

BRIGHTON AREA SCHOOLS
REPORT ON FINANCIAL STATEMENTS
**(with required and additional
supplementary information)**
YEAR ENDED JUNE 30, 2025

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

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Brighton Area Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brighton Area Schools as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Brighton Area 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 Brighton Area Schools as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brighton Area 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.

Adjustments to Beginning Fund Balance/Net Position

As discussed in Note 12 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

As discussed in Note 13 to the financial statements, the District restated beginning fund balance/net position to correct an error in previously issued financial statements. 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 Brighton Area 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 Brighton Area 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 Brighton Area 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 Brighton Area Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025 on our consideration of Brighton Area Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Brighton Area 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 Brighton Area Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

October 22, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Brighton Area Schools’ annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year that ended on June 30, 2025.

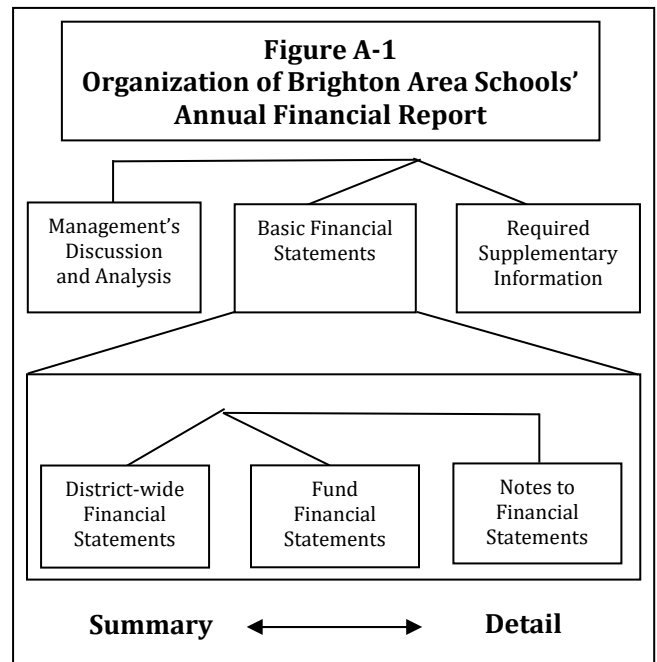
FINANCIAL HIGHLIGHTS

- Governmental funds revenues increased 1.6 percent to \$157.6 million. Expenditures increased 1.4 percent to \$153.3 million.
- General Fund revenues were \$126.2 million, \$4.7 million less than General Fund expenditures and net other financing sources and uses.
- State Aid Foundation Allowance remained at \$9,608 per student for the year, consistent with 2023-24.
- The District’s blended student count increased from 9,754 pupils to 10,085 pupils, an increase of 331 students compared to the previous year.

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 and additional 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 statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.



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 sections of *required and additional 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 schedules related to the net pension liability and net OPEB asset, combining statements, long-term obligations, and the schedule of expenditures of federal awards. 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			
	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	* Entire District (except fiduciary funds)	* The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	* Instances in which the District administers resources on behalf of someone else, such as certain student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	* Accrual accounting and economic resources focus	* Modified accrual accounting and current financial resources focus	* Accrual accounting and economic resources focus
Type of asset/liability information	* All assets 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 obligations included	* All assets and liabilities, both short-term and long-term, Brighton Area Schools' funds do not currently contain capital assets, although they can
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	* All additions and deductions during the year, regardless of when cash is received or paid

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 statement of net position includes *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 it has 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 is 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 non-financial 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 are:

- 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 its long-term obligations) or to show that it is properly using certain revenues (like food service, student/school activities, and community education).

The District has two kinds of funds:

- 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 explains the relationship (or differences) between them.
- Fiduciary Funds - Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations, but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position and changes in net position are shown below:

**Figure A-3
Brighton Area Schools' Net Position**

	2025	2024*
Current and other assets	\$ 56,903,271	\$ 51,933,279
Net other postemployment benefits asset	22,675,241	2,958,323
Capital assets, net of depreciation	105,397,261	109,813,269
Total assets	184,975,773	164,704,871
Deferred outflows of resources	60,280,257	69,452,322
Noncurrent liabilities outstanding	84,890,130	100,058,596
Other liabilities	16,336,450	17,115,117
Net pension liability	128,607,351	158,804,172
Total liabilities	229,833,931	275,977,885
Deferred inflows of resources	73,480,669	51,750,241
Net position		
Net investment in capital assets	19,977,755	10,455,932
Restricted for debt service	7,339,911	4,855,502
Restricted for net other postemployment benefits	22,675,241	2,958,323
Unrestricted	(108,051,477)	(111,840,690)
Total net position	\$ (58,058,570)	\$ (93,570,933)

*The 2024 numbers have not been updated for the adoption of GASB 101.

**Figure A-4
Changes in Brighton Area Schools' Net Position**

	2025	2024*
Revenues		
Program revenues		
Charges for services	\$ 5,447,121	\$ 5,271,567
Operating grants and contributions	28,427,929	32,309,423
General revenues		
Property taxes	34,429,314	31,622,792
State aid - unrestricted	84,439,794	80,994,177
Intermediate sources	6,368,034	5,219,880
Investment earnings	1,532,660	1,507,715
Other	240,807	259,163
Total revenues	160,885,659	157,184,717
Expenses		
Instruction	80,718,418	84,157,376
Support services	31,488,987	31,612,874
Community services	5,178,682	5,093,578
Payments to other governmental entities	-	9,600
Student/school activities	2,082,084	1,901,891
Food services	3,427,113	3,409,269
Interest on long-term debt	3,443,122	3,744,622
Total expenses	126,338,406	129,929,210
Change in net position	\$ 34,547,253	\$ 27,255,507

*The 2024 numbers have not been updated for the adoption of GASB 101.

