</u>	<u>24,479,289</u>
<b>Liabilities</b>		
Current liabilities	2,202,759	1,831,642
Noncurrent liabilities - NPL/OPEB	25,279,013	15,620,103
Noncurrent liabilities - bonds and other	16,392,361	17,594,703
Deferred inflows of resources	4,103,365	9,877,117
Total liabilities	<u>47,977,498</u>	<u>44,923,565</u>
<b>Net Position</b>		
Net investment in capital assets	(2,424,563)	(2,976,400)
Restricted	553,796	161,545
Unrestricted	(15,907,968)	(17,629,421)
Total net position	<u>\$ (17,778,735)</u>	<u>\$ (20,444,276)</u>

As indicated by Table A-3, total net position (deficit) was (\$17,778,735). Net position can be separated into three categories: net investment in capital assets, restricted, and unrestricted net position.

Net investment in capital assets is a combination of funds available for capital assets, plus capital assets at original cost less accumulated depreciation and related debt. The original cost of capital assets is \$27,078,773, representing the accumulation of capital assets year after year less any capital asset disposals. The accumulated depreciation of \$13,706,649 is based on original capital assets costs less any salvage value calculated over the useful life of the asset. The District also had \$289,935 restricted net position for food service and \$263,861 restricted for debt service.

**Bloomington School District #16**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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The remaining amount of net position is a deficit of about (\$15.9 million), which is the accumulation of prior years' operating results. This balance is affected each year by the District's operating results. The biggest reason for this deficit is due to the adoption of GASB68 and 75, which required the District to record its proportionate share of the net pension liability and net OPEB liability on the books. These liabilities as of year-end were about \$25.3 million.

**Table A-4**  
**Bloomington Public Schools**  
**Statement of Activities**

	Governmental Activities	
	June 30	
	2023	2022
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 268,161	\$ 316,440
Operating grants and contributions	7,776,159	6,302,893
General Revenue:		
Property taxes	3,170,542	2,971,779
State foundation allowance	8,241,964	7,963,998
Interest and investment earnings	17,751	11,708
Other	28,326	36,085
Total revenue	19,502,903	17,602,903
<b>Functions/Program Expenses</b>		
Instruction	9,810,254	8,328,170
Support services	5,640,312	4,873,617
Food services	919,667	920,036
Community services	2,045	1,021
Interest on long-term debt	465,084	490,020
Total functions/program expenses	16,837,362	14,612,864
<b>Change in Net Position</b>	2,665,541	2,990,039
<b>Net Position – Beginning of year</b>	(20,444,276)	(23,434,315)
<b>Net Position – End of year</b>	\$ (17,778,735)	\$ (20,444,276)

## **Bloomington School District #16**

### **Management's Discussion and Analysis**

#### **For the Year Ended June 30, 2023**

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As indicated above the net position increased by about \$2.7 million for the fiscal year ending June 30, 2023. This is primarily due to the General Fund increase of \$1.7 million (explained further in the next section) combined with a large increase in the pension and OPEB liabilities (\$9.7 million) which are offset by a decline in the related deferred inflows and outflows (\$9.9 million). A large factor in the increase in pension and OPEB liabilities was an investment loss at the plan level due to poor market conditions at the plan's year end of September 30, 2022.

### **Financial Highlights**

#### **General Fund**

The District's general fund operations ended the year with an increase of \$1.7 million fund balance. This amount represents a favorable performance of about \$540,000 compared to the final budgeted increase of \$1.2 million. The ending general fund balance of \$4.5 million represents approximately 29.9% of total operating expenses, up from 18.5% as of June 30, 2022.

Significant budget changes were made from the original budget adopted in June 2022, compared with the final amended budget approved in June of 2023. These include the following points:

- Budgeted state revenues were increased by \$1.4 million, mainly to account for 1) 147c2 one-time deposit revenues, which were unknown to districts, of approximately \$.6 million, 2) A decline of 17 students vs a projected decline of 30 students, 3) actual categorical grant spending, and 4) actual foundation allowance change from the prior year vs projected (the State's budget was not passed at the time of budget adoption in June 2022).
- Budgeted federal revenues were increased by \$1.2 million, largely to reflect our actual ESSER III grant spending that was chosen to be utilized during 22-23 rather than deferred to a future year.
- Budgeted expenses were increased by approximately a combined \$.7 million largely due to the above, which was offset by a budgeted revenue increase of 2.7 million for Education Stabilization Fund grants.

Additionally, differences between actual performance and final budget are discussed as follows:

- Final revenue figures were consistent with the budget
- Expenditures were below budget by approximately \$.7 million due to the following:
  - o Planned security service capital outlay purchases of \$.1 million that were not purchased
  - o Lower than expected retirement costs of \$.2 million
  - o Lower than expected salary expenditures by \$.1 million
  - o Lower than expected utilities costs of \$.05 million
  - o Other minor variances comprise the remainder

**Bloomington School District #16**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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The General Fund increased its fund balance by approximately \$1.7 this year as compared to \$.2 million last year. It is to be noted that the primary reason for this is the influx of Education Stabilization Fund federal grants, which were allowed to supplant costs of the general fund. These grants will not be awarded in the future, and the District does not anticipate this level of increase in the near term again.

**Debt Retirement Funds**

During the fiscal year, the district levied 7.70 mills on all real property of the district for the purpose of repaying bonds issued for previous building projects. During the year, the district received about \$1.6 million in revenues to the debt retirement fund and paid out about \$1.5 million in expenditures (interest and principal payments due).

