

JACKSON PUBLIC SCHOOLS

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

YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Jackson Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Jackson Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Public Schools, as of June 30, 2024, 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 Jackson Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

As discussed in Note 11 and Note 12 to the financial statements, in 2024 the District adopted new accounting guidance, GASB Statement No. 100, Accounting Changes and Error Corrections and identified amounts requiring adjustments to beginning fund balances. 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 Jackson Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024, on our consideration of Jackson Public Schools' internal control over financial reporting and on our tests of 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 Jackson Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson Public Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

October 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Jackson Public Schools (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, 2024.

The management's discussion and analysis is provided at the beginning of the annual financial report to provide in layman's terms the past and current position of the District's financial condition. This summary should not be taken as a replacement for the annual financial report which consists of the financial statements and other supplementary and additional information that presents all the District's revenue and expenditures by program.

FINANCIAL HIGHLIGHTS

Reporting the School District as a Whole - District-wide Financial Statements

One of the most important questions asked about the District is, "As a whole, what is the District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the District's financial statements, report information about the District as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position. In order to measure the District's financial health or financial position, we examine the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources as reported in the statement of net position. Over time, increases or decreases in the District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results.

It is important to remember that the School District's goal is to provide the best educational opportunities and services possible to the District's students and not to generate profits as commercial entities do. In keeping, the District must account for the long-term stability and continuation of the District by weighing expenditures against the ability to continue existence. The District must keep in check significant decreases in net position over time.

The statement of net position and statement of activities report the governmental activities for the School District, which encompass all of the District's services, including instruction, support services, community services, athletics, student/school activities, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

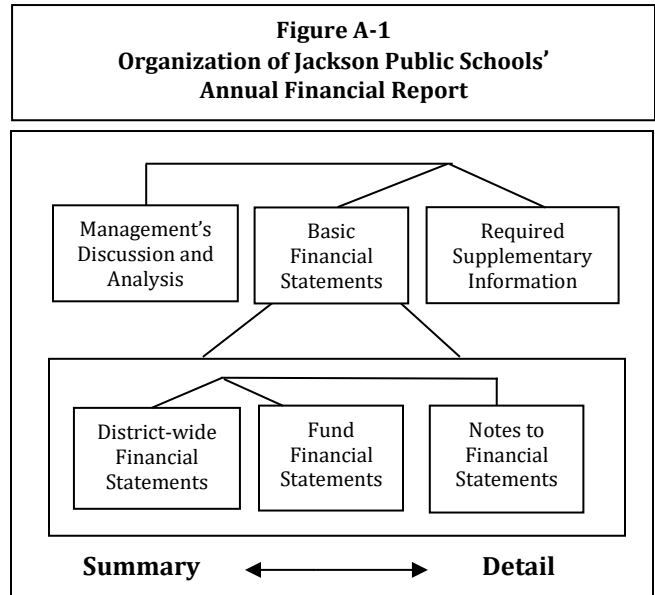
Our financial statements provide insights into the results of this year's operations.

- The assets and deferred outflows of resources of the District are exceeded by its liabilities and deferred inflows of resources at the close of the most recent fiscal year by (\$28,401,802) (*net position*).
- The District's total net position increased by \$11,504,206.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$25,925,354, an increase of \$713,569 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance for the District's operating fund (general fund) was \$19,777,963 or 24.48% of the total expenditures and transfers out of this operating fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide notes to financial statements.
- The *governmental funds* statements tell how basic services like instruction and support services were financed in the short-term as well as what remains for future spending.



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year as well as required information for net pension liability and net OPEB asset. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 Major Features of District-wide and Fund Financial Statements		
Category	District-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and 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

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

- **Governmental Activities** - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying debt) or to show that it is properly using certain revenues (like school lunch and student/school activities).

The District has one kind of fund:

- **Governmental Funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Restricted net position represents legal constraints from debt covenants and legislation that limit the District's ability to use the net position for day-to-day operations. The following is a summary of the District's net position at June 30, 2024 and 2023.

Table A-3 Jackson Public Schools Net Position		
	2024	2023*
Assets		
Current and other assets	\$ 44,956,473	\$ 35,341,444
Net other postemployment benefits asset	1,588,341	-
Capital assets	124,428,746	129,040,767
Total assets	170,973,560	164,382,211
Deferred outflows of resources	32,988,376	36,835,582
Liabilities		
Current liabilities	19,698,569	11,690,938
Long-term liabilities	98,070,400	103,019,248
Net pension liability	83,554,997	96,610,989
Net other postemployment benefits liability	-	5,584,927
Total liabilities	201,323,966	216,906,102
Deferred inflows of resources	31,039,772	25,158,933
Net position		
Net investment in capital assets	29,918,386	28,394,489
Restricted	3,368,900	6,623,681
Restricted for net other postemployment benefits	1,588,341	-
Unrestricted	(63,277,429)	(75,865,412)
Total net position	\$ (28,401,802)	\$ (40,847,242)
* The 2023 figures have not been updated for the prior period adjustment disclosed in Note 12.		

Table A-4		
Changes in Jackson Public Schools' Net Position		
	<u>2024</u>	<u>2023*</u>
Revenues		
Program revenues		
Charges for services	\$ 608,247	\$ 848,030
Operating grants and contributions	40,557,795	35,009,154
General revenues		
Property taxes	20,327,939	18,912,165
State aid - unrestricted	35,808,997	34,326,637
Other	1,980,487	1,764,090
Total revenues	<u>99,283,465</u>	<u>90,860,076</u>
Expenses		
Instruction	39,073,807	40,034,360
Support services	31,216,094	25,293,543
Community services	1,307,601	1,109,844
Food services	5,096,345	4,643,967
Student/school activities	648,240	-
Interest on long-term debt	4,673,144	4,423,177
Unallocated depreciation	5,764,028	5,394,653
Total expenses	<u>87,779,259</u>	<u>80,899,544</u>
Change in net position	<u>\$ 11,504,206</u>	<u>\$ 9,960,532</u>
* The 2023 figures have not been updated for the prior period adjustment disclosed in Note 12.		

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District as a whole has a combined fund balance of \$25,925,354 compared to \$25,211,785 in 2023 after restatement. The fund balance increased by \$713,569 during the year. There are debt service funds with a combined net fund balance of \$3,062,604, special revenue funds with combined a net fund balance of \$1,696,859, the 2018 capital project fund with a net fund balance of \$1,364,468, the electric bus capital projects fund with a net fund balance of \$99,355, a capital projects fund with a net fund balance of \$154,795 and a donor restricted capital projects fund with a net fund balance of (\$230,690). The general fund increased its fund balance by \$1,756,833; the 2018 capital project bond decreased its fund balance by \$2,595,741 and other nonmajor governmental funds increased by \$1,453,122 (special revenue, debt service funds, and capital projects funds).

The general fund's revenues were 2.18% higher than expenditures and other financing sources (uses).

General Fund and Budget Highlights

An amendment to the initial budget was completed in December, reflecting increased spending in teacher salaries and benefits. The amendment reflected an increase in the foundation allowance, along with increased enrollment.

The final amendment was adopted in June 2024 to adjust for additional state aid revenues and final expenditure adjustment.

The final amended budget was to have revenues exceeding expenditures and outgoing transfers by \$1,174,484. Final results showed that revenues came in higher (\$688,377) than were anticipated, but expenditures came in more (\$146,822). The net result after other financing sources and (uses) was an increase in fund balance of \$1,756,833, increasing the fund balance to \$19,777,963.

General fund expenditures came within 0.18% of final budgeted amounts. Tight budgetary controls allowed the District to maintain the rising costs.

Overall, the difference between the final District's amended budget and end of the year figures amounted to a \$582,349 variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets are as follows:

Table A-5 Jackson Public Schools				
	2024		2023	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 716,736	\$ -	\$ 716,736	\$ 716,736
Construction in process	-	-	-	1,409,848
Other nondepreciable assets	73,400	-	73,400	73,400
Building and building improvements	162,361,176	51,994,997	110,366,179	113,423,028
Land improvements	8,060,598	5,556,362	2,504,236	3,115,063
Vehicles	4,954,690	3,360,621	1,594,069	1,631,746
Furniture and equipment	14,835,508	5,661,382	9,174,126	8,670,946
Total	<u>\$ 191,002,108</u>	<u>\$ 66,573,362</u>	<u>\$ 124,428,746</u>	<u>\$ 129,040,767</u>

LONG-TERM DEBT

At year-end, the District had \$98,070,400 long-term debt outstanding as shown in Table A-6. More detailed information is available in the notes to the financial statements.

