

**BIG JACKSON
SCHOOL DISTRICT
Paris, Michigan**

**FINANCIAL STATEMENTS
June 30, 2025**



**Gardner | Provenzano
Thomas & Luplow**

CERTIFIED PUBLIC ACCOUNTANTS

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**Gardner | Provenzano
Thomas & Luplow**

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
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INDEPENDENT AUDITOR'S REPORT

October 24, 2025

To The Board of Education
Big Jackson School District
Paris, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the District, as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the general fund 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 Independent Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion analysis, budgetary comparison, and schedules for the pension and other post-employment benefit plans, as listed 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Gardner, Proroyame, Thomas & Luplow, P.C.

Certified Public Accountants
Saginaw, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

BIG JACKSON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

As management of Big Jackson School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

Financial Highlights

- Overall, the District reported total net position of \$394,439 in its most recent statement of net position, an increase of \$ 121,133.
- As of the close of the current fiscal year, the District's general fund reported an ending fund balances of \$550,692, an increase of \$69,511 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the general fund was \$421,250 or 126% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated leave).

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the District include instruction, supporting and community services. The District has no business-type activities as of and for the year ended June 30, 2025.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided herein to demonstrate compliance with that budget.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion, and analysis, the budgetary comparison schedule and the schedules for the MPSERS pension and other postemployment benefit plans immediately following the notes to the financial statements.

BIG JACKSON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District reported net position of \$394,439 at June 30, 2025.

	Net Position	
	2025	2024
Assets		
Current and other assets	\$ 652,400	\$ 557,752
Capital assets, net	155,170	111,521
Total Assets	807,570	669,273
Deferred outflows of resources	71,090	129,736
Liabilities		
Other liabilities	54,721	70,709
Long-term liabilities	256,662	321,516
Total Liabilities	311,383	392,225
Deferred inflows of resources	172,838	133,478
Net position		
Investment in capital assets	155,170	111,521
Restricted for OPEB	46,987	5,862
Unrestricted	192,282	155,923
Total Net Position	\$ 394,439	\$ 273,306

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and vehicles). The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending.

An additional portion of the District's net position represents resources that are subject to other external restrictions on how they may be used. The remaining balance of unrestricted net position, when available, may be used to meet the District's ongoing obligations to its general programs.

Governmental Activities

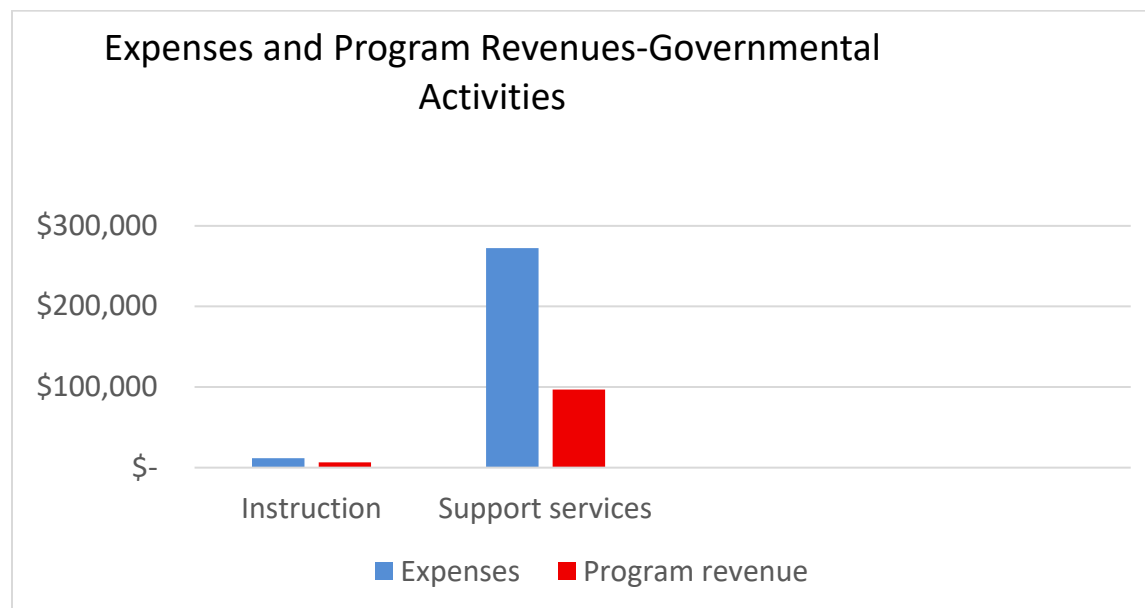
Net position increased by \$121,133 compared to a decrease of \$71,786 in the prior year.