**Capital Assets**

By the end of the fiscal year, the district had invested \$13.4 million in capital assets. This includes a cost basis of \$27.1 million and accumulated depreciation of \$13.7 million. Assets include land, buildings, site improvements, equipment and furniture, school buses and other vehicles.

**Table A-5**  
**Bloomington Public Schools Capital Assets**

	2023	2022
Land	\$ 133,050	\$ 133,050
Buildings and additions	22,930,380	22,921,343
Furniture and equipment	2,839,066	2,792,536
Buses and other vehicles	1,176,277	1,264,614
Total capital assets	27,078,773	27,111,543
Less accumulated depreciation	(13,706,649)	(13,002,949)
Net capital assets	\$ 13,372,124	\$ 14,108,594

The District has a capitalization policy that recognizes only assets that have a unit cost of \$5,000 or more. Utilizing this dollar threshold recognizes more than 80% of total assets.

**Bloomington School District #16**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**Long Term Debt**

Significant long term debt activity is shown below. The District reduced bonded debt obligations by \$1.3 million.

	2023	2022
Notes and bonds payable	\$ 11,895,239	\$ 13,145,874
School loan revolving fund	4,203,366	4,062,862
Other loans and leases	293,756	385,967
Total debt	<u>\$ 16,392,361</u>	<u>\$ 17,594,703</u>

The District noted that all debt obligations are for refunding bonds. The last two bond issuances were \$4.9 million in 2007 and \$14.75 million in 2001. Refunding bonds were issued to refinance those bond issuances to take advantage of market conditions and generate taxpayer savings on better interest rates.

**Economic Factors and Next Year's Budgets and Rates**

The School District's elected officials and administration considered many factors when setting the School District's FY 23/24 fiscal year budget. A primary directive is projecting a conservative adopted budget with all known available information. As of the date of the School District's FY 23/24 budget being adopted, the State of Michigan had not adopted a state aid budget. As a result, the elected officials and administration of the School District adopted a budget based on the following primary assumptions:

- Estimated 20 student decrease based on enrollment trends
- Estimated \$9,600/pupil allowance
- Loss of Education Stabilization Fund grants
- Revenue budgets are based on preliminary grant allocations
- Cost increase of BEA union agreement
- Health Insurance increase of 4%
- Retirement increase of 3%
- Utilities increase of 6%
- Supplies increase of 4%
- Support Staff increase of 2%
- Decrease of 2 teaching positions
- Increase of 1 Mechanic position
- Remove one-time grant expenses from loss Education Stabilization Funds
- Increase counseling cost 16.5% (due to decrease in grant funding 31o)



**Bloomington School District #16**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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The above assumptions resulted in estimated costs in excess of related revenues of approximately \$1.2 million for the 2023-24 fiscal year. The district plans to amend the budget after the Governor's budget is released, and actual fall counts and other pertinent information is known.

**Contacting the School District's Financial Management**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School District's management at P.O. Box 217, 203 North Van Buren Street, Bloomington, Michigan 49026.

## BASIC FINANCIAL STATEMENTS

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**Bloomington School District #16**  
**Statement of Net Position**  
**June 30, 2023**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 2,775,232
Taxes receivable	201,683
Accounts receivable	51,210
Due from other governmental units	4,713,767
Inventory	23,324
Prepaid items	1,913
Capital assets not being depreciated	133,050
Capital assets – net of accumulated depreciation	<u>13,239,074</u>
Total assets	<u>21,139,253</u>
 <b>Deferred Outflows of Resources</b>	
Deferred amount relating to net pension liability	7,030,380
Deferred amount relating to net OPEB liability	1,864,536
Deferred amount on debt refunding	<u>164,594</u>
Total deferred outflows of resources	<u>9,059,510</u>

See Accompanying Notes to the Financial Statements

**Bloomington School District #16**  
**Statement of Net Position**  
**June 30, 2023**

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	Governmental Activities
<b>Liabilities</b>	
Accounts payable	35,750
State aid anticipation note payable	300,000
Payroll deductions and withholdings	16,531
Accrued expenditures	52,117
Accrued salaries and benefits payable	1,508,410
Unearned revenue	289,951
Long-term liabilities	
Net pension liability	23,939,748
Net OPEB liability	1,339,265
Debt due within one year	1,389,756
Debt due in more than one year	<u>15,002,605</u>
Total liabilities	<u>43,874,133</u>
 <b>Deferred Inflows of Resources</b>	
Deferred amount relating to net pension liability	1,275,925
Deferred amount relating to net OPEB liability	<u>2,827,440</u>
Total deferred inflows of resources	<u>4,103,365</u>
 <b>Net Position</b>	
Net investment in capital assets	(2,424,563)
Restricted for	
Food service	289,935
Debt service	263,861
Unrestricted (deficit)	<u>(15,907,968)</u>
Total net position	<u>\$ (17,778,735)</u>

See Accompanying Notes to the Financial Statements

**Bloomington School District #16**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 9,810,254	\$ -	\$ 6,486,989	\$ (3,323,265)
Supporting services	5,640,312	230,384	294,545	(5,115,383)
Food services	919,667	37,777	992,548	110,658
Community services	2,045	-	2,077	32
Interest and fiscal charges on long-term debt	465,084	-	-	(465,084)
Total governmental activities	<u>\$ 16,837,362</u>	<u>\$ 268,161</u>	<u>\$ 7,776,159</u>	<u>(8,793,042)</u>
General revenues				
Property taxes, levied for general purposes				1,540,436
Property taxes, levied for debt service				1,630,106
State aid – unrestricted				8,241,964
Interest and investment earnings				17,751
Other				<u>28,326</u>
Total general revenues				<u>11,458,583</u>
Change in net position				2,665,541
Net position – beginning				<u>(20,444,276)</u>
Net position – ending				\$ (17,778,735)