The District made principal payments amounting to \$4,375,000 which has decreased the long-term debt.

A decrease in compensated absences and terminated benefits of \$68,500 was also recorded.

Table A-6 Jackson Public Schools Outstanding Long-Term Debt		
	2024	2023
General obligation bonds and other debt	\$ 96,927,502	\$ 101,807,850
Compensated absences and terminated benefits	1,142,898	1,211,398
	<u>\$ 98,070,400</u>	<u>\$ 103,019,248</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- One of the most important factors affecting the budget is our student enrollment as the state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Any increase or decrease in student enrollment will require adjustments in district expenditures so that the budget remains structurally balanced.
- Since the District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the District. After the 2023-24 fiscal year, the State is projecting all one-time items to be spent. This could potentially lead to a decrease in some categorical funding areas from the State. Even with an increase in school aid funding, any additional revenue does not keep up with the high rate of inflation. The District has and will likely continue to see increased costs in the general operation of the District.
- The District has higher than normal federal revenues and expenditures due to COVID-19 relief funding. The District is currently using this money to retain staff and increase fund balance, however, those revenues will go away after the 2023-24 fiscal year. It will be key to lower expenditures when the revenue drops off beginning with the 2024-25 school year.
- The District has facilities that were built between 1920 and 2021. The average age of the school buildings is 60 years old. These buildings will need significant investment over the next 10 years. The District is working on determining funding sources for these improvements.
- Signs of a national and statewide teacher shortage are evident. The District will need to be innovative in recruiting and retaining high quality teachers to ensure that it can continue to offer exceptional programming.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Marcus Leon, Assistant Superintendent, Finance and Operations, Business Services, Jackson Public Schools, 522 Wildwood Avenue, Jackson, MI 49201

BASIC FINANCIAL STATEMENTS

JACKSON PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 19,217,610
Investments	2,832,695
Restricted investments - capital projects	1,705,841
Receivables	
Accounts receivable	159,943
Intergovernmental	12,859,406
Inventories	241,121
Prepays	7,939,857
Net other postemployment benefits asset	1,588,341
Capital assets not being depreciated	790,136
Capital assets, net of accumulated depreciation	<u>123,638,610</u>
TOTAL ASSETS	<u>170,973,560</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of amortization	1,052,674
Related to pensions	25,233,591
Related to other postemployment benefits	<u>6,702,111</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>32,988,376</u>
LIABILITIES	
Accounts payable	2,754,685
Accrued interest payable	674,673
Accrued salaries and related items	4,571,691
Accrued retirement	2,211,375
Unearned revenue	9,486,145
Noncurrent liabilities	
Due within one year	4,731,712
Due in more than one year	93,338,688
Net pension liability	<u>83,554,997</u>
TOTAL LIABILITIES	<u>201,323,966</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	11,917,108
Related to state aid funding for pension benefits	5,555,354
Related to other postemployment benefits	<u>13,567,310</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>31,039,772</u>
NET POSITION	
Net investment in capital assets	29,918,386
Restricted for debt service	2,387,931
Restricted for food service	980,969
Restricted for net other postemployment benefits	1,588,341
Unrestricted	<u>(63,277,429)</u>
TOTAL NET POSITION	<u><u>\$ (28,401,802)</u></u>

See notes to financial statements.

**JACKSON PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 39,073,807	\$ -	\$ 24,733,796	\$ (14,340,011)
Support services	31,216,094	281,437	10,379,470	(20,555,187)
Community services	1,307,601	-	-	(1,307,601)
Food services	5,096,345	326,810	4,789,091	19,556
Student/school activities	648,240	-	655,438	7,198
Interest on long-term debt	4,673,144	-	-	(4,673,144)
Unallocated depreciation	5,764,028	-	-	(5,764,028)
Total governmental activities	<u>\$ 87,779,259</u>	<u>\$ 608,247</u>	<u>\$ 40,557,795</u>	<u>(46,613,217)</u>
General revenues				
Property taxes, levied for general purposes				11,015,175
Property taxes, levied for debt service				9,312,764
Investment earnings				1,117,541
State sources - unrestricted				35,808,997
Other				945,499
Total general revenues				<u>58,117,423</u>
CHANGE IN NET POSITION				11,504,206
Net position, beginning of year				(40,847,242)
Adjustments to beginning net position				941,234
Restated net position, beginning of the year				<u>(39,906,008)</u>
Net position, end of year				<u>\$ (28,401,802)</u>

See notes to financial statements.

**JACKSON PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	2018 Building and Site Capital Projects Fund	Electric Bus Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,032,819	\$ -	\$ -	\$ 6,184,791	\$ 19,217,610
Investments	2,163,340	-	519,355	150,000	2,832,695
Restricted investments	-	1,705,841	-	-	1,705,841
Receivables					
Accounts receivable	134,385	7,223	-	18,335	159,943
Intergovernmental	12,553,048	-	-	306,358	12,859,406
Due from other funds	1,417,921	152,811	-	122,518	1,693,250
Inventories	225,643	-	-	15,478	241,121
Prepays	64,857	-	7,875,000	-	7,939,857
TOTAL ASSETS	\$ 29,592,013	\$ 1,865,875	\$ 8,394,355	\$ 6,797,480	\$ 46,649,723
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Payables					
Accounts payable	\$ 1,807,672	\$ 494,184	\$ -	\$ 452,829	\$ 2,754,685
Due to other funds	32,167	-	-	1,661,083	1,693,250
Accrued salaries and related items	4,571,691	-	-	-	4,571,691
Accrued retirement	2,211,375	-	-	-	2,211,375
Unearned revenue	1,191,145	-	8,295,000	-	9,486,145
TOTAL LIABILITIES	9,814,050	494,184	8,295,000	2,113,912	20,717,146
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	7,223	-	-	7,223
FUND BALANCES					
Nonspendable					
Inventories	225,643	-	-	15,478	241,121
Prepays	64,857	-	7,875,000	-	7,939,857
Restricted for:					
Debt service	-	-	-	3,062,604	3,062,604
Food service	-	-	-	980,969	980,969
Capital projects	-	1,364,468	-	-	1,364,468
Committed for:					
Student/school activities	-	-	-	700,412	700,412
Assigned for:					
Capital projects	-	-	-	154,795	154,795
Compensated absences and termination benefits	1,142,898	-	-	-	1,142,898
Subsequent year expenditures	636,595	-	-	-	636,595
Unassigned					
General fund	17,707,970	-	-	-	17,707,970
Capital projects	-	-	(7,775,645)	(230,690)	(8,006,335)
TOTAL FUND BALANCES	19,777,963	1,364,468	99,355	4,683,568	25,925,354
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,592,013	\$ 1,865,875	\$ 8,394,355	\$ 6,797,480	\$ 46,649,723

See notes to financial statements.