Overall revenues were comparable to the prior year. Expenses were considerably lower than the previous year with most of that decrease in instruction due to no in person teacher in the current year.

BIG JACKSON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

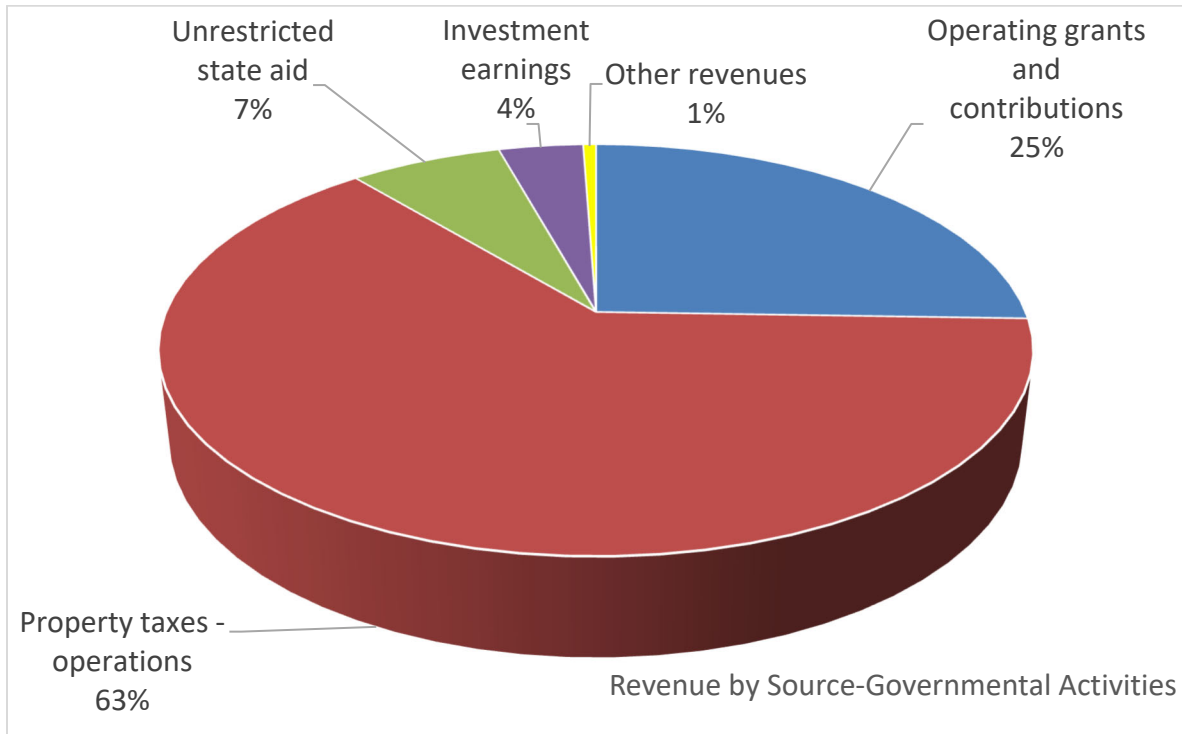
	Change in Net Position	
	2025	2024
Revenue		
Program revenues:		
Operating grants and contributions	\$ 103,339	\$ 137,045
General revenues:		
Property taxes - operations	257,043	249,268
Unrestricted state aid	27,260	5,222
Investment earnings	15,115	13,751
Other revenues	2,308	1,360
Total Revenue	<u>405,065</u>	<u>406,646</u>
Expenses		
Instruction	11,655	163,660
Support services	272,277	314,723
Community services	-	49
Total Expenses	<u>283,932</u>	<u>478,432</u>
Change in net position	121,133	(71,786)
Net position, beginning of year	<u>273,306</u>	<u>345,092</u>
Net position, end of year	<u>\$ 394,439</u>	<u>\$ 273,306</u>

The chart below shows the program revenues in relationship to expenses.