See Accompanying Notes to the Financial Statements

**Bloomington School District #16**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 1,636,559	\$ 1,138,673	\$ 2,775,232
Taxes receivable	90,677	111,006	201,683
Accounts receivable	48,420	2,790	51,210
Due from other funds	116,683	-	116,683
Due from other governmental units	4,708,027	5,740	4,713,767
Inventory	-	23,324	23,324
Prepaid items	-	1,913	1,913
Total assets	<u>\$ 6,600,366</u>	<u>\$ 1,283,446</u>	<u>\$ 7,883,812</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 35,616	\$ 134	\$ 35,750
State aid anticipation note payable	300,000	-	300,000
Due to other funds	-	116,683	116,683
Payroll deductions and withholdings	16,531	-	16,531
Accrued salaries and benefits payable	1,508,410	-	1,508,410
Unearned revenue	<u>278,375</u>	<u>11,576</u>	<u>289,951</u>
Total liabilities	<u>2,138,932</u>	<u>128,393</u>	<u>2,267,325</u>
<b>Fund Balances</b>			
Non-spendable:			
Inventory	-	23,324	23,324
Prepaid items	-	1,913	1,913
Restricted for:			
Food service	-	266,611	266,611
Debt service	-	315,978	315,978
Committed for:			
Student/school activities	-	152,456	152,456
Assigned for:			
Subsequent year's budget appropriations in excess of revenues	1,171,829	-	1,171,829
Capital projects	-	394,771	394,771
Unassigned	<u>3,289,605</u>	<u>-</u>	<u>3,289,605</u>
Total fund balances	<u>4,461,434</u>	<u>1,155,053</u>	<u>5,616,487</u>
Total liabilities and fund balances	<u>\$ 6,600,366</u>	<u>\$ 1,283,446</u>	<u>\$ 7,883,812</u>

See Accompanying Notes to the Financial Statements

**Bloomington School District #16**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2023**

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<b>Total fund balances for governmental funds</b>	\$ 5,616,487
Total net position for governmental activities in the statement of net position is different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	133,050
Capital assets – net of accumulated depreciation	13,239,074
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	164,594
Deferred inflows of resources resulting from net pension liability	(1,275,925)
Deferred inflows of resources resulting from net OPEB liability	(2,827,440)
Deferred outflows of resources resulting from net pension liability	7,030,380
Deferred outflows of resources resulting from net OPEB liability	1,864,536
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(52,117)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(23,939,748)
Net OPEB liability	(1,339,265)
Compensated absences	(214,000)
Bonds payable	(11,895,239)
School loan revolving fund payable	(3,986,286)
Accrued interest on school loan revolving fund payable	(217,080)
Other loans payable and liabilities	<u>(79,756)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (17,778,735)</u></b>

See Accompanying Notes to the Financial Statements

**Bloomington School District #16**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 1,615,525	\$ 1,867,862	\$ 3,483,387
State sources	11,787,522	39,026	11,826,548
Federal sources	2,947,676	953,522	3,901,198
Interdistrict sources	290,377	-	290,377
	<u>16,641,100</u>	<u>2,860,410</u>	<u>19,501,510</u>
<b>Expenditures</b>			
Current			
Education			
Instruction	9,502,314	-	9,502,314
Supporting services	5,278,592	184,674	5,463,266
Food services	-	890,012	890,012
Community services	2,077	-	2,077
Capital outlay	37,518	-	37,518
Debt service			
Principal	78,543	1,195,000	1,273,543
Interest and other expenditures	3,720	339,993	343,713
	<u>14,902,764</u>	<u>2,609,679</u>	<u>17,512,443</u>
<b>Total revenues</b>	<u>16,641,100</u>	<u>2,860,410</u>	<u>19,501,510</u>
<b>Total expenditures</b>	<u>14,902,764</u>	<u>2,609,679</u>	<u>17,512,443</u>
<b>Excess of revenues over expenditures</b>	<u>1,738,336</u>	<u>250,731</u>	<u>1,989,067</u>

See Accompanying Notes to the Financial Statements



**Bloomington School District #16**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>			
Insurance recoveries	1,393	-	1,393
Transfers in	-	120,663	120,663
Transfers out	-	(120,663)	(120,663)
	<u>1,393</u>	<u>-</u>	<u>1,393</u>
Total other financing sources (uses)			
	<u>1,393</u>	<u>-</u>	<u>1,393</u>
Net change in fund balance	1,739,729	250,731	1,990,460
Fund balances – beginning	<u>2,721,705</u>	<u>904,322</u>	<u>3,626,027</u>
Fund balances – ending	<u>\$ 4,461,434</u>	<u>\$ 1,155,053</u>	<u>\$ 5,616,487</u>

See Accompanying Notes to the Financial Statements

**Bloomington School District #16**  
**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**

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<b>Net change in fund balances – total governmental funds</b>	<b>\$ 1,990,460</b>
Total change in net position reported for governmental activities in the statement of activities is different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(792,037)
Capital outlay	55,567
Expenses are recorded when incurred in the statement of activities.	
Interest	(136,135)
Compensated absences	13,668
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(9,279,166)
Net change in the deferral of resources related to the net pension liability	8,501,313
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	(379,744)
Net change in the deferral of resources related to the net OPEB liability	1,403,308
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	1,273,543
Amortization of premiums	55,635
Amortization of deferred amount on debt refunding	(40,871)
<b>Change in net position of governmental activities</b>	<b><u>\$ 2,665,541</u></b>