JACKSON PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total governmental fund balances **\$ 25,925,354**

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

Governmental funds report actual/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, net differences between projected and actual plan investment earnings, and changes in proportion and differences between employer contributions and proportionate share of contributions will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows on refunding	1,052,674
Deferred outflows of resources - related to pensions	25,233,591
Deferred outflows of resources - related to other postemployment benefits	6,702,111
Deferred inflows of resources - related to pensions	(11,917,108)
Deferred inflows of resources - related to other postemployment benefits	(13,567,310)
Deferred inflows of resources - related to state aid funding for pension	(5,555,354)
Deferred inflows of resources - unavailable revenue	7,223

Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

Noncurrent asset at year-end consist of:

Net other postemployment benefits asset	1,588,341
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Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of the capital assets is	\$ 191,002,108	
Accumulated depreciation/amortization is	<u>(66,573,362)</u>	
		124,428,746

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

General obligation bonds	(96,927,502)
Compensated absences and termination benefits	(1,142,898)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(674,673)
Net pension liability	<u>(83,554,997)</u>

Net position of governmental activities	<u><u>\$ (28,401,802)</u></u>
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JACKSON PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund	2018 Building and Site Capital Projects Fund	Electric Bus Capital Projects Fund	Food Service Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local sources						
Property taxes	\$ 11,015,175	\$ -	\$ -	\$ -	\$ 9,312,764	\$ 20,327,939
Food sales	-	-	-	-	325,626	325,626
Investment earnings, net	837,304	166,471	99,355	-	14,411	1,117,541
Athletics	113,524	-	-	-	-	113,524
Student/school activities income	-	-	-	-	655,438	655,438
Other	1,068,987	7,222	-	-	1,184	1,077,393
Total local sources	13,034,990	173,693	99,355	-	10,309,423	23,617,461
State sources	51,700,934	-	-	-	458,813	52,159,747
Federal sources	14,639,206	-	-	-	4,984,965	19,624,171
Intermediate school districts	3,092,277	-	-	-	-	3,092,277
TOTAL REVENUES	82,467,407	173,693	99,355	-	15,753,201	98,493,656
EXPENDITURES						
Current						
Instruction	46,615,341	-	-	-	-	46,615,341
Supporting services	32,259,682	-	-	-	-	32,259,682
Food service activities	-	-	-	-	5,083,248	5,083,248
Community service activities	1,327,567	-	-	-	-	1,327,567
Student/school activities	-	-	-	-	648,240	648,240
Outgoing transfers and other	529,778	-	-	-	13,097	542,875
Capital outlay	-	2,078,805	-	-	244,040	2,322,845
Debt service						
Principal	-	-	-	-	4,375,000	4,375,000
Interest	-	-	-	-	4,640,183	4,640,183
Other expenses	-	-	-	-	2,309	2,309
TOTAL EXPENDITURES	80,732,368	2,078,805	-	-	15,006,117	97,817,290
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,735,039	(1,905,112)	99,355	-	747,084	676,366
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	37,203	-	-	-	-	37,203
Transfers in	59,627	-	-	-	765,665	825,292
Transfers out	(75,036)	(690,629)	-	-	(59,627)	(825,292)
TOTAL OTHER FINANCING SOURCES (USES)	21,794	(690,629)	-	-	706,038	37,203
NET CHANGE IN FUND BALANCES	1,756,833	(2,595,741)	99,355	-	1,453,122	713,569
FUND BALANCES						
Beginning of year, as previously presented	17,079,896	3,960,209	-	1,206,950	2,023,496	24,270,551
Adjustments to beginning fund balance	941,234	-	-	(1,206,950)	1,206,950	941,234
Beginning of year, as restated	18,021,130	3,960,209	-	-	3,230,446	25,211,785
End of year	\$ 19,777,963	\$ 1,364,468	\$ 99,355	\$ -	\$ 4,683,568	\$ 25,925,354

See notes to financial statements.

JACKSON PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net change in fund balances total governmental funds \$ 713,569

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

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(5,764,028)
Capital outlay	1,161,368
Loss on disposal of capital assets	(9,361)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.

Accrued interest payable, beginning of the year	641,712
Accrued interest payable, end of the year	(674,673)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:

Payments on debt	4,375,000
Amortization of deferred charge on refunding	(108,898)
Amortization of bond premiums	505,348

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Unavailable revenue, beginning of the year	(21,667)
Unavailable revenue, end of the year	7,223

Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds.

Accrued compensated absences and termination benefits, beginning of the year	1,211,398
Accrued compensated absences and termination benefits, end of the year	(1,142,898)

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

Pension related items	3,937,369
Other postemployment benefits related items	5,905,694

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period.

State aid funding for pension benefits	767,050
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Change in net position of governmental activities	\$ 11,504,206
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See notes to financial statements.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *2018 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition or construction of capital facilities or equipment held by the District. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. Beginning with the year of bond issuance, the school district has reported the annual construction activity in the Capital Projects Fund. The project for which the 2018 Bonds were issued was considered complete on June 30, 2023.

The *Electric Bus Capital Projects Fund* accounts for the acquisition of electric busses held by the District.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Additionally, the District reports the following *Nonmajor Fund Types*:

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

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Funds* account for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects. The District maintains two nonmajor capital projects fund for various assigned purposes.

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

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

Measurement Focus and Basis of Accounting

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

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

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

Budgetary Information

Budgetary Basis of Accounting

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

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

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

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2024. The District does not consider these amendments to be significant.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

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

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

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

Inventories and Prepaids

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

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

Land and construction in process, if any, is not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the subscription period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Building and building improvements	50
Land improvements	20
Vehicles	10
Furniture and equipment	5 - 20

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit, and pension and other postemployment benefit expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefit related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2024, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Recreation	0.50
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	6.20

Compensated Absences and Termination Benefits

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Long-term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2024, the District had deposits and investments subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, \$19,789,455 of the District's bank balance of \$20,289,455 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The carrying balance is \$19,217,610.

Custodial Credit Risk - Investments

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

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
MILAF External Investment Pool - Cash Management Class	\$ 1,284,444	N/A
MILAF External Investment Pool - Plus Max Class Funds	158,530	N/A
Michigan CLASS Investment Pool	<u>3,095,562</u>	0.0810
Total fair value	<u><u>\$ 4,538,536</u></u>	
Portfolio weighted average maturity		<u><u>0.0810</u></u>

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - Cash Management Class	\$ 1,284,444	AAAm	Standard & Poor's
MILAF External Investment Pool - Plus Max Class Funds	158,530	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	<u>3,095,562</u>	AAAm	Standard & Poor's
Total	<u><u>\$ 4,538,536</u></u>		

Foreign Currency Risk

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The District's investments are not subject to fair value reporting.

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.

	Amortized Cost
MILAF External Investment Pool - Cash Management Class	\$ 1,284,444
MILAF External Investment Pool - MAX	158,530
	<u>\$ 1,442,974</u>

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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

Investments in Entities that Calculate Net Asset Value per Share

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

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

Investments in Entities that Calculate Net Asset Value per Share (continued)

At the year ended June 30, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Michigan CLASS Investment Pool	<u>\$ 3,095,562</u>	<u>\$ -</u>	No restrictions	None

The following summarizes the categorization of these amounts as of June 30, 2024:

	<u>Primary Government</u>
Cash and cash equivalents	\$ 19,217,610
Investments	2,832,695
Restricted investments	<u>1,705,841</u>
	<u>\$ 23,756,146</u>

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2024 consist of the following:

State aid	\$ 9,915,814
Federal revenue	2,922,244
Intermediate school district and other governments	<u>21,348</u>
	<u><u>\$ 12,859,406</u></u>

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2023	Additions/ Reclassification	Deletions/ Reclassification	Balance June 30, 2024
Assets not being depreciated				
Land	\$ 716,736	\$ -	\$ -	\$ 716,736
Construction in process	1,409,848	-	1,409,848	-
Other nondepreciable assets	<u>73,400</u>	<u>-</u>	<u>-</u>	<u>73,400</u>
Total assets not being depreciated	<u>2,199,984</u>	<u>-</u>	<u>1,409,848</u>	<u>790,136</u>
Capital assets being depreciated				
Building and building improvements	160,945,170	1,416,006	-	162,361,176
Land improvements	8,049,292	11,306	-	8,060,598
Vehicles	4,750,347	297,951	93,608	4,954,690
Furniture and equipment	<u>13,989,555</u>	<u>845,953</u>	<u>-</u>	<u>14,835,508</u>
Total other capital assets	<u>187,734,364</u>	<u>2,571,216</u>	<u>93,608</u>	<u>190,211,972</u>
Accumulated depreciation				
Building and building improvements	47,522,142	4,472,855	-	51,994,997
Land improvements	5,328,136	228,226	-	5,556,362
Vehicles	3,109,074	335,794	84,247	3,360,621
Furniture and equipment	<u>4,934,229</u>	<u>727,153</u>	<u>-</u>	<u>5,661,382</u>
Total accumulated depreciation	<u>60,893,581</u>	<u>5,764,028</u>	<u>84,247</u>	<u>66,573,362</u>
Net capital assets being depreciated	<u>126,840,783</u>	<u>(3,192,812)</u>	<u>9,361</u>	<u>123,638,610</u>
Net governmental capital assets	<u><u>\$ 129,040,767</u></u>	<u><u>\$ (3,192,812)</u></u>	<u><u>\$ 1,419,209</u></u>	<u><u>\$ 124,428,746</u></u>