BIG JACKSON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

The chart below shows program revenue by source.



As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$550,692. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance represents 164% of total general fund expenditures.

The fund balance of the District's general fund increased by \$69,511, or 14 %, where the District saw a decrease of \$78,423, or 14% in the 2023-2024 year. Revenues were comparable to the prior year, however, as noted above instruction expenditures were much lower in 2024-2025.

BIG JACKSON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

General Fund Budgetary Highlights

Amendments to the original adopted budget are passed in order to reflect changes in information and circumstances. Changes between the original adopted and final amended budgets were:

- The general fund revenue budget was decreased by \$6,905, or 1.7% from the original budget management does not believe this change to be significant.
- The general fund expenditure budget decreased by \$119,460, or 26% from the original budget with most of the decrease in instruction and transportation. This decrease is due to no in person teaching resulting in no instruction or transportation costs after summer school ended.

In accordance with State statute, the District is prohibited from amending the budget after year-end. As the District's books are not closed for accounting purposes at that point, a certain level of estimation is required in determining actual expenditures.

- General fund actual revenues were over the final amended budget by \$9,820. Management does not believe this variance to be significant.
- General fund actual expenditures were over budget by \$2,981. Management does not believe this variance to be significant.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2025 amounted to \$155,170 (net of accumulated depreciation). Capital assets at year-end included the following:

	Capital Assets (Net of Depreciation)	
	2025	2024
Land	\$ 1,042	\$ 1,042
Buildings and improvements	108,133	61,522
Land improvements	5,376	5,897
Furniture and equipment	9,586	4,074
Vehicles	31,033	38,986
Total capital assets, net	<u>155,170</u>	<u>111,521</u>

Additional information on the District's capital assets can be found in Note 5 of this report.

Long-term Debt

At the end of the current fiscal year, the District had no outstanding long-term debt.

Additional information on the District's long-term debt can be found in Note 6 of this report.

Factors Bearing on the District's Future

The following factors were considered in preparing the District's budget for the 2025-2026 fiscal year:

- Our first 2025-2026 budget indicates \$26,370 less in revenue than the final 2024-2025 budget. Most of this decrease is in federal revenue as we anticipate less in the 2025-2026 year.
- Expenditures were budgeted for \$531,095, which is more than the prior year final budget of \$332,670. Most of this increase was in instruction and is due to the anticipation of getting back to in person teachers.
- The budget for the year ended June 30, 2026 was adopted at the June 2025 board meeting.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Big Jackson School District
4020 13 Mile Road
Paris, MI 49338

BASIC FINANCIAL STATEMENTS

Big Jackson School District
Paris, Michigan
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS:	
Cash and investments	\$ 508,927
Receivables	1,945
Prepays	19,962
Due from other governments	74,579
Net other postemployment benefit asset	46,987
Capital assets not being depreciated	1,042
Capital assets being depreciated, net	154,128
Total Assets	<u>807,570</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred pension amounts	56,395
Deferred other postemployment benefit amounts	14,695
Total Deferred Outflows of Resources	<u>71,090</u>
LIABILITIES:	
Accounts payable and accrued liabilities	19,101
Unearned revenue	35,620
Net pension liability (due in more than one year)	256,662
Total Liabilities	<u>311,383</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred pension amounts	104,927
Deferred other postemployment benefit amounts	67,911
Total Deferred Inflows of Resources	<u>172,838</u>
NET POSITION:	
Investment in capital assets	155,170
Restricted for OPEB	46,987
Unrestricted	192,282
Total Net Position	<u>\$ 394,439</u>

The accompanying notes are an integral part of these financial statements.