DISTRICT GOVERNMENTAL ACTIVITIES

The District seeks a balance between maximizing resources for the education of our students and maintaining the long-term financial health of the District. The governmental activities mirror that goal. Our support services seek to be efficient at providing the necessary safe, orderly, and positive learning environment so that more dollars are available for the direct instruction of students. Our food service program seeks to be self-supporting and cost effective.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$41.0 million.

The fund balance in the general fund decreased from \$26.4 million (as restated) to \$21.7 million, a decrease of about \$4.7 million.

General Fund Budgetary Highlights

- The District is required to adopt an operating budget prior to the start of the fiscal year when certain information is not available. Changes adopted in the fourth quarter of the fiscal year were to account for final enrollment counts and changes in assumptions since the original budget was adopted, including state funding amounts.

The District's original general fund budget was adopted with an increase in fund balance of \$1.5 million. The budget amendment approved in June called for a decrease in fund balance of \$7.3 million. Actual revenues were less than expenditures and net other financing sources and uses by \$4,708,113 at year-end.

- Actual revenues were \$1.4 million lower than the final budgeted amounts due to less than expected state revenues reported.
- Actual expenditures were \$4.2 million lower than budgeted. This variance was due primarily to lower than anticipated expenditures related to instructional basic and added needs, instructional staff, and operations and maintenance during the year.
- Actual other financing sources and uses were \$196.7 thousand lower than budgeted due to the general fund transferring more than anticipated to the capital projects fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2025, the District had invested over \$231.1 million in a broad range of capital assets, including school buildings, athletic and support facilities, computers, and transportation equipment. (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation expense for the year was approximately \$10.6 million.

Table A-5
Brighton Area Schools Capital Assets

	2025	2024
Land	\$ 3,129,553	\$ 3,129,553
Construction in progress	-	247,423
Land improvements	14,887,113	14,478,206
Buildings and improvements	179,957,074	175,469,529
Equipment and vehicles	33,163,560	31,968,924
Subtotal	231,137,300	225,293,635
Accumulated depreciation	125,740,039	115,480,366
Total	\$ 105,397,261	\$ 109,813,269

Long-term Obligations

At year-end, the District had \$84.9 million in long-term obligations outstanding - a net decrease of 15.2% from last year. (More detailed information about the District's long-term obligations is presented in Note 5 to the financial statements.)

Table A-6
Brighton Area Schools Outstanding Long-term Obligations
(in millions of dollars)

	2025	2024*
General obligation bonds	\$ 83.9	\$ 99.2
Notes from direct borrowings and direct placements	0.2	0.3
Compensated absences	0.8	0.5
Total	\$ 84.9	\$ 100.1

*The 2024 numbers have not been updated for the adoption of GASB 101.

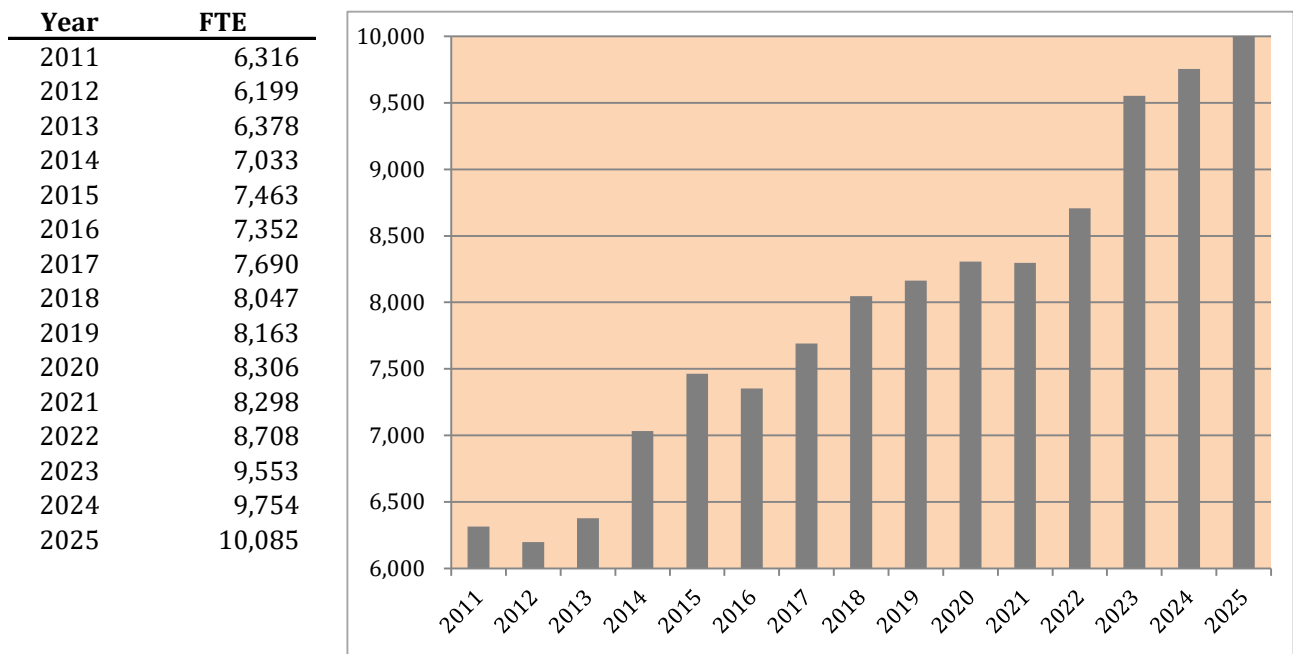
- The District continued to pay down its existing general obligation bonds and notes from direct borrowings and direct placements.