Depreciation for the fiscal year ended June 30, 2024 amounted to \$5,764,028. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations currently outstanding are as follows:

	General Obligation Bonds (Including Premiums)	Compensated Absences and Termination Benefits	Total
Balance July 1, 2023	\$ 101,807,850	\$ 1,211,398	\$ 103,019,248
Additions	-	292,900	292,900
Deletions	<u>(4,880,348)</u>	<u>(361,400)</u>	<u>(5,241,748)</u>
Balance June 30, 2024	96,927,502	1,142,898	98,070,400
Due within one year	<u>4,640,000</u>	<u>91,712</u>	<u>4,731,712</u>
Due in more than one year	<u>\$ 92,287,502</u>	<u>\$ 1,051,186</u>	<u>\$ 93,338,688</u>

Long-term obligations at June 30, 2024 is comprised of the following:

General Obligation Bonds

2010 general obligation bonds due in annual installments of \$2,055,000 to \$2,195,000 through May 1, 2027, with interest from 6.20% to 6.50%.	\$ 6,425,000
2018 general obligation bonds due in annual installments of \$1,110,000 to \$4,670,000 through May 1, 2048, with interest at 5.00%.	72,380,000
2020 general obligation bonds due in annual installments of \$580,000 to \$1,090,000 through May 1, 2034, with interest from 4.00% to 5.00%.	8,355,000
Add issuance premiums	<u>9,767,502</u>
Total general obligation bonds	96,927,502
Compensated absences and termination benefits	<u>1,142,898</u>
Total general long-term obligations	<u>\$ 98,070,400</u>

Interest expense (all funds) for the year ended June 30, 2024 was approximately \$4,640,000.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2024, including are as follows:

Year Ending June 30,	General Obligation Bonds			Compensated Absences and Termination Benefits	Total
	Principal	Interest	Interest Subsidy		
2025	\$ 4,640,000	\$ 4,405,912	\$ (357,872)	\$ -	\$ 8,688,040
2026	4,910,000	4,153,275	(236,725)	-	8,826,550
2027	5,180,000	3,886,797	(114,463)	-	8,952,334
2028	1,690,000	3,608,900	-	-	5,298,900
2029	1,835,000	3,530,200	-	-	5,365,200
2030-2034	11,685,000	16,148,000	-	-	27,833,000
2035-2039	17,100,000	12,672,500	-	-	29,772,500
2040-2044	21,440,000	7,980,000	-	-	29,420,000
2045-2048	18,680,000	2,335,000	-	-	21,015,000
	87,160,000	58,720,584	(709,060)	-	145,171,524
Issuance premiums	9,767,502	-	-	-	9,767,502
Compensated absences and termination benefits	-	-	-	1,142,898	1,142,898
	<u>\$ 96,927,502</u>	<u>\$ 58,720,584</u>	<u>\$ (709,060)</u>	<u>\$ 1,142,898</u>	<u>\$ 156,081,924</u>

The District anticipates receiving \$709,060 in federal tax credit payments to offset interest payments on the Qualified School Construction Bonds.

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund payable and receivable balances at June 30, 2024 are as follows:

Receivable Fund		Payable Fund	
General Fund	\$ 1,417,921	General Fund	\$ 32,167
Food Service	117,723	Food Service	<u>1,661,083</u>
2018 Building and Site Capital Projects Fund	152,811		
Capital Projects Fund	<u>4,795</u>		
	<u>\$ 1,693,250</u>		<u>\$ 1,693,250</u>

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2024 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 59,627	\$ 75,036
2018 Building and Site Capital Projects Fund	75,000	690,629
Nonmajor Governmental Funds	<u>690,665</u>	<u>59,627</u>
	<u>\$ 825,292</u>	<u>\$ 825,292</u>

During the year, transfers are used to: (1) move revenue from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance programs accounted for in the other funds in accordance with budgetary authorizations.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

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

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

Pension Reform of 2017

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2023 were determined as of the September 30, 2020 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020 are amortized over an 16-year period beginning October 1, 2022 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2022 - September 30, 2023	13.73% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Total pension contributions were approximately \$12,001,000. Of the total pension contributions approximately \$11,574,000 was contributed to fund the Defined Benefit Plan and approximately \$427,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. Total OPEB contributions were approximately \$2,724,000. Of the total OPEB contributions approximately \$2,479,000 was contributed to fund the Defined Benefit Plan and approximately \$245,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total pension liability	\$ 94,947,828,557	\$ 95,876,795,620
Plan fiduciary net position	\$ 62,581,762,238	\$ 58,268,076,344
Net pension liability	\$ 32,366,066,319	\$ 37,608,719,276
Proportionate share	0.25816%	0.25688%
Net pension liability for the District	\$ 83,554,997	\$ 96,610,989

For the year ended June 30, 2024, the District recognized pension expense of \$7,636,422.

At June 30, 2024, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 303,123	\$ 3,551,254
Differences between expected and actual experience	2,637,576	127,993
Changes of assumptions	11,322,082	6,528,055
Net difference between projected and actual earnings on pension plan investments	-	1,709,806
Reporting Unit's contributions subsequent to the measurement date	10,970,810	-
	<u>\$ 25,233,591</u>	<u>\$ 11,917,108</u>

\$10,970,810, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

<u>Year Ended September 30,</u>	<u>Amount</u>
2024	\$ 33,603
2025	140,723
2026	3,373,718
2027	<u>(1,202,371)</u>
	<u>\$ 2,345,673</u>

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

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total Other Postemployment Benefit liability	\$ 11,223,648,949	\$ 12,522,713,324
Plan fiduciary net position	\$ 11,789,347,341	\$ 10,404,650,683
Net Other Postemployment Benefit Liability (Asset)	\$ (565,698,392)	\$ 2,118,062,641
Proportionate share	0.28078%	0.26368%
Net Other Postemployment Benefit Liability (Asset) for the District	\$ (1,588,341)	\$ 5,584,927

For the year ended June 30, 2024, the District recognized OPEB benefit of \$3,426,279.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

At June 30, 2024, the Reporting Unit 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
Changes of assumptions	\$ 3,535,925	\$ 425,792
Net difference between projected and actual earnings on OPEB plan investments	4,843	-
Differences between expected and actual experience	-	12,002,324
Changes in proportion and difference between employer contributions and proportionate share of contributions	913,412	1,139,194
Reporting Unit's contributions subsequent to the measurement date	2,247,931	-
	<u>\$ 6,702,111</u>	<u>\$ 13,567,310</u>

\$2,247,931, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2024	\$ (3,140,694)
2025	(2,861,383)
2026	(1,184,842)
2027	(914,087)
2028	(668,173)
2029	(343,951)
	<u>\$ (9,113,130)</u>

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumption

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

Retirees: 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 MP-202 adjusted for mortality improvements using projection scale from 2010.

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

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

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.50% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and graded to 3.5% in year fifteen.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumption (continued)

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

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

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

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

The target asset allocation at September 30, 2023 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
International Equity Pools	15.0%	6.8%
Private Equity Pools	16.0%	9.6%
Real Estate and Infrastructure Pools	10.0%	6.4%
Fixed Income Pools	13.0%	1.3%
Absolute Return Pools	9.0%	4.8%
Real Return / Opportunistic Pools	10.0%	7.3%
Short Term Investment Pools	2.0%	0.3%
	<u>100.0%</u>	

* Long term rate of return are net of administrative expenses and 2.7% inflation.

Rate of Return - For fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 112,882,556	\$ 83,554,997	\$ 59,138,744

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

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ 1,646,634	\$ (1,588,341)	\$ (4,368,485)

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

	Other Postemployment Benefit		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (4,375,417)	\$ (1,588,341)	\$ 1,428,187

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System 2023 Annual Comprehensive Financial Report.