**Bloomington School District #16**  
**Fiduciary Fund**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

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	<u>Private Purpose Trust Fund</u>
<b>Assets</b>	
Cash	\$ 17,937
<b>Net position</b>	
Assets held for endowments	1,501
Assets held for scholarships	<u>16,436</u>
Total net position	<u>\$ 17,937</u>

See Accompanying Notes to the Financial Statements

**Bloomington School District #16**  
**Fiduciary Fund**  
**Private Purpose Trust Fund**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2023**

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	<u>Private Purpose Trust Fund</u>
<b>Additions</b>	
Interest and investment earnings	\$ 1,799
Net position – beginning	<u>16,138</u>
Net position – ending	<u>\$ 17,937</u>

See Accompanying Notes to the Financial Statements

# **Bloomington School District #16**

## **Notes to the Financial Statements**

### **June 30, 2023**

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#### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Bloomington School District #16 (School District) conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

##### **Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

##### **District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all non-fiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net Investment in capital assets, (2) restricted net position, and (3) unrestricted net assts. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

##### **Fund Financial Statements**

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

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

**Bloomington School District #16**  
**Notes to the Financial Statements**  
**June 30, 2023**

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

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

**General Fund** – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Additionally, the School District reports the following fund types:

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and the Student/School Activity Fund.

**Capital Project Funds** – Capital Project Funds are used to record bond and other revenues and the payments for building construction and improvement and large equipment expenditures by the School District.

**Debt Service Funds** – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

**Fiduciary Funds** – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Private Purpose Trust Fund includes funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent.

**Assets, Liabilities and Equity**

**Receivables and Payables** – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2023, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.21240
Commercial personal property	5.21240

Debt Service Funds	7.70000
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School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by Van Buren and Allegan Counties and remitted to the School District by May 15.

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

**Bloomington School District #16**  
**Notes to the Financial Statements**  
**June 30, 2023**

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Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in the governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20–50 years
Site improvements	10–20 years
Equipment and furniture	5–10 years
Computer software	5–10 years
Buses and other vehicles	5–10 years

**Deferred Outflows of Resources** – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources

for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

**Long-term Obligations** – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

**Pension** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

**Postemployment Benefits Other Than Pensions** – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee

**Bloomington School District #16**  
**Notes to the Financial Statements**  
**June 30, 2023**

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contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences** – Employees are provided with sick days each fiscal year. If not used, sick days may be carried forward into the next fiscal year with a limited accumulation of days. Payment for sick days is made only to employees when they are sick. Should any employee leave the School District's employ with accumulated sick days, except for retirement, the School District's liability for accumulated days is terminated without payment thereof.

**Deferred Inflows of Resources** – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also include revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

**Fund Equity** – In the fund financial statements, governmental funds report fund balance in the following categories:

**Non-spendable** – amounts that are not available in a spendable form.

**Restricted** – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

**Committed** – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

**Assigned** – amounts intended to be used for specific purposes, as determined by the Board of Education. The Board of Education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

**Unassigned** – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.



**Bloomington School District #16**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

**Adoption of New Accounting Standards**

During the year ended June 30, 2023 the School District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). Our opinions are not modified with respect to this matter. The School District has determined that the effects of this standard are immaterial to the financial statements; and therefore, no SBITAs are recorded or disclosed.

**Upcoming Accounting and Reporting Changes**

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates 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 is effective for the year ending June 30, 2025.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

**Note 2 - Stewardship, Compliance, Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education. Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

**Excess of Expenditures over Appropriations**

The School District had no significant variances between budgeted and actual expenditures for the year.

**Bloomington School District #16**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 - Deposits and Investments**

The School District's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	<u>\$ 2,775,232</u>	<u>\$ 17,937</u>	<u>\$ 2,793,169</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 2,792,912
Petty cash and cash on hand	<u>257</u>
Total	<u>\$ 2,793,169</u>

**Interest rate risk** – The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

**Credit risk** – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

**Concentration of credit risk** – The School District has no policy that would limit the amount that may be invested with any one issuer.

**Custodial credit risk – deposits** – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year-end, \$2,603,182 of the School District's bank balance of \$2,853,182 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Note 4 - Capital Assets**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	<u>\$ 133,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,050</u>
Capital assets being depreciated				
Buildings and additions	22,921,343	9,037	-	22,930,380
Equipment and furniture	2,792,536	46,530	-	2,839,066
Buses and other vehicles	<u>1,264,614</u>	<u>-</u>	<u>88,337</u>	<u>1,176,277</u>
Total capital assets being depreciated	<u>26,978,493</u>	<u>55,567</u>	<u>88,337</u>	<u>26,945,723</u>
Less accumulated depreciation for				
Buildings and additions	10,312,332	533,617	-	10,845,949
Equipment and furniture	2,004,885	138,407	-	2,143,292
Buses and other vehicles	<u>685,732</u>	<u>120,013</u>	<u>88,337</u>	<u>717,408</u>
Total accumulated depreciation	<u>13,002,949</u>	<u>792,037</u>	<u>88,337</u>	<u>13,706,649</u>
Net capital assets being depreciated	<u>13,975,544</u>	<u>(736,470)</u>	<u>-</u>	<u>13,239,074</u>
Net capital assets	<u>\$ 14,108,594</u>	<u>\$ (736,470)</u>	<u>\$ -</u>	<u>\$ 13,372,124</u>

**Bloomington School District #16**  
**Notes to the Financial Statements**  
**June 30, 2023**

Depreciation expense was charged to activities of the School District as follows:

**Governmental activities**

Instruction	\$ 474,671
Support services	272,907
Food services	44,459
	<u>44,459</u>
Total governmental activities	<u>\$ 792,037</u>

**Note 5 - Unearned Revenue**

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

Prepaid student lunch fees	\$ 11,576
Grant and categorical aid payments received prior to meeting all eligibility requirements	278,375
	<u>278,375</u>
Total	<u>\$ 289,951</u>

**Note 6 - Interfund Receivables, Payables, Transfers**

At June 30, 2023, the School District had the following interfund balances:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	<u>\$ 116,683</u>

The outstanding balances between funds result mainly from the time lag between the dates the transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers consisted of the following:

	<u>Transfers Out</u>
	Nonmajor Funds
<u>Transfers in</u>	
Nonmajor funds	<u>\$ 120,663</u>

The 2016 SBLF Refunding Debt obligation had been fully retired during the 2021-2022 fiscal year; therefore, the School District transferred the remaining proceeds from that fund into other debt funds during the current year.

**Note 7 - State Aid Anticipation Note**

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30<sup>th</sup>. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 300,000	\$ 1,500,000	\$ 1,500,000	\$ 300,000

**Note 8 - Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General

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obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it is required to make a bond payment on behalf of the School District related to qualified bonds. For the School Loan Revolving Fund, the State may withhold state aid if the School District is in default or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds payable					
General obligation bonds	\$ 12,850,000	\$ -	\$ 1,195,000	\$ 11,655,000	\$ 1,270,000
Premium on bonds	295,874	-	55,635	240,239	-
Total bonds payable	<u>13,145,874</u>	<u>-</u>	<u>1,250,635</u>	<u>11,895,239</u>	<u>1,270,000</u>
Notes from direct borrowings and direct placements					
School loan revolving fund (SLRF)	3,986,286	-	-	3,986,286	-
Accrued interest on SLRF	76,576	140,504	-	217,080	-
School bus loans	<u>158,299</u>	<u>-</u>	<u>78,543</u>	<u>79,756</u>	<u>79,756</u>
Total notes from direct borrowings and direct placements	<u>4,221,161</u>	<u>140,504</u>	<u>78,543</u>	<u>4,283,122</u>	<u>79,756</u>
Other liabilities					
Compensated absences	<u>227,668</u>	<u>45,534</u>	<u>59,202</u>	<u>214,000</u>	<u>40,000</u>
Total	<u>\$ 17,594,703</u>	<u>\$ 186,038</u>	<u>\$ 1,388,380</u>	<u>\$ 16,392,361</u>	<u>\$ 1,389,756</u>

General obligation bonds payable at year end, consists of the following:

\$6,525,000 serial bond due in annual installments of \$625,000 to \$660,000 through May 2026, interest at 3.00%	\$ 1,935,000
\$5,750,000 serial bond due in annual installments of \$655,000 to \$675,000 through May 2031, interest at 4.00%	3,325,000
\$6,920,000 serial bond due in annual installments of \$610,000 to 960,000 through May 2031 interest at 1.320% to 2.296%	<u>6,395,000</u>
Total general obligation bonded debt	<u>\$ 11,655,000</u>

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,270,000	\$ 312,704	\$ 1,582,704
2025	1,325,000	284,852	1,609,852
2026	1,390,000	255,766	1,645,766
2027	1,435,000	224,700	1,659,700
2028	1,480,000	184,382	1,664,382
2029-2031	<u>4,755,000</u>	<u>286,184</u>	<u>5,041,184</u>
Total	<u>\$ 11,655,000</u>	<u>\$ 1,548,588</u>	<u>\$ 13,203,588</u>

Future principal and interest requirements for school bus loans are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	<u>\$ 79,756</u>	<u>\$ 1,872</u>	<u>\$ 81,628</u>

For governmental activities, compensated absences and school bus loans are primarily liquidated by the General Fund.

The general obligation bonds are payable from the Debt Service Funds. As of year-end, the funds had a balance of \$315,978 to pay this debt. Future debt and interest will be payable from future tax levies. The schools bus loans are collateralized by the equipment financed.

**Deferred Amount on Refunding**

The School District's issuance of refunding bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2031.

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**School Loan Revolving Fund**

The School Loan Revolving Fund consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on two of the School District's bond issues. In prior years, the School District issued bonds to renovate and construct School District facilities. The bond elections, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond vote millage of 7.7 mills, but instead the election permitted the School District to extend this levy through the year 2031. Since the monies generated by the 7.7 mills are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow funds to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds issued and all necessary borrowing from the School Loan Revolving Fund. During the year, the School District had no borrowings. As of year-end, the District had an outstanding balance of \$3,986,286 plus \$217,080 in accrued interest from the School Loan Revolving Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

**Compensated Absences**

Accrued compensated absences at year end, consist of \$214,000 in accrued sick time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

**Note 9 - Risk Management**

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

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. No provision has been made for possible future claims.

**Note 10 - Pension Plans**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPERS) 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 [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Bloomington School District #16**  
**Notes to the Financial Statements**  
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**Benefits Provided**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be 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.

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 September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 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 School District were \$2,166,545 for the year ending September 30, 2022.

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

At June 30, 2023, the School District reported a liability of \$23,949,748 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The School 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 September 30, 2022, the School District's proportion was .0637 percent, which was an increase of .0017 percent from its proportion measured as of September 30, 2021.