FACTORS BEARING ON THE DISTRICT’S FUTURE

The following factors could affect the District in the future and were considered in preparing the District’s budget for the 2025-26 fiscal year:

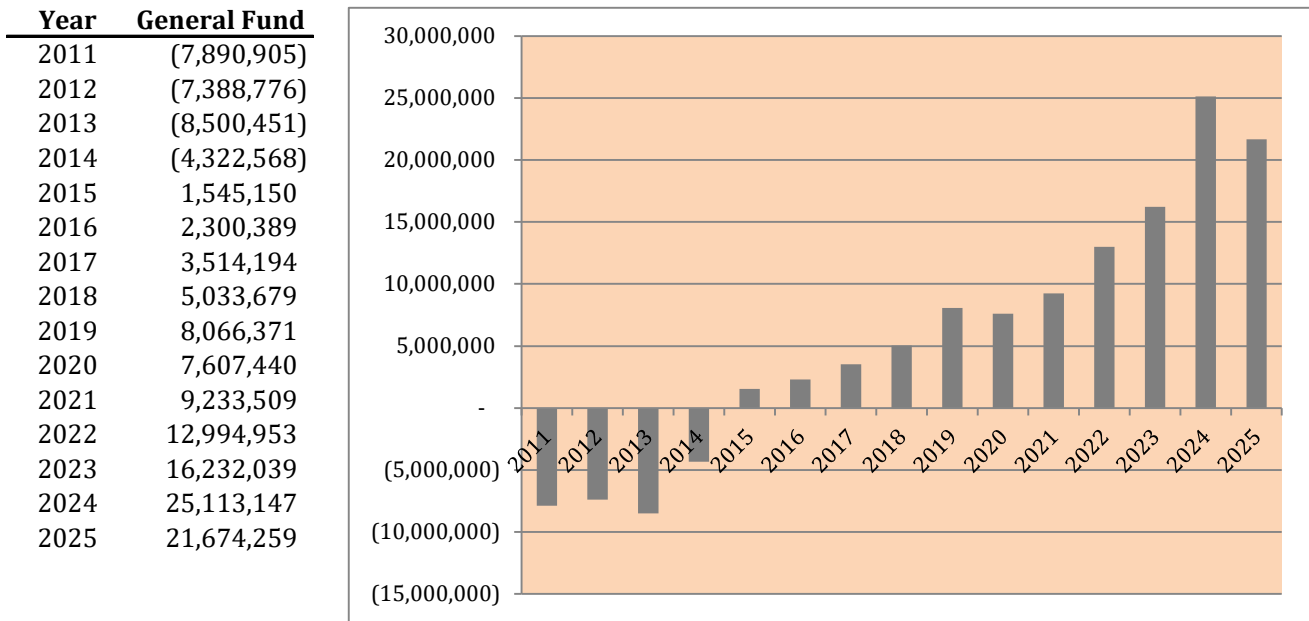
- The Brighton Area Schools 2025-26 budget was projected with increased enrollment based on past experience. Early indications show a flat enrollment within the District and an expected growth in its shared service program leaving final pupil counts above 2024-25 levels.
- The State of Michigan allocated approximately \$8.23 million of restricted federal funds to the District through Section 11t of the State School Aid Act, which is a per-pupil allocation for districts that don’t receive at least \$1,093 per-pupil through the ESSER III formula grants. In 2022-2023 the District spent \$3.75 million focused on learning loss, summer school, and chrome books. The District spent \$3.29 million in 2023-2024 focused on learning loss, and the District spent \$1.19 million in 2024-2025 on building infrastructure needs.
- For 2025-26, the foundation allowance has been estimated to be \$10,000 per pupil, which is \$392 higher than the 2024-25 and 2023-24 fiscal years.

History of Enrollment



History of Fund Equity

- Brighton Area Schools has been experiencing a trend of increasing fund equity as a result of solid financial management, increasing pupil enrollment spurred by the shared services program, and federal grant funds received through the American Rescue Act. The following chart represents the historical fluctuation of fund equity for a 15-year period. Management notes that fiscal year 2025 includes a \$8,932,000 reduction in general fund balance for the current period as a result of a transfer to the capital projects fund. The District completed all projects from the 2019 bond issue during the current year and designated these dollars to fund future capital needs.



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Brighton Area Schools, 125 Church Street, Brighton, Michigan 48116.

BASIC FINANCIAL STATEMENTS

**BRIGHTON AREA SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 23,511,888
Investments	13,077,717
Receivables	
Accounts	33,798
Intergovernmental	20,185,136
Inventories	50,447
Prepays	44,285
Net other postemployment benefits asset	22,675,241
Capital assets not being depreciated	3,129,553
Capital assets, net of accumulated depreciation	<u>102,267,708</u>
TOTAL ASSETS	<u>184,975,773</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	52,527,981
Related to other postemployment benefits	<u>7,752,276</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>60,280,257</u>
LIABILITIES	
Accounts payable	1,478,362
Intergovernmental	1,554,478
Accrued salaries and related items	7,014,301
Accrued retirement	4,127,922
Accrued interest	479,409
Unearned revenue	1,681,978
Noncurrent liabilities	
Due within one year	7,282,940
Due in more than one year	77,607,190
Net pension liability	<u>128,607,351</u>
TOTAL LIABILITIES	<u>229,833,931</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	35,784,512
Related to other postemployment benefits	29,212,045
Related to state aid funding for pension	7,143,158
Deferred gain on refunding, net of amortization	<u>1,340,954</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>73,480,669</u>
NET POSITION	
Net investment in capital assets	19,977,755
Restricted for debt service	7,339,911
Restricted for net other postemployment benefits	22,675,241
Unrestricted	<u>(108,051,477)</u>
TOTAL NET POSITION	<u>\$ (58,058,570)</u>

See notes to financial statements.