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

NOTE 8 - RISK MANAGEMENT

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

The District continues to carry commercial insurance for other risks of loss, including property and casualty errors and omissions, fleet and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2024 or any of the prior three years.

NOTE 9 - TAX ABATEMENTS

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

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages, and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

Property taxes abated by the District for the year ended June 30, 2024 amounted to approximately \$31,000.

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

There are no abatements made by the District.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - CONTINGENT LIABILITIES

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

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2024, the District implemented the following new pronouncement: GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62.

Summary: This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

NOTE 12 - ADJUSTMENTS TO BEGINNING FUND BALANCES

Beginning net position and fund balance of the governmental activities was restated to properly state accrued salaries and related items. Details of these adjustments are as follows:

	Reporting Units Affected by Restatement of Beginning Balances			
	Government-wide Financial Statements		Fund-level Financial Statements	
			General Fund	
	Liabilities		Liabilities	
	Accrued Salaries, Retirement and Related Items	Net Position	Accrued Salaries, Retirement and Related Items	Fund Balance
Balances as of July 1, 2023, as previously stated	\$ 7,529,799	\$ (40,847,242)	\$ 6,888,087	\$ 17,079,896
Error correction	(941,234)	941,234	(941,234)	941,234
Balances as of July 1, 2023, as restated	<u>\$ 6,588,565</u>	<u>\$ (39,906,008)</u>	<u>\$ 5,946,853</u>	<u>\$ 18,021,130</u>

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 - ADJUSTMENTS TO BEGINNING FUND BALANCES (continued)

During fiscal year 2024, changes to or within the financial reporting entity resulted in adjustments and restatements of beginning fund balance, as follows:

	Reporting Units Affected by Restatements of Beginning Balances	
	Food Service Fund	Total Nonmajor Funds
Fund balance, as previously reported	\$ 1,206,950	\$ 2,023,496
Change from major to nonmajor fund	(1,206,950)	1,206,950
Fund balance, as restated	\$ -	\$ 3,230,446

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

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;
- 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.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 11,669,375	\$ 12,858,709	\$ 13,034,990	\$ 176,281
State sources	46,920,135	51,568,274	51,700,934	132,660
Federal sources	14,332,064	14,331,547	14,639,206	307,659
Intermediate school districts	2,989,910	3,020,500	3,092,277	71,777
TOTAL REVENUES	75,911,484	81,779,030	82,467,407	688,377
EXPENDITURES				
Current				
Instruction				
Basic programs	32,922,548	33,787,435	34,376,914	(589,479)
Added needs	10,874,861	12,623,261	12,238,427	384,834
Total instruction	43,797,409	46,410,696	46,615,341	(204,645)
Supporting services				
Pupil	2,331,925	2,727,096	2,987,992	(260,896)
Instructional staff	2,063,274	2,118,483	2,245,197	(126,714)
General administration	751,611	729,426	740,653	(11,227)
School administration	5,308,950	5,612,067	5,529,033	83,034
Business	1,421,111	1,429,032	1,419,889	9,143
Operation/maintenance	7,055,996	7,846,827	8,257,038	(410,211)
Pupil transportation	2,917,613	4,370,672	4,374,582	(3,910)
Central	2,100,678	6,275,255	5,484,479	790,776
Other support	3,362,001	1,194,142	1,220,819	(26,677)
Total supporting services	27,313,159	32,303,000	32,259,682	43,318
Community services	1,394,627	1,259,030	1,327,567	(68,537)
Outgoing transfers and other	41,500	612,820	529,778	83,042
TOTAL EXPENDITURES	72,546,695	80,585,546	80,732,368	(146,822)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,364,789	1,193,484	1,735,039	541,555
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	6,000	37,203	31,203
Transfer in	-	50,000	59,627	9,627
Transfers out	(75,000)	(75,000)	(75,036)	(36)
TOTAL OTHER FINANCING SOURCES	(75,000)	(19,000)	21,794	40,794
NET CHANGE IN FUND BALANCE	\$ 3,289,789	\$ 1,174,484	1,756,833	\$ 582,349
FUND BALANCE				
Beginning of year, as previously presented			17,079,896	
Adjustments to beginning fund balance			941,234	
Beginning of year, as restated			18,021,130	
End of year			<u>\$ 19,777,963</u>	

JACKSON PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.25816%	0.25688%	0.26628%	0.27938%	0.28343%	0.29856%	0.29856%	0.29639%	0.31633%	0.32573%
Reporting Unit's proportionate share of net pension liability	\$ 83,554,997	\$ 96,610,989	\$ 63,043,958	\$ 95,970,268	\$ 93,861,265	\$ 88,428,432	\$ 77,370,547	\$ 73,945,655	\$ 77,263,172	\$ 71,744,868
Reporting Unit's covered-employee payroll	\$ 28,112,288	\$ 25,640,999	\$ 23,189,440	\$ 24,542,938	\$ 24,383,968	\$ 24,446,981	\$ 25,317,914	\$ 24,269,128	\$ 26,321,541	\$ 28,193,120
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	297.22%	376.78%	271.86%	391.03%	384.93%	361.72%	305.60%	304.69%	293.54%	254.48%
Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.32%	59.49%	62.12%	62.12%	63.96%	63.01%	62.92%	66.15%

JACKSON PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOLS EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 11,573,791	\$ 11,825,849	\$ 8,715,718	\$ 8,094,554	\$ 7,768,511	\$ 7,578,034	\$ 7,580,619	\$ 6,958,488	\$ 6,866,214	\$ 5,970,369
Contributions in relation to statutorily required contributions	11,573,791	11,825,849	8,715,718	8,094,554	7,768,511	7,578,034	7,580,619	6,958,488	6,866,214	5,970,369
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll	\$ 29,580,307	\$ 27,568,642	\$ 24,453,445	\$ 23,045,852	\$ 24,780,842	\$ 24,451,139	\$ 24,748,223	\$ 25,136,160	\$ 24,029,404	\$ 27,779,818
Contributions as a percentage of covered-employee payroll	39.13%	42.90%	35.64%	35.12%	31.35%	30.99%	30.63%	27.68%	28.57%	21.49%

JACKSON PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOLS EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30)

	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefit liability (asset) (%)	0.28078%	0.26368%	0.25696%	0.27709%	0.27913%	0.28730%	0.29701%
Reporting Unit's proportionate share of net other postemployment benefit liability (asset)	\$ (1,588,341)	\$ 5,584,927	\$ 3,922,164	\$ 14,844,474	\$ 20,034,902	\$ 22,837,598	\$ 26,301,409
Reporting Unit's covered-employee payroll	\$ 28,112,288	\$ 25,640,999	\$ 23,189,440	\$ 24,542,938	\$ 24,383,968	\$ 24,446,981	\$ 25,317,914
Reporting Unit's proportionate share of net other postemployment benefit liability (asset) as a percentage of its covered-employee payroll	5.65%	21.78%	16.91%	60.48%	82.16%	93.42%	103.88%
Plan fiduciary net position as a percentage of total other postemployment benefit liability (asset) (Non-university employees)	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

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

JACKSON PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 2,479,415	\$ 2,219,055	\$ 1,992,760	\$ 1,917,818	\$ 1,991,289	\$ 1,920,643	\$ 1,787,496
Contributions in relation to statutorily required contributions	<u>2,479,415</u>	<u>2,219,055</u>	<u>1,992,760</u>	<u>1,917,818</u>	<u>1,991,289</u>	<u>1,920,643</u>	<u>1,787,496</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 29,580,307	\$ 27,568,642	\$ 24,453,445	\$ 23,045,852	\$ 24,780,842	\$ 24,451,139	\$ 24,748,223
Contributions as a percentage of covered-employee payroll	8.38%	8.05%	8.15%	8.32%	8.04%	7.86%	7.22%

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

JACKSON PUBLIC SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Healthcare cost trend rate
 - Pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen.
 - Post 65 increased to 6.25% for year one and graded to 3.5% for year fifteen from 5.25% for year one and graded to 3.5% for year fifteen.
- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