Big Jackson School District
Paris, Michigan
STATEMENT OF ACTIVITIES
June 30, 2025

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue Year Ended June 30, 2025
GOVERNMENTAL ACTIVITIES:			
Instruction	\$ 11,655	\$ 6,504	\$ (5,151)
Support services	272,277	96,835	(175,442)
Total Governmental Activities	<u>\$ 283,932</u>	<u>\$ 103,339</u>	<u>(180,593)</u>
GENERAL REVENUES:			
Property taxes - operations			257,043
Unrestricted state aid			27,260
Investment earnings			15,115
Other revenues			2,308
Total General Purpose Revenues			<u>301,726</u>
Change in Net Position			121,133
Net Position - Beginning of Year			273,306
Net Position - End of Year			<u><u>\$ 394,439</u></u>

The accompanying notes are an integral part of these financial statements.

Big Jackson School District
Governmental Funds
BALANCE SHEET
June 30, 2025

	General Fund
Assets	
Cash and investments	\$ 508,927
Accounts receivable	1,945
Prepays	19,962
Due from other governments	74,579
Total Assets	<u>\$ 605,413</u>
Liabilities	
Accounts payable	\$ 15,920
Accrued liabilities	3,181
Unearned revenue	35,620
Total Liabilities	<u>54,721</u>
Fund balances	
Non-spendable	19,962
Assigned 2025-2026 budget	109,480
Unassigned	421,250
Total Fund Balance	<u>550,692</u>
Total Liabilities and Fund Balance	<u>\$ 605,413</u>

The accompanying notes are an integral part of these financial statements.

Big Jackson School District
Fund Balances of Governmental Funds to
Net Position of Governmental Activities
June 30, 2025

Fund Balances - Total Governmental Funds	\$	550,692
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Amounts reported for governmental activities in the statement
of net position are 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		1,042
Capital assets being depreciated, net		154,128

Certain pension-related amounts and other postemployment benefit
amounts, such as the net pension liability and net other postemployment
benefits asset and deferred amounts are not due and payable in the
current period or do not represent current financial resources and
therefore are not reported in the funds:

Net pension liability		(256,662)
Deferred outflows related to the net pension liability		56,395
Deferred inflows related to the net pension liability		(104,927)
Net other postemployment benefit asset		46,987
Deferred outflows related to the net other postemployment benefit asset		14,695
Deferred inflows related to the net other postemployment benefit asset		(67,911)
Net Position of Governmental Activities	\$	394,439

The accompanying notes are an integral part of these financial statements.

Big Jackson School District
Governmental Funds
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
June 30, 2025

	General Fund
Revenues:	
Local sources	\$ 274,465
State sources	102,035
Federal sources	21,787
Interdistrict sources	6,778
Total Revenue	<u>405,065</u>
Expenditures:	
Instruction	6,536
Instructional staff	14,445
General administration	138,769
School administration	322
Business	39,389
Operation & Maintenance	44,246
Transportation	5,452
Central service	28,790
Facility Acquisition, Construction, and Improvements	57,605
Total Expenditures	<u>335,554</u>
Net Change in Fund Balance	69,511
Fund Balance-Beginning of Year	481,181
Fund Balance-End of Year	<u><u>\$ 550,692</u></u>

The accompanying notes are an integral part of these financial statements.

Big Jackson School District
NET CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE
IN NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2025

Net Change in Fund Balances - Governmental Funds	\$	69,511
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Amounts reported for governmental activities in the statement
of activities are different because:

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

Capital assets purchased/constructed		57,605
Depreciation expense		(13,956)

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

Change in the net pension liability and related deferred amounts		(8,964)
Change in the net other postemployment benefit asset and related deferred amounts		16,353
Change in compensated absences payable		584
Change in Net Position of Governmental Activities	\$	121,133

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1--Summary of Significant Accounting Policies

A summary of the significant accounting policies of Big Jackson School District (the "District"), consistently applied in the preparation of the accompanying financial statements, is as follows:

The Reporting Entity

The District is governed by an elected five-member Board of Education. As required by generally accepted accounting principles, these financial statements present the reporting entity of Big Jackson School District. The criteria identified in GAAP, including financial accountability, have been utilized in identifying the District's reporting entity which includes no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended June 30, 2025.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, are recorded only when payment is due.