**BRIGHTON AREA SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

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	\$ 80,718,418	\$ 42,414	\$ 1,404,982	\$ (79,271,022)
Support services	31,488,987	295,890	21,313,982	(9,879,115)
Community services	5,178,682	4,317,057	253,899	(607,726)
Student/school activities	2,082,084	-	2,046,592	(35,492)
Food services	3,427,113	791,760	3,408,474	773,121
Interest on long-term obligations	3,443,122	-	-	(3,443,122)
Total governmental activities	<u>\$ 126,338,406</u>	<u>\$ 5,447,121</u>	<u>\$ 28,427,929</u>	<u>(92,463,356)</u>
General revenues				
Property taxes, levied for general purposes				14,258,566
Property taxes, levied for debt service				20,170,748
Investment earnings				1,532,660
State sources - unrestricted				84,439,794
Intermediate sources				6,368,034
Other				<u>240,807</u>
Total general revenues				<u>127,010,609</u>
CHANGE IN NET POSITON				<u>34,547,253</u>
Net position, beginning of year, as previously stated				(93,570,933)
Adjustment to beginning net position				<u>965,110</u>
Net position, beginning of year, as restated				<u>(92,605,823)</u>
Net position, end of year				<u>\$ (58,058,570)</u>

See notes to financial statements.

**BRIGHTON AREA SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	2019 Capital Projects Fund	Formerly Nonmajor Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,751,415	\$ -	\$ 9,304,151	\$ 10,456,322	\$ 23,511,888
Investments	13,077,717	-	-	-	13,077,717
Receivables					
Accounts	843	-	-	32,955	33,798
Intergovernmental	20,064,776	-	-	120,360	20,185,136
Due from other funds	387,025	-	1,029	51,985	440,039
Inventories	-	-	-	50,447	50,447
Prepays	36,360	-	-	7,925	44,285
TOTAL ASSETS	\$ 37,318,136	\$ -	\$ 9,305,180	\$ 10,719,994	\$ 57,343,310
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,392,567	\$ -	\$ -	\$ 85,795	\$ 1,478,362
Intergovernmental	1,554,478	-	-	-	1,554,478
Accrued salaries and related items	6,932,635	-	-	81,666	7,014,301
Accrued retirement	4,105,499	-	-	22,423	4,127,922
Due to other funds	-	-	-	440,039	440,039
Unearned revenue	1,658,698	-	-	23,280	1,681,978
TOTAL LIABILITIES	15,643,877	-	-	653,203	16,297,080
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	50,447	50,447
Prepays	36,360	-	-	7,925	44,285
Restricted					
Debt service	-	-	-	7,819,320	7,819,320
Food service	-	-	-	1,175,964	1,175,964
Committed					
Student/school activities	-	-	-	916,959	916,959
Community education	-	-	-	96,176	96,176
Assigned - capital projects	-	-	9,305,180	-	9,305,180
Unassigned	21,637,899	-	-	-	21,637,899
TOTAL FUND BALANCES	21,674,259	-	9,305,180	10,066,791	41,046,230
TOTAL LIABILITIES AND FUND BALANCES	\$ 37,318,136	\$ -	\$ 9,305,180	\$ 10,719,994	\$ 57,343,310

See notes to financial statements.

**BRIGHTON AREA SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total governmental fund balances	\$ 41,046,230
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources - related to pensions	52,527,981
Deferred outflows of resources - related to other postemployment benefits	7,752,276
Deferred inflows of resources - related to pensions	(35,784,512)
Deferred inflows of resources - related to other postemployment benefits	(29,212,045)
Deferred inflows of resources - related to state pension funding	(7,143,158)
Deferred inflows of resources - deferred gain on refunding, net of amortization	(1,340,954)
Some assets are not current financial resources and therefore are not reported in the governmental funds balance sheet. Such noncurrent asset(s) at year-end consist of:	
Net other postemployment benefits asset	22,675,241
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
The cost of the capital assets is	\$ 231,137,300
Accumulated depreciation is	<u>(125,740,039)</u>
	105,397,261
Long-term obligations are not due and payable in the current period and are not reported in the funds:	
General obligation bonds	(83,913,352)
Notes from direct borrowings and direct placements	(165,200)
Compensated absences	(811,578)
Accrued interest	(479,409)
Net pension liability	<u>(128,607,351)</u>
Net position of governmental activities	<u><u>\$ (58,058,570)</u></u>

See notes to financial statements.

**BRIGHTON AREA SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General Fund	2019 Capital Projects Fund	Formerly Nonmajor Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	\$ 14,258,566	\$ -	\$ -	\$ 20,170,748	\$ 34,429,314
Investment earnings	1,239,458	58,089	40,374	194,739	1,532,660
Student/school activities	-	-	-	2,046,592	2,046,592
Sales and other	579,111	-	21,417	5,108,817	5,709,345
State sources	102,291,780	-	-	2,872,301	105,164,081
Federal sources	1,427,752	-	-	944,839	2,372,591
Interdistrict sources	6,368,034	-	-	-	6,368,034
TOTAL REVENUES	126,164,701	58,089	61,791	31,338,036	157,622,617
EXPENDITURES					
Current					
Instruction	87,567,808	-	-	-	87,567,808
Supporting services	33,382,540	-	-	-	33,382,540
Food service activities	-	-	-	3,318,135	3,318,135
Community services	5,145	-	-	5,470,279	5,475,424
Student/school activities	-	-	-	2,082,084	2,082,084
Capital outlay	-	1,777,479	305,749	1,000,642	3,083,870
Debt service					
Principal	165,200	-	-	14,625,000	14,790,200
Interest	-	-	-	3,555,255	3,555,255
Other	-	-	-	1,000	1,000
TOTAL EXPENDITURES	121,120,693	1,777,479	305,749	30,052,395	153,256,316
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,044,008	(1,719,390)	(243,958)	1,285,641	4,366,301
OTHER FINANCING SOURCES (USES)					
Transfers in	136,431	-	8,932,000	2,701,042	11,769,473
Transfers out	(9,888,552)	-	-	(1,880,921)	(11,769,473)
TOTAL OTHER FINANCING SOURCES (USES)	(9,752,121)	-	8,932,000	820,121	-
NET CHANGE IN FUND BALANCES	(4,708,113)	(1,719,390)	8,688,042	2,105,762	4,366,301
FUND BALANCES					
Beginning of year, as previously stated	25,113,147	1,719,390	-	8,578,167	35,410,704
Adjustments to beginning fund balances	1,269,225	-	617,138	(617,138)	1,269,225
Beginning of year, as restated	26,382,372	1,719,390	617,138	7,961,029	36,679,929
End of year	\$ 21,674,259	\$ -	\$ 9,305,180	\$ 10,066,791	\$ 41,046,230

See notes to financial statements.