ADDITIONAL SUPPLEMENTARY INFORMATION

**JACKSON PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2024**

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Donor Restricted Capital Projects Fund	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	\$ 3,140,522	\$ 3,044,269	\$ -	\$ -	\$ 6,184,791
Investments	-	-	150,000	-	150,000
Receivables					
Accounts receivable	-	18,335	-	-	18,335
Intergovernmental	306,358	-	-	-	306,358
Due from other funds	117,723	-	4,795	-	122,518
Inventories	15,478	-	-	-	15,478
TOTAL ASSETS	<u>\$ 3,580,081</u>	<u>\$ 3,062,604</u>	<u>\$ 154,795</u>	<u>\$ -</u>	<u>\$ 6,797,480</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 222,139	\$ -	\$ -	\$ 230,690	\$ 452,829
Due to other funds	1,661,083	-	-	-	1,661,083
TOTAL LIABILITIES	<u>1,883,222</u>	<u>-</u>	<u>-</u>	<u>230,690</u>	<u>2,113,912</u>
FUND BALANCES					
Nonspendable					
Inventories	15,478	-	-	-	15,478
Restricted for:					
Debt service	-	3,062,604	-	-	3,062,604
Food service	980,969	-	-	-	980,969
Committed for:					
Student/school activities	700,412	-	-	-	700,412
Assigned for:					
Capital projects	-	-	154,795	-	154,795
Unassigned	-	-	-	(230,690)	(230,690)
TOTAL FUND BALANCES	<u>1,696,859</u>	<u>3,062,604</u>	<u>154,795</u>	<u>(230,690)</u>	<u>4,683,568</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,580,081</u>	<u>\$ 3,062,604</u>	<u>\$ 154,795</u>	<u>\$ -</u>	<u>\$ 6,797,480</u>

JACKSON PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2024

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Donor Restricted Capital Projects Fund	Total Nonmajor Funds
REVENUES					
Local sources					
Property taxes	\$ -	\$ 9,312,764	\$ -	\$ -	\$ 9,312,764
Food sales	325,626	-	-	-	325,626
Student/school activities income	655,438	-	-	-	655,438
Investment earnings	-	14,411	-	-	14,411
Other	1,184	-	-	-	1,184
State sources	275,937	182,876	-	-	458,813
Federal sources	4,513,154	471,811	-	-	4,984,965
TOTAL REVENUES	5,771,339	9,981,862	-	-	15,753,201
EXPENDITURES					
Current					
Special revenue activities					
Food service activities	5,083,248	-	-	-	5,083,248
Student/school activities expenditures	648,240	-	-	-	648,240
Other expenses	13,097	-	-	-	13,097
Capital outlay	170,468	-	-	73,572	244,040
Debt service					
Principal repayment	-	4,375,000	-	-	4,375,000
Interest	-	4,640,183	-	-	4,640,183
Other expenses	-	2,309	-	-	2,309
TOTAL EXPENDITURES	5,915,053	9,017,492	-	73,572	15,006,117
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(143,714)	964,370	-	(73,572)	747,084
OTHER FINANCING SOURCES (USES)					
Transfers in	36	-	75,000	690,629	765,665
Transfers out	(59,627)	-	-	-	(59,627)
TOTAL OTHER FINANCING SOURCES (USES)	(59,591)	-	75,000	690,629	706,038
NET CHANGE IN FUND BALANCES	(203,305)	964,370	75,000	617,057	1,453,122
FUND BALANCES					
Beginning of year, as previously presented	693,214	2,098,234	79,795	(847,747)	2,023,496
Adjustments to beginning fund balance	1,206,950	-	-	-	1,206,950
Beginning of year, as restated	1,900,164	2,098,234	79,795	(847,747)	3,230,446
End of year	\$ 1,696,859	\$ 3,062,604	\$ 154,795	\$ (230,690)	\$ 4,683,568

**JACKSON PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	Food Service Fund	Student/ School Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 2,440,110	\$ 700,412	\$ 3,140,522
Receivables			
Intergovernmental	306,358	-	306,358
Due from other funds	117,723	-	117,723
Inventories	15,478	-	15,478
TOTAL ASSETS	<u><u>\$ 2,879,669</u></u>	<u><u>\$ 700,412</u></u>	<u><u>\$ 3,580,081</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 222,139	\$ -	\$ 222,139
Due to other funds	1,661,083	-	1,661,083
TOTAL LIABILITIES	<u>1,883,222</u>	<u>-</u>	<u>1,883,222</u>
FUND BALANCES			
Nonspendable			
Inventory	15,478	-	15,478
Restricted for food service	980,969	-	980,969
Committed for student/school activities	-	700,412	700,412
TOTAL FUND BALANCES	<u>996,447</u>	<u>700,412</u>	<u>1,696,859</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,879,669</u></u>	<u><u>\$ 700,412</u></u>	<u><u>\$ 3,580,081</u></u>

**JACKSON PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	Food Service Fund	Student/ School Activities	Totals
REVENUES			
Local sources			
Food sales	\$ 325,626	\$ -	\$ 325,626
Student/school activities income	-	655,438	655,438
Other	1,184	-	1,184
State sources	275,937	-	275,937
Federal sources	4,513,154	-	4,513,154
	<u>5,115,901</u>	<u>655,438</u>	<u>5,771,339</u>
TOTAL REVENUES	<u>5,115,901</u>	<u>655,438</u>	<u>5,771,339</u>
EXPENDITURES			
Food service activities	5,083,248	-	5,083,248
Student/school activities expenditures	-	648,240	648,240
Capital outlay	170,468	-	170,468
Other expenses	13,097	-	13,097
	<u>5,266,813</u>	<u>648,240</u>	<u>5,915,053</u>
TOTAL EXPENDITURES	<u>5,266,813</u>	<u>648,240</u>	<u>5,915,053</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(150,912)	7,198	(143,714)
OTHER FINANCING USES			
Transfers in	36	-	36
Transfers out	(59,627)	-	(59,627)
	<u>(59,591)</u>	<u>-</u>	<u>(59,591)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(59,591)</u>	<u>-</u>	<u>(59,591)</u>
NET CHANGE IN FUND BALANCES	(210,503)	7,198	(203,305)
FUND BALANCES			
Beginning of year, as previously presented	-	693,214	693,214
Adjustments to beginning fund balance	1,206,950	-	1,206,950
	<u>1,206,950</u>	<u>693,214</u>	<u>1,900,164</u>
Beginning of year, as restated	<u>1,206,950</u>	<u>693,214</u>	<u>1,900,164</u>
End of year	<u>\$ 996,447</u>	<u>\$ 700,412</u>	<u>\$ 1,696,859</u>

**JACKSON PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	<u>2004 Debt</u>	<u>2009 Debt</u>	<u>2018 Debt</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 1,561,988	\$ 981,640	\$ 500,641	\$ 3,044,269
Accounts receivable	<u>57</u>	<u>18,238</u>	<u>40</u>	<u>18,335</u>
 TOTAL ASSETS	 <u><u>\$ 1,562,045</u></u>	 <u><u>\$ 999,878</u></u>	 <u><u>\$ 500,681</u></u>	 <u><u>\$ 3,062,604</u></u>
 FUND BALANCES				
Restricted for debt service	 <u><u>\$ 1,562,045</u></u>	 <u><u>\$ 999,878</u></u>	 <u><u>\$ 500,681</u></u>	 <u><u>\$ 3,062,604</u></u>