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Section 147c of the State School Aid Act (MCL 388.1747c) was amended to include a one-time distribution to districts, intermediate districts, and other participating entities of MPERS, which is referred to as Section 147c(2). Section 147c(2) is required to be forwarded to the state's ORS as additional assets being contributed to the retirement system. This funding is a one-time, state payment toward the MPERS unfunded liability and not part of the actuarially determined contributions and therefore not included in the above pension expense, pension contributions or related deferred inflows/outflows of resources. For the period ending June 30, 2023, the School District recognized in their financial statements an additional amount related to Section 147c(2) of \$631,485 in total pension expense and offset in state revenues.

For the plan year ending September 30, 2022, the School District recognized pension expense of \$2,908,304 for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total pension contribution expense of \$2,236,642.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 239,481	\$ (53,527)	\$ 185,954
Changes of assumptions	4,113,706	-	4,113,706
Net difference between projected and actual earnings on pension plan investments	56,139	-	56,139
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>536,498</u>	<u>(138,095)</u>	<u>398,403</u>
Total to be recognized in future	4,945,824	(191,622)	4,754,202
School District contributions subsequent to the measurement date	<u>2,084,556</u>	<u>(1,084,303)</u>	<u>1,000,253</u>
Total	<u>\$ 7,030,380</u>	<u>\$ (1,275,925)</u>	<u>\$ 5,754,455</u>

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. The District will offset the contribution expense in the year ended June 30, 2024 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be

**Bloomington School District #16**  
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recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future Pension Expenses)

2023	\$ 1,329,079
2024	1,072,160
2025	933,235
2026	1,419,728
	<u>\$ 4,754,202</u>

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

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.

The recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.3922 years.

The recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**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



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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 September 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)
	<u>100.0%</u>	

\*Long-term rates of return are net of administrative expenses and 2.2% inflation.

**Rate of Return**

For the plan 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, 6.00% for the Pension Plus 2, 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, 6.00% 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School 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 *	Current Single Discount Rate Assumption *	1% Increase *
5.00%	6.00%	7.00%
\$ 31,591,573	\$ 23,939,748	\$ 17,634,299

\*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

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

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

**Note 11 - Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPERS) 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 [www.michigan.gov/orsschools](http://www.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 with 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 January 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 September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

**Bloomington School District #16**  
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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 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 September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2022.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.23%

Required contributions to the OPEB plan from the School District were \$481,649 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 June 30, 2023, the School District reported a liability of \$1,339,265 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The School 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 September 30, 2022, the School District's proportion was .0632 percent, which was an increase of .0004 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the School District recognized OPEB expense of \$(557,447) for the measurement period. For the reporting period ending June 30, 2023, the School District recognized total OPEB contribution expense of \$471,152.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$(2,623,107)	\$(2,623,107)
Changes of assumptions	1,193,730	(97,200)	1,096,530
Net difference between projected and actual earnings on OPEB plan investments	104,674	-	104,674
Changes in proportion and differences between the School District contributions and proportionate share of contributions	158,341	(107,133)	51,208
Total to be recognized in future	1,456,745	(2,827,440)	(1,370,695)
School District contributions subsequent to the measurement date	407,791	-	407,791
Total	<u>\$ 1,864,536</u>	<u>\$(2,827,440)</u>	<u>\$ (962,904)</u>

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 during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2023	\$ (523,720)
2024	(438,882)
2025	(392,142)
2026	872
2027	(17,682)
Thereafter	<u>859</u>
	<u><u>\$(1,370,695)</u></u>

**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: September 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 of 2.75%

# Bloomington School District #16

## Notes to the Financial Statements

### June 30, 2023

- 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.
  - 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.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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 OPEB 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.

The recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.2250.

The recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.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 September 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)
	<u>100.0%</u>	

\*Long-term rates of return are net of administrative expenses and 2.2% inflation.

**Bloomington School District #16**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Rate of Return**

For the plan year ended September 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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the School 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 higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
<u>\$ 2,246,489</u>	<u>\$ 1,339,265</u>	<u>\$ 575,271</u>

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate**

The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School 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
<u>\$ 560,820</u>	<u>\$ 1,339,265</u>	<u>\$ 2,213,085</u>

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

**Note 12 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A report on federal compliance has been issued for the year ended June 30, 2023.

**Bloomington School District #16**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 13 - Tax Abatements**

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2023, the School District's property tax revenues were not reduced by a material amount under these programs. There are no significant abatements made by the School District.

## REQUIRED SUPPLEMENTARY INFORMATION

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**Bloomington School District #16**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$ 1,526,640	\$ 1,624,125	\$ 1,615,525	\$ (8,600)
State sources	10,523,956	11,921,567	11,787,522	(134,045)
Federal sources	1,738,440	2,937,529	2,947,676	10,147
Interdistrict sources	255,000	258,381	290,377	31,996
Total revenues	14,044,036	16,741,602	16,641,100	(100,502)
<b>Expenditures</b>				
Instruction				
Basic programs	6,882,616	7,197,327	7,098,764	(98,563)
Added needs	2,545,923	2,525,035	2,403,550	(121,485)
Supporting services				
Pupil	376,435	329,678	309,135	(20,543)
Instructional staff	62,542	60,077	36,206	(23,871)
General administration	333,011	359,143	321,785	(37,358)
School administration	947,746	996,605	972,719	(23,886)
Business	281,671	333,335	338,816	5,481
Operations and maintenance	1,631,775	1,731,877	1,700,115	(31,762)
Pupil transportation services	1,018,011	1,043,068	988,546	(54,522)
Central	187,300	223,161	197,302	(25,859)
Athletic activities	409,974	450,834	413,968	(36,866)
Community services	1,068	2,077	2,077	-
Capital outlay	-	162,628	37,518	(125,110)
Debt service				
Principal	164,297	134,297	78,543	(55,754)
Interest and fiscal charges	-	30,000	3,720	(26,280)
Total expenditures	14,842,369	15,579,142	14,902,764	(676,378)
Excess (deficiency) of revenues over expenditures	(798,333)	1,162,460	1,738,336	575,876
<b>Other financing sources</b>				
Insurance recoveries	40,000	40,000	1,393	(38,607)
Net change in fund balance	(758,333)	1,202,460	1,739,729	537,269
Fund balance – beginning	2,721,705	2,721,705	2,721,705	-
Fund balance – ending	\$ 1,963,372	\$ 3,924,165	\$ 4,461,434	\$ 537,269