**BRIGHTON AREA 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, 2025**

Net change in fund balances total governmental funds \$ 4,366,301

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	(10,625,019)
Capital outlay	6,209,011

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	592,542
Accrued interest payable, end of the year	(479,409)

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 long-term debt obligations	14,790,200
Amortization of bond premium	680,228
Amortization of deferred gain on refunding	186,793

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

Accrued compensated absences, beginning of the year, as restated	813,731
Accrued compensated absences, end of the year	(811,578)

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	7,850,974
Other postemployment benefits related items	7,710,437

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, beginning of year	10,406,200
State aid funding, end of year	(7,143,158)

Change in net position of governmental activities \$ 34,547,253

**BRIGHTON AREA SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025**

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 62,883</u>
NET POSITION	
Restricted for student activities	<u><u>\$ 62,883</u></u>

See notes to financial statements.

**BRIGHTON AREA SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2025**

	Custodial Fund
ADDITIONS	
Student activities income	\$ 52,128
DEDUCTIONS	
Payments made on behalf of student organizations	44,812
CHANGE IN NET POSITION	7,316
NET POSITION	
Beginning of year	55,567
End of year	\$ 62,883

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *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. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - 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 *Capital Projects Fund* accounts general fund dollars designated for major future capital improvements throughout the district, along with proceeds from theatre ticket sales for improvements to the Brighton Performing Arts Center.

The *2019 Capital Projects Fund* includes capital project activities funded with bonds issued by the District. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

Beginning with the year of bond issuance, the District has reported the annual construction activity in the *2019 Capital Projects Fund*. The projects for which the 2019 bonds were issued were considered complete on June 30, 2024.

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the *2019 Capital Projects Fund* activity:

Revenues and other financing sources	<u>\$ 60,132,645</u>
Expenditures and other financing uses	<u>\$ 60,132,645</u>

The above revenue and other financing sources figure does include the total 2020 building and site bond proceeds and premium of \$59,576,134.

The District reports the following *Other Nonmajor Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, community education, 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.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement (currently none). Fiduciary funds are not included in the government-wide statements.

The *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

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 the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, deferred outflows, deferred inflows, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

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 obligations 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.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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 an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require reporting 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. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

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

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

- 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 less than expected appropriations, the last one approved prior to year ended June 30, 2025. 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 short-term investments with original maturities of three months or less from the date of acquisition.

Investments

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

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

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventories and Prepaid Items

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.

Capital Assets

Capital assets, which include land and improvements, buildings and improvements, and equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 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 progress, if any, are not depreciated. Right to use assets, if any, of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Land improvements	5 - 20
Buildings and improvements	5 - 50
Equipment and vehicles	2 - 15

Defined Benefit Plans

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

BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 two items that qualify for reporting in this category. They are the pension and other postemployment benefits related items reported in the government-wide statement of net position. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 is a deferred gain on the refunding of debt. A deferred gain 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.

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.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

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

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

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

Leases and Subscription-based IT Arrangements (SBITA)

Lessee/subscriber: At times, the District is a lessee for noncancelable leases/subscriptions of equipment and/or subscription-based IT arrangements. The District recognizes a lease/SBITA liability and an intangible right-to-use lease/subscription asset in the government-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value that it considers significant to the government-wide financial statements, or with annual lease payments that are considered significant to the fund in which they are accounted for.

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

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

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

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases and Subscription-based IT Arrangements (SBITA) (continued)

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

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

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, 2025, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residency Exemption (Non-PRE)	18.000
Commercial Personal Property	6.000
Debt fund	
PRE, Non-PRE, Commercial Personal Property (primarily)	6.190

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, 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, 2025 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. As of June 30, 2025, \$23,449,260 of the District's bank balance of \$23,949,260 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$23,574,771, including custodial funds.

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.

**BRIGHTON AREA SCHOOLS
NOTES TO 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)
Michigan Class Investment Pool	\$ 13,077,717	0.1068

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. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
Michigan Class Investment Pool	\$ 13,077,717	AAAm	S&P Global Ratings

Foreign Currency Risk

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

Fair Value Measurement

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

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The three levels of the fair value hierarchy are described as follows:

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

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

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 statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Michigan Class Investment Pool	<u>\$ 13,077,717</u>	\$ -	No restrictions	None

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.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

The following summarizes the categorization of these amounts as of June 30, 2025:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 23,511,888	\$ 62,883	\$ 23,574,771
Investments	13,077,717	-	13,077,717
	\$ 36,589,605	\$ 62,883	\$ 36,652,488

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2025
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 3,129,553	\$ -	\$ -	\$ 3,129,553
Construction in progress	247,423	-	(247,423)	-
Total capital assets, not being depreciated	3,376,976	-	(247,423)	3,129,553
Capital assets, being depreciated				
Land improvements	14,478,206	408,907	-	14,887,113
Buildings and improvements	175,469,529	4,487,545	-	179,957,074
Equipment and vehicles	31,968,924	1,559,982	(365,346)	33,163,560
Total capital assets, being depreciated	221,916,659	6,456,434	(365,346)	228,007,747
Accumulated depreciation				
Land improvements	3,927,791	629,207	-	4,556,998
Buildings and improvements	88,581,940	6,859,621	-	95,441,561
Equipment and vehicles	22,970,635	3,136,191	(365,346)	25,741,480
Total accumulated depreciation	115,480,366	10,625,019	(365,346)	125,740,039
Net capital assets, being depreciated	106,436,293	(4,168,585)	-	102,267,708
Net governmental capital assets	\$ 109,813,269	\$ (4,168,585)	\$ (247,423)	\$ 105,397,261

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation for the fiscal year ended June 30, 2025 amounted to \$10,625,019 and was allocated as follows:

Governmental activities	
Instruction	\$ 6,268,762
Support services	4,143,757
Community services	106,250
Food services	106,250
	<u>\$ 10,625,019</u>

NOTE 4 - INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables at June 30, 2025 consist of the following:

	<u>Government- wide</u>
State aid	\$ 18,866,559
Federal revenue	356,120
Due from LESA	962,457
	<u>\$ 20,185,136</u>

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

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2025.