**JACKSON PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	<u>2004 Debt</u>	<u>2009 Debt</u>	<u>2018 Debt</u>	<u>Totals</u>
REVENUES				
Local sources				
Property taxes	\$ 5,221,174	\$ 2,410,606	\$ 1,680,984	\$ 9,312,764
Investment earnings	7,689	4,383	2,339	14,411
State sources	102,520	47,310	33,046	182,876
Federal sources	-	471,811	-	471,811
	<u>5,331,383</u>	<u>2,934,110</u>	<u>1,716,369</u>	<u>9,981,862</u>
TOTAL REVENUES				
EXPENDITURES				
Principal repayment	1,175,000	2,160,000	1,040,000	4,375,000
Interest	3,677,750	548,333	414,100	4,640,183
Other expenses	533	1,251	525	2,309
	<u>4,853,283</u>	<u>2,709,584</u>	<u>1,454,625</u>	<u>9,017,492</u>
TOTAL EXPENDITURES				
NET CHANGE IN FUND BALANCES	478,100	224,526	261,744	964,370
FUND BALANCES				
Beginning of year	<u>1,083,945</u>	<u>775,352</u>	<u>238,937</u>	<u>2,098,234</u>
End of year	<u>\$ 1,562,045</u>	<u>\$ 999,878</u>	<u>\$ 500,681</u>	<u>\$ 3,062,604</u>

**JACKSON PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2024**

\$16,640,000 bonds issued May 25, 2010:

Principal Due May 1	Interest Due			Debt Service Requirement for Fiscal Year	
	May 1	November 1	QSCB Credit	June 30,	Amount
\$ 2,175,000	\$ 207,206	\$ 207,206	\$ (357,872)	2025	\$ 2,231,540
2,195,000	137,063	137,063	(236,725)	2026	2,232,400
<u>2,055,000</u>	<u>66,274</u>	<u>66,274</u>	<u>(114,463)</u>	2027	<u>2,073,084</u>
<u>\$ 6,425,000</u>	<u>\$ 410,542</u>	<u>\$ 410,542</u>	<u>\$ (709,060)</u>		<u>\$ 6,537,024</u>

The bonds carry interest rates ranging from 6.20% to 6.50%.

The District designated the above bonds as 'Qualified School Construction Bonds' as defined in Section 54F of the Internal Revenue Code of 1986, as amended, and will irrevocably elect under Section 6431(f)(2) of the code to receive direct payments from the United States Treasury equal to the lesser of the amount of interest payable on the bonds or the amount of interest which would have been payable on the bonds if interest were determined at the applicable credit rate determined under Section 54A(b)(c) of the code. The District will deposit all such credits into the debt retirement fund pledged for the payment of the bonds.

**JACKSON PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2024**

\$76,655,000 capital project bonds issued June 26, 2018:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,375,000	\$ 1,809,500	\$ 1,809,500	2025	\$ 4,994,000
1,630,000	1,775,125	1,775,125	2026	5,180,250
2,035,000	1,734,375	1,734,375	2027	5,503,750
1,110,000	1,683,500	1,683,500	2028	4,477,000
1,155,000	1,655,750	1,655,750	2029	4,466,500
1,220,000	1,626,875	1,626,875	2030	4,473,750
1,525,000	1,596,375	1,596,375	2031	4,717,750
1,610,000	1,558,250	1,558,250	2032	4,726,500
1,695,000	1,518,000	1,518,000	2033	4,731,000
1,805,000	1,475,625	1,475,625	2034	4,756,250
3,115,000	1,430,500	1,430,500	2035	5,976,000
3,265,000	1,352,625	1,352,625	2036	5,970,250
3,415,000	1,271,000	1,271,000	2037	5,957,000
3,565,000	1,185,625	1,185,625	2038	5,936,250
3,740,000	1,096,500	1,096,500	2039	5,933,000
3,915,000	1,003,000	1,003,000	2040	5,921,000
4,090,000	905,125	905,125	2041	5,900,250
4,290,000	802,875	802,875	2042	5,895,750
4,490,000	695,625	695,625	2043	5,881,250
4,655,000	583,375	583,375	2044	5,821,750
4,670,000	467,000	467,000	2045	5,604,000
4,670,000	350,250	350,250	2046	5,370,500
4,670,000	233,500	233,500	2047	5,137,000
4,670,000	116,750	116,750	2048	4,903,500
<u>\$ 72,380,000</u>	<u>\$ 27,927,125</u>	<u>\$ 27,927,125</u>		<u>\$ 128,234,250</u>

The bonds carry an interest rate of 5.00%.

**JACKSON PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2024**

\$15,155,000 refunding bonds issued February 11, 2020:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,090,000	\$ 186,250	\$ 186,250	2025	\$ 1,462,500
1,085,000	164,450	164,450	2026	1,413,900
1,090,000	142,750	142,750	2027	1,375,500
580,000	120,950	120,950	2028	821,900
680,000	109,350	109,350	2029	898,700
770,000	95,750	95,750	2030	961,500
625,000	76,500	76,500	2031	778,000
710,000	60,875	60,875	2032	831,750
820,000	43,125	43,125	2033	906,250
905,000	22,625	22,625	2034	950,250
<u>\$ 8,355,000</u>	<u>\$ 1,022,625</u>	<u>\$ 1,022,625</u>		<u>\$ 10,400,250</u>

The bonds carry interest rates ranging from 4.00% to 5.00%.

JACKSON PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2023	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue June 30, 2024
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance - (Donated Foods)									
National School Lunch Program									
Entitlement	10.555	N/A	\$ 219,431	\$ -	\$ -	\$ -	\$ 219,431	\$ 219,431	\$ -
Bonus	10.555	N/A	9,898	-	-	-	9,898	9,898	-
Non-Cash Assistance Subtotal			229,329	-	-	-	229,329	229,329	-
Cash Assistance									
National School Lunch Program	10.555	231960	2,040,459	323,616	1,704,943	-	337,055	660,671	-
National School Lunch Program	10.555	231980	21,536	2,486	18,301	-	3,235	5,721	-
National School Lunch Program	10.555	240910	114,073	-	-	-	114,073	114,073	-
National School Lunch Program	10.555	241910	23,070	-	-	-	23,070	22,766	304
National School Lunch Program	10.555	241960	1,964,191	-	-	-	1,964,191	1,904,505	59,686
			4,163,329	326,102	1,723,244	-	2,441,624	2,707,736	59,990
Total ALN 10.555			4,392,658	326,102	1,723,244	-	2,670,953	2,937,065	59,990
National School Breakfast Program	10.553	231970	885,402	152,817	725,653	-	159,749	312,566	-
National School Breakfast Program	10.553	241970	960,919	-	-	-	960,919	930,677	30,242
Total ALN 10.553			1,846,321	152,817	725,653	-	1,120,668	1,243,243	30,242
Summer Food Service Program	10.559	230900	263,985	-	-	-	343,082	263,985	79,097
Fresh Fruit and Vegetable Program	10.582	230950	97,175	93,350	93,350	-	3,825	97,175	-
Fresh Fruit and Vegetable Program	10.582	240950	113,700	-	-	-	108,255	57,167	51,088
Total ALN 10.582			210,875	93,350	93,350	-	112,080	154,342	51,088
Total Child Nutrition Cluster			6,713,839	572,269	2,542,247	-	4,246,783	4,598,635	220,417
Child and Adult Care Food Program (CACFP)	10.558	231920-232010	139,568	32,729	117,679	-	21,889	54,618	-
Child and Adult Care Food Program (CACFP)	10.558	241920/242010	244,482	-	-	-	244,482	240,669	3,813
			384,050	32,729	117,679	-	266,371	295,287	3,813
Total Cash Assistance			6,868,560	604,998	2,659,926	-	4,283,825	4,664,593	224,230
Total U.S. Department of Agriculture			7,097,889	604,998	2,659,926	-	4,513,154	4,893,922	224,230

The accompanying notes are an integral part of this schedule.