Property taxes, State aid, expenditure-driven grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

General Fund – This fund is the District's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. The District had no charges to customers or applicants for goods, services, or privileges provided and capital grants and contributions for the year ended June 30, 2025. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, unrestricted grants, and interest income.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from government-wide financial statements.

Property Taxes

Property taxes are recognized as revenue in the general fund on a levy year basis. The 2024 levy amounts are recognized as current property tax revenue to the extent that they are collected during the year or within 60 days after year-end.

Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Property taxes are levied December 1 on the assessed valuation of property located in the District as of the preceding December 31, the lien date. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

Investments

Investments consist of participation in an external investment pool.

State statutes authorize the District to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

- b. Certificates of deposit, savings accounts, deposit accounts, depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Receivables

The District follows the practice of recording revenues that have been earned but not yet received as receivables. Receivables consist primarily of state aid payments from the State of Michigan and federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management, and therefore, no amount has been recorded as a provision for bad debts.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight line method over the following estimated useful lives:

	Years
Buildings and improvements	10-50
Land improvements	15-25
Furniture and equipment	3-20
Vehicles	7-10

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit asset. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to the net pension liability and the net other postemployment benefit asset.

Salaries Payable and Accrued Employee Benefits

A liability is recorded for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year. The liability for accrued retirement and the employer share of taxes related to the salaries payable has been recorded.

Compensated Absences

It is the District's policy to permit employees to accumulate various earned but unused vacation and sick pay benefits. These are accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Unearned Revenue

Unearned revenue consists of revenue received prior to the delivery of goods and services or the incurrence of qualifying expenditures.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by the Board of Education and this authority has not been delegated. Unassigned fund balance is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and net other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2--Accountability and Budgetary Compliance

Budgets are adopted for the general fund as required by state law and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
5. Adoption and amendments of all budgets used by the District are governed by Public Act 621. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget of the department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3--Deposits and Investments

The captions on the financial statements relating to cash and investments are as follows:

	<u>Governmental Activities</u>
Cash and investments	<u>\$ 508,927</u>

Cash and investments are comprised of the following at year-end:

Checking and savings accounts	\$ 300,986
MILAF+Max Class	<u>207,941</u>
Total	<u>\$ 508,927</u>

Cash and cash equivalents are comprised of deposits in two financial institutions located in Michigan. State policy limits the District's investing options to financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account.

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

Investment and Deposit Risk

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The MILAF+MAX Class investment does not have a stated maturity date.

Credit Risk

State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of District's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in Note 1 (summary of significant accounting policies).

The investment policy does not have specific limits in excess of State law on investment credit risk. The District's investments were rated by Standard and Poors as AAAM as of year-end.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District minimizes this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. As of year-end, the bank balance was \$362,478. Of that balance \$5,320 was not collateralized nor insured.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimized this risk by prequalifying the financial institutions, brokers/dealers, intermediaries and advisors to be in compliance with the requirements set forth in the District's investment policy. The District is exposed to no custodial credit risk on its investments because they are held in the name of the District.

Concentration of Credit Risk

State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

NOTE 4--Receivables and Payables

Receivables in the government-wide financial statements at June 30, 2025 are as follows:

	Governmental Activities
Accounts	\$ 1,945
Due from other governments	74,579
Total	<u>\$ 76,524</u>

Accounts payable and accrued liabilities in the government-wide financial statements at June 30, 2025 are as follows:

	Governmental Activities
Accounts payable	\$ 15,920
Accrued Liabilities	3,181
Total	<u>\$ 19,101</u>