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences*	Total
Balance, July 1, 2024, as restated	\$ 99,218,580	\$ 330,400	\$ 813,731	\$ 100,362,711
Additions	-	-	-	-
Deletions	15,305,228	165,200	2,153	15,472,581
	<u>83,913,352</u>	<u>165,200</u>	<u>811,578</u>	<u>84,890,130</u>
Balance, June 30, 2025	83,913,352	165,200	811,578	84,890,130
Due within one year	7,085,000	165,200	32,740	7,282,940
	<u>\$ 76,828,352</u>	<u>\$ -</u>	<u>\$ 778,838</u>	<u>\$ 77,607,190</u>

*The changes in the compensated absences liability is presented as a net change.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2025 are comprised of the following:

General Obligation Bonds

\$4,270,000 Bonds dated August 13, 2015, due in annual installments of \$170,000 to \$320,000 plus interest ranging from 3.13% to 3.25% through May 1, 2028. \$ 750,000

\$49,295,000 Bonds dated June 10, 2020, due in annual installments of \$1,515,000 to \$6,610,000 plus interest ranging from 3.00% to 5.00% through May 1, 2036. 36,275,000

\$32,950,000 Bonds dated June 10, 2020, due in annual installments of \$1,770,000 to \$1,900,000 plus interest ranging from 2.63% to 5.00% through May 1, 2042. 31,185,000

\$8,325,000 Bonds dated May 26, 2021, due in annual installments of \$1,425,000 to \$1,605,000 plus interest ranging from 0.60% to 1.55% through May 1, 2028. 4,610,000

Plus premiums on issuance of debt 11,093,352

Total general obligation bonds 83,913,352

Notes from Direct Borrowings and Direct Placements

\$826,000 Energy equipment installment purchase agreement dated September 22, 2021, due in an annual installment of \$165,200 due May 1, 2026. The installment purchase agreement does not bear interest. 165,200

Total general obligation bonds and notes from direct borrowings and direct placements 84,078,552

Compensated absences 811,578

Total long-term obligations \$ 84,890,130

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$165,200 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirement to amortize long-term obligations outstanding, exclusive of compensated absences payments as of June 30, 2025, are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements	Compensated Absences	Total
	Principal	Interest	Principal		
2026	\$ 7,085,000	\$ 2,876,452	\$ 165,200	\$ -	\$ 10,126,652
2027	7,385,000	2,587,664	-	-	9,972,664
2028	7,700,000	2,280,894	-	-	9,980,894
2029	8,070,000	1,949,606	-	-	10,019,606
2030	8,480,000	1,546,106	-	-	10,026,106
2031 - 2035	19,875,000	3,886,531	-	-	23,761,531
2036 - 2040	10,640,000	1,367,981	-	-	12,007,981
2041 - 2042	3,585,000	147,715	-	-	3,732,715
	72,820,000	16,642,949	165,200	-	89,628,149
Issuance premium	11,093,352	-	-	-	11,093,352
Compensated absences	-	-	-	811,578	811,578
	<u>\$ 83,913,352</u>	<u>\$ 16,642,949</u>	<u>\$ 165,200</u>	<u>\$ 811,578</u>	<u>\$ 101,533,079</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2025 are as follows:

Receivable Fund		Payable Fund	
General Fund	\$ 387,025	Nonmajor Funds	\$ 440,039
Capital Projects Fund	1,029		
Nonmajor Funds	51,985		
	<u>\$ 440,039</u>		<u>\$ 440,039</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.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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 MPERS is as follows:

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

Benefits Provided - Pension

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

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

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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.

New employees hired between February 1, 2018, and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant to the DC Plan; if no election is made they will default to the DC Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant in the DC Plan; if no election is made they will remain in the Pension Plus 2 Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

**BRIGHTON AREA SCHOOLS
NOTES TO 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.

**BRIGHTON AREA SCHOOLS
NOTES TO 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, 2024, were determined as of the September 30, 2021, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021, are amortized over a 15-year period beginning October 1, 2023, 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	OPEB
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2025, were equal to the required contribution total. Total pension contributions were approximately \$24,587,000. Of the total pension contributions approximately \$23,697,000 was contributed to fund the Defined Benefit Plan and approximately \$890,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025, were equal to the required contribution total. Total OPEB contributions were approximately \$807,000. Of the total OPEB contributions approximately \$306,000 was contributed to fund the Defined Benefit Plan and approximately \$501,000 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).

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023, 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>MPSEERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total pension liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position	\$ 71,283,482,728	\$ 62,581,762,238
Net pension liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate share	0.52531%	0.49065%
Net pension liability for the District	\$ 128,607,351	\$ 158,804,172

For the year ended June 30, 2025, the District recognized pension expense of \$15,846,059.