JACKSON PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2023	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue June 30, 2024
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	231530-2223	\$ 3,489,508	\$ 798,062	\$ 2,991,631	\$ -	\$ 253,113	\$ 1,051,175	\$ -
Title I Grants to Local Educational Agencies	84.010	241530-2324	3,095,704	-	-	-	2,408,388	1,532,520	875,868
Total ALN 84.010			6,585,212	798,062	2,991,631	-	2,661,501	2,583,695	875,868
English Language Acquisition State Grants	84.365	230580-2223	31,631	159	16,528	-	508	667	-
English Language Acquisition State Grants	84.365	240580-2324	42,326	-	-	-	3,382	-	3,382
Total ALN 84.365			73,957	159	16,528	-	3,890	667	3,382
Supporting Effective Instruction State Grants	84.367	230520-2223	512,503	52,466	391,435	-	77,650	130,116	-
Supporting Effective Instruction State Grants	84.367	240520-2324	385,844	-	-	-	338,186	237,966	100,220
Total ALN 84.367			898,347	52,466	391,435	-	415,836	368,082	100,220
Student Support and Academic Enrichment	84.424	230750-2223	363,543	73,594	234,705	-	5,779	79,373	-
Student Support and Academic Enrichment	84.424	240750-2324	344,774	-	-	-	235,186	170,004	65,182
Total ALN 84.424			708,317	73,594	234,705	-	240,965	249,377	65,182
<u>Education Stabilization Fund</u>									
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2122	9,886,713	69,121	9,886,713	-	-	69,121	-
Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	22,219,944	3,283,140	11,334,316	-	10,885,628	12,550,475	1,618,293
American Rescue Plan - Homeless	84.425W	213723-2122	101,305	-	-	-	101,305	93,841	7,464
Total ALN 84.425			32,207,962	3,352,261	21,221,029	-	10,986,933	12,713,437	1,625,757

The accompanying notes are an integral part of this schedule.

JACKSON PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2023	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue June 30, 2024
<u>U.S. Department of Education (continued)</u>									
Passed through Jackson County Intermediate School District Education for the Homeless Children and Youth	84.196	241340-2324	\$ 3,266	\$ -	\$ -	\$ -	\$ 3,266	\$ 3,266	\$ -
Education Stabilization Fund COVID-19 Homeless Students ARP	84.425W	211013-2223	4,837	-	-	-	4,837	4,837	-
Title I Regional Assistance	84.010	231570-2223	167,217	-	129,734	-	51,786	51,786	-
Title I Regional Assistance	84.010	241570-2324	259,692	-	-	-	259,692	232,087	27,605
Total ALN 84.010			426,909	-	129,734	-	311,478	283,873	27,605
Passed through Calhoun Intermediate School District Title I Technical Assistance Grant	84.010	231580	140,000	140,000	140,000	-	-	140,000	-
Total U.S. Department of Education			41,048,807	4,416,542	25,125,062	-	14,628,706	16,347,234	2,698,014
<u>U.S. Department of Health and Human Services</u>									
Passed through Jackson County Intermediate School District Henry Ford Partnership for Success	93.323	24267	10,500	-	-	-	10,500	10,500	-
Total U.S. Department of Health and Human Services			10,500	-	-	-	10,500	10,500	-
TOTAL FEDERAL AWARDS			\$ 48,157,196	\$ 5,021,540	\$ 27,784,988	\$ -	\$ 19,152,360	\$ 21,251,656	\$ 2,922,244

The accompanying notes are an integral part of this schedule.

JACKSON PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Jackson Public Schools under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jackson Public Schools it is not intended to and does not present the financial position or changes in net position of Jackson Public Schools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the schedule of expenditures of federal awards. The District does not pass-through federal funds.

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 14,639,206
Other nonmajor governmental funds	<u>4,984,965</u>
Total revenue in fund financial statements	19,624,171
Less federal assistance funding not subject to single audit act	<u>(471,811)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 19,152,360</u></u>

NOTE 4 - PROGRAM CLUSTERS

Program clusters contained within the schedule are as follows:

Child Nutrition Cluster consists of Assistance Listing #10.553, #10.555, #10.559 and #10.582.

JACKSON PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 - ALN 84.425 AND ALN 84.010

	Federal Assistance Listing Number	Current Year Expenditures
Passed through:		
Michigan Department of Education	84.425	\$ 10,986,933
Jackson County Intermediate School District	84.425	<u>4,837</u>
Total ALN 84.425		<u><u>\$ 10,991,770</u></u>
Passed through:		
Michigan Department of Education	84.010	\$ 2,661,501
Jackson County Intermediate School District	84.010	<u>311,478</u>
Total ALN 84.010		<u><u>\$ 2,972,979</u></u>



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

To the Board of Education of
Jackson Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Public Schools as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Jackson Public Schools' basic financial statements and have issued our report thereon dated October 23, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

Jackson Public Schools' Response to Findings

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

Purpose of this Report

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

Maney Costeiran PC

October 23, 2024



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

To the Board of Education of
Jackson Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jackson Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Jackson Public Schools' major federal programs for the year ended June 30, 2024. Jackson Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jackson Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Maney Costeiran PC

October 23, 2024

JACKSON PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

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

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

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

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

Unmodified

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

 Yes X No

Identification of major programs:

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

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

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

**JACKSON PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II - Financial Statement Findings

Finding 2024-001: Considered a material weakness in internal control over financial reporting.

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

Condition: Expenses related to retirement were over accrued as of June 30, 2023 resulting in a prior period adjustment to beginning fund balance for the year ended June 30, 2024.

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

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

Recommendation: The District should implement a year end procedure checklist to ensure that all balance sheet accounts are accurately reconciled. The District should implement journal entry review procedures based upon the employee making the journal entry.

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

Section III - Federal Award Findings and Questioned Costs

None



Jackson Public Schools

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JACKSON PUBLIC SCHOOLS CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2024

October 23, 2024

Michigan Department of Education

Jackson Public Schools submits the following corrective action plan for the year ended June 30, 2024.

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

Audit Period: Year ending June 30, 2024

Finding - Financial Statement Audit:

2024-001 Material Weakness:

Recommendation: The District should implement a year end procedure checklist to ensure that all balance sheet accounts are accurately reconciled. The District should implement journal entry review procedures based upon the employee making the journal entry.

Action to be taken: Management is in agreement with the finding and we will implement a month end checklist to ensure all transactions are properly recorded.

District contact person: Marcus Leon, Assistant Superintendent, Finance and Operations

**JACKSON PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Financial Statement Findings

Finding 2023-001: Considered a material weakness

Criteria: The School District's internal control structure should ensure that accounting data is properly calculated, reconciled, and reported for accounts payable, health insurance accruals, capital asset activity, federal interest subsidy, and cash and interfund activity in accordance with generally accepted accounting principles (GAAP).

Condition: The School District did not review and reconcile accounts payable cutoff, the health insurance accruals, capital asset activity, federal interest subsidy revenue and expense, and cash and interfund activity prior to the annual audit. The School District is required to ensure that items are recorded within the correct fiscal year and that proper cutoff procedures are performed. These adjustments were identified by the auditors.

Context – An adjustment was made to the government-wide statements to properly reflect the capital asset activity for the year ended June 30, 2023. An adjustment was made in the debt service fund to record additional federal interest subsidy revenue and expense. Adjustments were made to the General Fund and Capital Projects Fund to reconcile the cash and interfund account activity, as well as to adjust the health insurance accrual in the General Fund.

Cause: The School District did not properly review and reconcile current year capital asset activity, federal interest subsidy, health insurance accrual, and cash and interfund activity during the year and did not perform the proper cutoff analysis on the accounts payable balances.

Effect: Accounts payable and health insurance accrual in the General Fund did not have accurate balances in accordance with GAAP. The School District also did not properly record certain capital asset additions for the year ended June 30, 2023. The federal interest subsidy recorded in the debt service funds and the cash and interfund balances in the General Fund and Capital Projects Fund were incorrect prior to the adjustment.

Recommendation: We recommend the School District implement procedures and controls to ensure that financial records are maintained in accordance with generally accepted accounting principles.

District's Response: The School District agrees with the above recommendation and will implement proper procedures and controls to ensure year-end accruals, year-to-date capital asset information, health insurance accrual, federal interest subsidy and interfund activity are reconciled and agree to underlying records before the annual audit.

Status: The issue is ongoing, and we recommend that the District puts into place processes for improvement. Refer to Finding 2024-001.



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October 23, 2024

To the Board of Education
Jackson Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Public Schools for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Jackson Public Schools are described in Note 1 to the financial statements. As described in Note 11 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 100 *Accounting Changes and Error Corrections*, during the year ended June 30, 2024. We noted no transactions entered into by the Jackson Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's calculation of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.]

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 23, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

A separate management letter was not issued.

Restriction on Use

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

Very truly yours,

Maney Costeiran PC