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5--Capital Assets

A summary of changes in capital assets activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,042	\$ -	\$ -	1,042
Capital assets, being depreciated:				
Buildings and improvements	122,677	51,569	-	174,246
Land Improvements	17,702	-	-	17,702
Furniture and equipment	54,701	6,036	-	60,737
Vehicles	63,245	-	-	63,245
Subtotals	258,325	57,605	-	315,930
Less accumulated depreciation for:				
Buildings and improvements	(61,155)	(4,958)	-	(66,113)
Land improvements	(11,805)	(521)	-	(12,326)
Furniture and equipment	(50,627)	(524)	-	(51,151)
Vehicles	(24,259)	(7,953)	-	(32,212)
Subtotals	(147,846)	(13,956)	-	(161,802)
Total Capital Assets				
being depreciated, net	110,479	43,649	-	154,128
Governmental activities capital assets, net	111,521	43,649	-	155,170

Depreciation expense was charged to functions/programs of governmental activities as follows:

Government Activities:	
Instruction	\$ 5,877
Support	8,079
Total Governmental Activities	<u>\$ 13,956</u>

NOTE 6--Long-Term Liabilities

The following is a summary of long-term liabilities transactions of the year ended June 30, 2025:

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Governmental Activities</u>				
Compensated absences	\$ 584	\$ -	\$ 584	\$ -

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7--Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan and a fiduciary component of the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Employers contributions to the system are determined on an actuarial basis using age entry 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, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year ended September 30, 2024:

<u>Pension Contribution Rates</u>		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0% – 4.0%	23.03%
Member Investment Plan (MIP)	3.0% – 7.0%	23.03%
Pension Plus	3.0% – 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the District were \$43,831 for the year ended September 30, 2024.

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

At June 30, 2025, the District reported a liability of \$256,662 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percentage of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.00104837 percent, which was an increase of 0.00005837 percent from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$15,522. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

<u>Source Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 6,963	\$ 2,789
Changes in Assumptions	26,759	18,805
Net difference between projected and actual earnings on pension plan investments	-	48,982
Changes in proportion and differences between District contributions and proportionate share of contributions	15,557	33,030
	<u>49,279</u>	<u>103,606</u>
District contributions subsequent to the measurement date	7,116	1,321
Total:	<u>\$ 56,395</u>	<u>\$ 104,927</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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ (16,869)
2026	(6,926)
2027	(19,327)
2028	(11,205)
Total:	<u>\$ (54,327)</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.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
Basic and MIP 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:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010
Active:	PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4612

Recognition period for assets in years is 5.0000

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at [Michigan.gov/ORS Schools](https://Michigan.gov/ORS_Schools).

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0%	9.0%
International Equity Pools	15.0%	6.5%
Fixed Income Pools	13.0%	2.2%
Real Estate and Infrastructure Pools	10.0%	7.1%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short-Term Investment Pools	2.0%	1.4%
Total	<u>100.0%</u>	

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

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 15.47%. 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 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease*</u> <u>5.00%</u>	<u>Current Single Discount Rate Assumption*</u> <u>6.00%</u>	<u>1% Increase*</u> <u>7.00%</u>
District's proportionate share of the net pension liability	\$ 376,269	\$256,662	\$ 157,066

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 ACFR, available on the ORS website at Michigan.gov/ORSSchools.

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

At June 30, 2025, the District reported a payable of \$2,641 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

NOTE 8--Postemployment Benefits

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 and a fiduciary component of the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

Benefits Provided

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

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 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.

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 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, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year September 30, 2024:

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.31%
Personal Healthcare Fund (PHF)	0.00%	7.06%

Required contributions to the OPEB plan from the District were \$9,073 for the year ended September 30, 2024.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

At June 30, 2025, the District reported an asset of \$(46,987) for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The District's proportion of the net OPEB asset 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, 2024, the District's proportion was 0.00109160 percent which was an increase of 0.0000516 percent from its proportion measured as of October 1, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(17,292). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Source Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	\$ 49,792
Changes of Assumptions	10,263	1,180
Net difference between projected and actual earnings on OPEB plan investments	-	8,895
Changes in proportion and differences between District contributions and proportionate share of contributions	4,191	8,044
	<u>14,454</u>	<u>67,911</u>
District contributions subsequent to the measurement date	241	-
Total:	<u>\$ 14,695</u>	<u>\$ 67,911</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 asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ (16,676)
2026	(10,665)
2027	(11,535)
2028	(9,105)
2029	(4,622)
Thereafter	(854)
Total:	<u>\$ (53,457)</u>

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality:	Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions:	
Opt-Out Assumptions	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 one or more dependents.