At June 30, 2025, 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	\$ 13,331,789	\$ (420,591)
Differences between expected and actual experience	3,489,208	(1,397,336)
Changes of assumptions	13,408,079	(9,422,851)
Net difference between projected and actual plan investments earnings	-	(24,543,734)
Reporting Unit's contributions subsequent to the measurement date	<u>22,298,905</u>	<u>-</u>
	<u>\$ 52,527,981</u>	<u>\$ (35,784,512)</u>

\$22,298,905, 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.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, 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:

Year Ended June 30,	Amount
2026	\$ 625,055
2027	5,065,576
2028	(5,934,804)
2029	(5,311,263)

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

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023, 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, 2024</u>	<u>September 30, 2023</u>
Total other postemployment benefits liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ 14,295,943,589	\$ 11,789,347,341
Net other postemployment benefits asset	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.52679%	0.52295%
Net other postemployment benefits asset for the District	\$ (22,675,241)	\$ (2,958,323)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$7,404,337.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

At June 30, 2025, 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 in proportion and differences between employer contributions and proportionate share of contributions	\$ 2,610,636	\$ (321,271)
Differences between expected and actual experience	-	(24,028,831)
Changes of assumptions	4,952,599	(569,260)
Net difference between projected and actual plan investments earnings	-	(4,292,683)
Reporting Unit's contributions subsequent to the measurement date	189,041	-
	\$ 7,752,276	\$ (29,212,045)

\$189,041, 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 June 30,	Amount
2026	\$ (7,140,226)
2027	(4,163,776)
2028	(4,200,063)
2029	(3,711,724)
2030	(2,012,933)
2031	(420,088)

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

Retirees: 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-2021 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 - 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, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (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, 2024, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.3%
International Equity Pools	15.0%	6.5%
Private Equity Pools	16.0%	9.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Fixed Income Pools	13.0%	2.2%
Absolute Return Pools	9.0%	5.2%
Real Return/Oppportunistic Pools	10.0%	6.9%
Short Term Investment Pools	2.0%	1.4%
	<u>100.0%</u>	

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

Rate of Return - For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, 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.

**BRIGHTON AREA SCHOOLS
NOTES TO 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	\$ 188,539,759	\$ 128,607,351	\$ 78,702,091

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 Benefits		
	Current		
	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	\$ (27,129,416)	\$ (22,675,241)	\$ (17,898,163)

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 Benefits		
	Current		
	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	\$ (27,129,416)	\$ (22,675,241)	\$ (17,898,163)

**BRIGHTON AREA SCHOOLS
NOTES TO 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 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 risks of loss related to property loss, torts, errors and omissions, employee injuries (workers’ compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance and participated in a public entity risk pool. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 - TRANSFERS

The food service fund transferred \$136,431 to the general fund to cover indirect costs. The general fund transferred \$4,240 to the food service fund for the portion of at-risk allocated to pay for cost associated with the operation of the school breakfast program. The general fund transferred \$952,312 and \$8,932,000 to the community education and capital projects funds to subsidize operations and to fund future capital projects of the District, respectively. Transfers totaling \$1,744,490 were made amongst nonmajor debt service funds to align resources with upcoming debt service requirements by fund.

NOTE 10 - TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Payments in Lieu of Taxes (PILOT) granted by a city and a township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for the general fund and debt funds by municipality under these programs are as follows:

Municipality	Taxes Abated
City of Brighton	\$ 77,617
Green Oak Township	32,170
	\$ 109,787

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.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - CONTINGENT LIABILITIES

The District is subject to an annual pupil membership audit to verify full-time equivalent (FTE) counts used in the state’s funding formula. As a result of preliminary audit findings, management has determined a liability for a potential repayment is both probable and reasonable estimable. Accordingly, the District has recognized a contingent liability in the general fund in the amount of \$1,554,478 for the potential recapture of state revenue. The ultimate outcome of the pupil audit cannot be determined at this time; however, management does not anticipate additional material adjustments beyond the amount accrued.

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

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

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

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

NOTE 13 - ADJUSTMENTS TO BEGINNING FUND BALANCE/NET POSITION

During fiscal year 2025, changes to beginning fund balance/net position are as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	General Fund	Capital Projects	Nonmajor Governmental Funds	Governmental Activities
Fund balance/net positions, as previously stated	\$ 25,113,147	\$ -	\$ 8,578,167	\$ (93,570,933)
Change from nonmajor to major fund	-	617,138	(617,138)	-
Change in accounting principle (GASB 101)	-	-	-	(304,115)
Error correction	1,269,225	-	-	1,269,225
Fund balance/net position, as restated	\$ 26,382,372	\$ 617,138	\$ 7,961,029	\$ (92,605,823)

During fiscal year 2025, the District identified an error in previously issued financial statements for the year ending June 30, 2024. The error resulted in an overstatement of accrued salaries and related liabilities in the general fund totaling \$1,269,225. The error was caused by a software malfunction that resulted in previously terminated employees being included on a system generated balance of contract report, which was used by management to record the year-end salaries and related liabilities accrual. The restatement had no effect on current year revenues, expenditures, or changes in fund balance, other than the adjustment to the beginning balances noted above.

**BRIGHTON AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

1. Management's discussion and analysis (MD&A);
 - a. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - i. Overview of the Financial Statements,
 - ii. Financial Summary,
 - iii. Detailed Analyses,
 - iv. Significant Capital Asset and Long-Term Financing Activity,
 - v. Currently Known Facts, Decisions, or Conditions;
 - b. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - c. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
2. Unusual or infrequent items;
3. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - a. 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;
 - b. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
4. 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;
5. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