**Bloomington School District #16**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. School district's proportion of net pension liability (%)	0.06370%	0.06190%	0.06110%	0.06190%	0.06340%	0.06510%	0.06460%	0.06197%	0.06413%	
B. School district's proportionate share of net pension liability	\$ 23,939,748	\$ 14,660,582	\$ 20,976,646	\$ 20,515,390	\$ 19,062,107	\$ 16,858,392	\$ 16,106,348	\$ 15,136,797	\$ 14,125,660	
C. School district's covered payroll	\$ 6,147,916	\$ 5,688,662	\$ 5,336,659	\$ 5,399,209	\$ 5,290,280	\$ 5,412,990	\$ 5,377,076	\$ 5,159,609	\$ 5,443,854	
D. School district's proportionate share of net pension liability as a percentage of its covered payroll	389.40%	257.72%	393.07%	379.97%	360.32%	311.44%	299.54%	293.37%	259.48%	
E. Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%	

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2022.

**Bloomington School District #16**  
**Required Supplementary Information**  
**Schedule of the School District's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	\$ 2,236,642	\$ 2,174,334	\$ 1,827,250	\$ 1,577,075	\$ 1,599,345	\$ 1,787,622	\$ 1,022,723	\$ 1,041,202	\$ 981,234	
B. Contributions in relation to statutorily required contributions	<u>2,236,642</u>	<u>2,174,334</u>	<u>1,827,250</u>	<u>1,577,075</u>	<u>1,599,345</u>	<u>1,787,622</u>	<u>1,022,723</u>	<u>1,041,202</u>	<u>981,234</u>	
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
D. School District's covered payroll	\$ 6,063,788	\$ 6,142,327	\$ 5,483,191	\$ 5,369,478	\$ 5,365,432	\$ 5,297,709	\$ 5,427,033	\$ 5,312,498	\$ 5,366,470	
E. Contributions as a percentage of covered payroll	36.89%	35.40%	33.32%	29.37%	29.81%	33.74%	18.84%	19.60%	18.28%	

**Bloomington School District #16**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. School District's proportion of net OPEB liability (%)	0.06320%	0.06290%	0.06020%	0.06180%	0.06220%	0.06500%				
B. School District's proportionate share of net OPEB liability	\$ 1,339,265	\$ 959,521	\$ 3,225,831	\$ 4,434,800	\$ 4,940,768	\$ 5,754,141				
C. School District's covered payroll	\$ 6,147,916	\$ 5,688,662	\$ 5,336,659	\$ 5,399,209	\$ 5,290,280	\$ 5,412,990				
D. School District's proportionate share of net OPEB liability as a percentage of its covered payroll	21.78%	16.87%	60.45%	82.14%	93.39%	106.30%				
E. Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%				

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2022.

**Bloomington School District #16**  
**Required Supplementary Information**  
**Schedule of the School District's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	\$ 471,152	\$ 486,675	\$ 450,499	\$ 384,611	\$ 402,661	\$ 484,894				
B. Contributions in relation to statutorily required contributions	<u>471,152</u>	<u>486,675</u>	<u>450,499</u>	<u>384,611</u>	<u>402,661</u>	<u>484,894</u>				
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
D. School district's covered payroll	\$ 6,063,788	\$ 6,142,327	\$ 5,483,191	\$ 5,369,475	\$ 5,365,432	\$ 5,297,709				
E. Contributions as a percentage of covered payroll	7.77%	7.92%	8.22%	7.16%	7.50%	9.15%				

## OTHER SUPPLEMENTARY INFORMATION

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**Bloomington School District #16**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2023**