Notes:

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2834*
- *Recognition period for assets in years is 5.0000*
- *Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at [Michigan.gov/ORS Schools](https://michigan.gov/ORS_Schools).*

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0%	9.0%
International Equity Pools	15.0%	6.5%
Fixed Income Pools	13.0%	2.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short-Term Investment Pools	2.0%	1.4%
Total	<u>100.0%</u>	

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

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 15.45%. 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 asset. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 asset.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
District's proportionate share of the net OPEB liability	\$(36,312)	\$ (46,987)	\$ (56,216)

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

The following presents the District's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the District's proportionate share of the 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
District's proportionate share of the net OPEB liability	\$(56,217)	\$ (46,987)	\$ (37,088)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

Payables to the OPEB Plan

At June 30, 2025, the District reported a payable of \$0 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

NOTE 9--Contingencies

Federal Grant Program

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2025, the District carried commercial insurance and participated in a public entity risk pool. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

NOTE 10--Subsequent Events

On July 2, 2025, the Board approved a bid for roof and stair renovations in the amount of \$57,925.

NOTE 11--Change in Accounting Principle

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary: This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

The adoption of GASB 101 had no effect on the financial statements.

NOTE 12--Upcoming Accounting Pronouncements

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

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

BIG JACKSON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Big Jackson School District
Paris, Michigan
Budgetary Comparison Schedule
General Fund
June 30, 2025

	Original Budget	Final Budget	Actual	Actual Final Budget Over (Under)
Revenues:				
Local sources	\$ 278,230	\$ 268,211	\$ 274,465	\$ 6,254
State sources	71,791	96,094	102,035	5,941
Federal sources	48,129	30,940	21,787	(9,153)
Interdistrict sources	4,000	-	6,778	6,778
Total Revenues	<u>402,150</u>	<u>395,245</u>	<u>405,065</u>	<u>9,820</u>
Expenditures:				
Instruction	132,129	6,429	6,536	107
Pupil services	4,600	-	-	-
Instructional staff	2,447	14,445	14,445	-
General administration	93,089	139,018	138,769	(249)
School administration	10,724	323	322	(1)
Business	25,550	39,990	39,389	(601)
Operation & Maintenance	94,780	43,599	44,246	647
Transportation	75,411	4,962	5,452	490
Central service	13,400	32,966	28,790	(4,176)
Facility Acquisition, Construction, and Improvements	-	50,938	57,605	6,667
Total Expenditures	<u>452,130</u>	<u>332,670</u>	<u>335,554</u>	<u>2,884</u>
Net Change in Fund Balance	(49,980)	62,575	69,511	6,936
Fund Balance - Beginning of Year	481,181	481,181	481,181	-
Fund Balance - End of Year	<u>\$ 431,201</u>	<u>\$ 543,756</u>	<u>\$ 550,692</u>	<u>\$ 6,936</u>

Big Jackson School District
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2024	2023	2022	2021	2020
District's proportionate share of the net pension liability	\$256,662	\$320,932	\$429,247	\$284,048	\$387,618
District's proportion of the net pension liability (%)	0.00105%	0.00099%	0.00114%	0.00120%	0.00113%
District's covered payroll	\$122,857	\$109,633	\$104,771	\$117,949	\$105,841
District's proportionate share of the net pension liability as a percentage of its covered payroll (%)	208.91%	292.73%	409.70%	240.82%	366.23%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%
	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$366,171	\$352,207	\$340,596	\$340,531	\$325,710
District's proportion of the net pension liability (%)	0.00111%	0.00117%	0.00131%	0.00136%	0.00133%
District's covered payroll	\$101,480	\$96,727	\$107,895	\$119,306	\$114,127
District's proportionate share of the net pension liability as a percentage of its covered payroll (%)	360.83%	364.12%	315.67%	285.43%	285.39%
Plan fiduciary net position as a percentage of the total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%