	Special Revenue Funds		Debt Service Funds					Total
	Food Service	Student/ School Activity Fund	2020 Refunding Debt Service	2015 Refunding Debt Service	2016 SBLF Refunding Debt Service	2016 Refunding Debt Service	Capital Projects Fund	Nonmajor Governmental Funds
<b>Assets</b>								
Cash	\$ 269,791	\$ 268,139	\$ 90,491	\$ 36,081	\$ -	\$ 79,400	\$ 394,771	\$ 1,138,673
Taxes receivable	-	-	47,430	53,773	-	9,803	-	111,006
Accounts receivable	2,790	-	-	-	-	-	-	2,790
Due from other governmental units	5,740	-	-	-	-	-	-	5,740
Inventory	23,324	-	-	-	-	-	-	23,324
Prepaid items	-	1,913	-	-	-	-	-	1,913
<b>Total assets</b>	<b>\$ 301,645</b>	<b>\$ 270,052</b>	<b>\$ 137,921</b>	<b>\$ 89,854</b>	<b>\$ -</b>	<b>\$ 89,203</b>	<b>\$ 394,771</b>	<b>\$ 1,283,446</b>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities</b>								
Accounts payable	\$ 134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134
Due to other funds	-	115,683	-	-	-	1,000	-	116,683
Unearned revenue	11,576	-	-	-	-	-	-	11,576
<b>Total liabilities</b>	<b>11,710</b>	<b>115,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>128,393</b>
<b>Fund balances</b>								
Non-spendable								
Inventory	23,324	-	-	-	-	-	-	23,324
Prepaid items	-	1,913	-	-	-	-	-	1,913
Restricted for								
Food service	266,611	-	-	-	-	-	-	266,611
Debt service	-	-	137,921	89,854	-	88,203	-	315,978
Committed	-	152,456	-	-	-	-	-	152,456
Assigned	-	-	-	-	-	-	394,771	394,771
<b>Total fund balances</b>	<b>289,935</b>	<b>154,369</b>	<b>137,921</b>	<b>89,854</b>	<b>-</b>	<b>88,203</b>	<b>394,771</b>	<b>1,155,053</b>
<b>Total liabilities and fund balances</b>	<b>\$ 301,645</b>	<b>\$ 270,052</b>	<b>\$ 137,921</b>	<b>\$ 89,854</b>	<b>\$ -</b>	<b>\$ 89,203</b>	<b>\$ 394,771</b>	<b>\$ 1,283,446</b>

**Bloomington School District #16**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

	Special Revenue Funds		Debt Service Funds					Total
	Food Service	Student/ School Activity Fund	2020 Refunding Debt Service	2015 Refunding Debt Service	2016 SBLF Refunding Debt Service	2016 Refunding Debt Service	Capital Projects Fund	Nonmajor Governmental Funds
<b>Revenues</b>								
Local sources	\$ 39,876	\$ 192,752	\$ 697,743	\$ 789,307	\$ 639	\$ 145,251	\$ 2,294	\$ 1,867,862
State sources	39,026	-	-	-	-	-	-	39,026
Federal sources	953,522	-	-	-	-	-	-	953,522
Total revenues	1,032,424	192,752	697,743	789,307	639	145,251	2,294	2,860,410
<b>Expenditures</b>								
Current								
Education								
Supporting services	-	184,674	-	-	-	-	-	184,674
Food services	890,012	-	-	-	-	-	-	890,012
Debt service								
Principal	-	-	525,000	670,000	-	-	-	1,195,000
Interest and other expenditures	-	-	128,305	78,168	-	133,520	-	339,993
Total expenditures	890,012	184,674	653,305	748,168	-	133,520	-	2,609,679
Excess of revenues over expenditures	142,412	8,078	44,438	41,139	639	11,731	2,294	250,731
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	-	90,663	20,000	-	10,000	-	120,663
Transfers out	-	-	-	-	(120,663)	-	-	(120,663)
Total other financing sources (uses)	-	-	90,663	20,000	(120,663)	10,000	-	-
Net change in fund balances	142,412	8,078	135,101	61,139	(120,024)	21,731	2,294	250,731
Fund balances – beginning	147,523	146,291	2,820	28,715	120,024	66,472	392,477	904,322
Fund balances – ending	\$ 289,935	\$ 154,369	\$ 137,921	\$ 89,854	\$ -	\$ 88,203	\$ 394,771	\$ 1,155,053



**Bloomington School District #16**  
**Other Supplemental Information**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2023**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash	\$ 1,636,559	\$ 2,299,712
Taxes receivable	90,677	-
Due from other funds	116,683	4,253
Due from other governmental units	4,708,027	2,225,315
Interest receivable	48,420	-
Inventory	<u>-</u>	<u>2,432</u>
Total assets	<u>\$ 6,600,366</u>	<u>\$ 4,531,712</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 35,616	\$ 276,614
State aid anticipation note payable	300,000	300,000
Due to other funds	-	54,103
Payroll deductions and withholdings	16,531	8,334
Accrued salaries and benefits payable	1,508,410	1,070,643
Unearned revenue	<u>278,375</u>	<u>100,313</u>
Total liabilities	<u>2,138,932</u>	<u>1,810,007</u>
<b>Fund Balance</b>		
Non-spendable		
Inventory	-	2,432
Assigned for		
Subsequent year's budget appropriations in excess of revenues	1,171,829	758,333
Energy improvements	300,000	-
Unassigned	<u>2,989,605</u>	<u>1,960,940</u>
Total fund balance	<u>4,461,434</u>	<u>2,721,705</u>
Total liabilities and fund balance	<u>\$ 6,600,366</u>	<u>\$ 4,531,712</u>

**Bloomington School District #16**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2023**

Year Ending June 30,	2015 Refunding Bonds	2016A Refunding Bonds	2020 Refunding Bonds	Total
2024	\$ 660,000	\$ -	\$ 610,000	\$ 1,270,000
2025	650,000	-	675,000	1,325,000
2026	625,000	-	765,000	1,390,000
2027	-	655,000	780,000	1,435,000
2028	-	660,000	820,000	1,480,000
2029	-	665,000	870,000	1,535,000
2030	-	670,000	915,000	1,585,000
2031	-	675,000	960,000	1,635,000
Total	<u>\$ 1,935,000</u>	<u>\$ 3,325,000</u>	<u>\$ 6,395,000</u>	<u>\$ 11,655,000</u>

Principal payments due the first day of	May	May	May
Interest payments due the first day of	May and November	May and November	May and November
Interest rates	2.00% – 3.00%	4.00%	1.164% – 2.296%
Original issue	<u>\$ 6,525,000</u>	<u>\$ 5,750,000</u>	<u>\$ 6,920,000</u>