Big Jackson School District
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
Michigan Public School Employees Retirement Plan
Last 10 District Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contributions	\$ 9,196	\$ 43,987	\$ 37,096	\$ 35,716	\$ 30,273
Contributions in relation to statutorily required contribution	<u>(9,196)</u>	<u>(43,987)</u>	<u>(37,096)</u>	<u>(35,716)</u>	<u>(30,273)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 26,121	\$ 131,241	\$ 101,889	\$ 115,604	\$ 110,418
Contributions as a percentage of covered payroll	35.21%	33.52%	36.41%	30.90%	27.42%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 27,789	\$ 24,660	\$ 30,828	\$ 20,746	\$ 21,312
Contributions in relation to statutorily required contribution	<u>(27,789)</u>	<u>(24,660)</u>	<u>(30,828)</u>	<u>(20,746)</u>	<u>(21,312)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 106,098	\$ 99,873	\$ 87,609	\$ 122,072	\$ 113,348
Contributions as a percentage of covered payroll	26.19%	24.69%	35.19%	16.99%	18.80%

Notes: There were no changes of benefits terms in fiscal year 2024. There were no changes of benefit assumptions in fiscal year 2024.

Big Jackson School District
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2024	2023	2022	2021
District's proportionate share of net OPEB liability (Asset)	(\$46,987)	(\$5,862)	\$22,274	\$19,467
District's proportion of the net OPEB liability (%)	0.00109%	0.00104%	0.00105%	0.00128%
District's covered payroll	\$122,857	\$109,633	\$104,771	\$117,949
District's proportionate share of the net OPEB liability as a percentage of its covered payroll (%)	-38.25%	-5.35%	21.26%	16.50%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%
	2020	2019	2018	2017
District's proportionate share of net OPEB liability (Asset)	\$63,136	\$82,548	\$89,601	\$117,720
District's proportion of the net OPEB liability (%)	0.00118%	0.00115%	0.00113%	0.00131%
District's covered payroll	\$105,841	\$101,480	\$96,727	\$107,895
District's proportionate share of the net OPEB liability as a percentage of its covered payroll (%)	59.65%	81.34%	92.63%	109.11%
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%	42.95%	64.21%

This schedule is to be built prospectively. Until a full 10-year trend is compiled,
the schedule will show information for those years for which data is available.

Big Jackson School District
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
Michigan Public School Employees Retirement Plan
Last 10 District Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2025	2024	2023	2022
Statutorily required contributions	\$ 862	\$ 11,402	\$ 9,218	\$ 9,857
Contributions in relation to the statutorily required contributions	(862)	(11,402)	(9,218)	(9,857)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 26,121	\$ 131,241	\$ 101,889	\$ 115,604
Contributions as a percentage of covered payroll	3.30%	8.69%	9.05%	8.53%
	2021	2020	2019	2018
Statutorily required contributions	\$ 9,818	\$ 9,203	\$ 9,407	\$ 6,316
Contributions in relation to the statutorily required	(9,818)	(9,203)	(9,407)	(6,316)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 110,418	\$ 106,098	\$ 99,873	\$ 87,609
Contributions as a percentage of covered payroll	8.89%	8.67%	9.42%	7.21%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

Notes: There were no changes of benefits terms in fiscal year 2024. There were no changes of benefit assumptions in fiscal year 2024.



Frederick C. Gardner
Giacamo Provenzano
Heather A. Thomas
Brett A. Luplow

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

October 24, 2025

Board of Education
Big Jackson School District
Paris, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund information of Big Jackson School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

Board of Education
Big Jackson School District
Paris, Michigan
Page Two

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Gardner, Proronyame, Thomas & Luplow, P.C.

Certified Public Accountants
Saginaw, MI