**BRIGHTON AREA SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 14,427,204	\$ 16,087,300	\$ 16,077,135	\$ (10,165)
State sources	106,663,989	103,628,873	102,291,780	(1,337,093)
Federal sources	1,383,901	1,501,330	1,427,752	(73,578)
Interdistrict sources	5,561,259	6,337,356	6,368,034	30,678
TOTAL REVENUES	128,036,353	127,554,859	126,164,701	(1,390,158)
EXPENDITURES				
Current				
Instruction				
Basic programs	78,209,615	77,764,613	75,719,670	2,044,943
Added needs	12,304,371	11,736,404	11,328,694	407,710
Adult and continuing education	426,861	551,995	519,444	32,551
Total instruction	90,940,847	90,053,012	87,567,808	2,485,204
Supporting services				
Pupil	4,351,621	4,221,131	4,161,826	59,305
Instructional staff	8,263,950	7,934,622	7,394,915	539,707
General administration	989,180	987,981	903,024	84,957
School administration	4,357,767	4,194,557	4,245,213	(50,656)
Business	868,711	843,784	862,287	(18,503)
Operation/maintenance	9,434,589	10,265,098	9,622,731	642,367
Pupil transportation	2,859,500	2,435,500	2,320,272	115,228
Central	1,666,219	1,868,443	1,767,623	100,820
Athletics	2,288,471	2,285,216	2,104,649	180,567
Total supporting services	35,080,008	35,036,332	33,382,540	1,653,792
Community services	8,500	8,493	5,145	3,348
Payments to other governmental entities	10,000	10,000	-	10,000
Debt service	117,855	163,125	165,200	(2,075)
TOTAL EXPENDITURES	126,157,210	125,270,962	121,120,693	4,150,269
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,879,143	2,283,897	5,044,008	2,760,111
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	136,431	136,431
Transfers out	(390,975)	(9,555,425)	(9,888,552)	(333,127)
TOTAL OTHER FINANCING SOURCES (USES)	(390,975)	(9,555,425)	(9,752,121)	(196,696)
NET CHANGE IN FUND BALANCE	\$ 1,488,168	\$ (7,271,528)	(4,708,113)	\$ 2,563,415
FUND BALANCE				
Beginning of year, as previously stated			25,113,147	
Adjustments to beginning fund balances			1,269,225	
Beginning of year, as restated			26,382,372	
End of year			\$ 21,674,259	

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's proportion of net pension liability (%)	0.52531%	0.49065%	0.46274%	0.46027%	0.45149%	0.43926%	0.42422%	0.41598%	0.39544%	0.37212%
Reporting Unit's proportionate share of net pension liability	\$ 128,607,351	\$ 158,804,172	\$ 174,028,952	\$ 108,970,340	\$ 155,091,510	\$ 145,467,656	\$ 127,529,354	\$ 107,799,343	\$ 98,659,661	\$ 90,889,452
Reporting Unit's covered-employee payroll	\$ 55,930,504	\$ 52,602,737	\$ 44,548,817	\$ 42,170,097	\$ 40,417,661	\$ 39,142,330	\$ 36,530,913	\$ 35,211,897	\$ 34,212,895	\$ 31,058,203
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	229.94%	301.89%	390.65%	258.41%	383.72%	371.64%	349.10%	306.14%	288.37%	292.64%
Plan fiduciary net position as a total percentage of pension liability (Non-university employers)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 23,697,033	\$ 21,673,552	\$ 22,080,671	\$ 15,432,900	\$ 13,534,636	\$ 12,228,279	\$ 11,491,872	\$ 11,225,850	\$ 9,694,240	\$ 8,455,388
Contributions in relation to statutorily required contributions	<u>23,697,033</u>	<u>21,673,552</u>	<u>22,080,671</u>	<u>15,432,900</u>	<u>13,534,636</u>	<u>12,228,279</u>	<u>11,491,872</u>	<u>11,225,850</u>	<u>9,694,240</u>	<u>8,455,388</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 59,127,871	\$ 55,055,929	\$ 52,700,383	\$ 43,343,609	\$ 41,423,497	\$ 40,477,230	\$ 38,423,817	\$ 36,264,400	\$ 34,722,565	\$ 32,495,016
Contributions as a percentage of covered-employee payroll	40.08%	39.37%	41.90%	35.61%	32.67%	30.21%	29.91%	30.96%	27.92%	26.02%

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

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability/asset (%)	0.52679%	0.52295%	0.45736%	0.46723%	0.45611%	0.44754%	0.42891%	0.41493%
Reporting Unit's proportionate share of net OPEB liability (asset)	\$ (22,675,241)	\$ (2,958,323)	\$ 9,687,119	\$ 7,131,625	\$ 24,435,196	\$ 32,122,981	\$ 34,094,072	\$ 36,743,841
Reporting Unit's covered-employee payroll	\$ 55,930,504	\$ 52,602,737	\$ 44,548,817	\$ 42,170,097	\$ 40,417,661	\$ 39,142,330	\$ 36,530,913	\$ 35,211,897
Reporting Unit's proportionate share of net OPEB liability/asset as a percentage of its covered-employee payroll (%)	40.54%	5.62%	21.74%	16.91%	60.46%	82.07%	93.33%	104.35%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 306,100	\$ 4,641,810	\$ 4,248,230	\$ 3,580,578	\$ 3,608,818	\$ 3,441,471	\$ 3,216,839	\$ 3,199,064
Contributions in relation to statutorily required contributions	<u>306,100</u>	<u>4,641,810</u>	<u>4,248,230</u>	<u>3,580,578</u>	<u>3,608,818</u>	<u>3,441,471</u>	<u>3,216,839</u>	<u>3,199,064</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 59,127,871	\$ 55,055,929	\$ 52,700,383	\$ 43,343,609	\$ 41,423,497	\$ 40,477,230	\$ 38,423,817	\$ 36,264,400
Contributions as a percentage of covered-employee payroll	0.52%	8.43%	8.06%	8.26%	8.71%	8.50%	8.37%	8.82%

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.

BRIGHTON AREA SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - PENSION INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018, actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016, actuarial valuation decreased by 0.50 percentage points.

NOTE 2 - OPEB INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2024 - The health care cost trend rate used in the September 30, 2023, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

BRIGHTON AREA SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020, actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019, actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018, actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

ADDITIONAL SUPPLEMENTARY INFORMATION

**BRIGHTON AREA SCHOOLS
NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Special Revenue	Debt Service	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 2,637,002	\$ 7,819,320	\$ 10,456,322
Accounts receivable	32,955	-	32,955
Intergovernmental	120,360	-	120,360
Due from other funds	-	51,985	51,985
Prepays	7,925	-	7,925
Inventories	50,447	-	50,447
	TOTAL ASSETS	\$ 7,871,305	\$ 10,719,994
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 85,795	\$ -	\$ 85,795
Accrued salaries and related items	81,666	-	81,666
Accrued retirement	22,423	-	22,423
Due to other funds	388,054	51,985	440,039
Unearned revenue	23,280	-	23,280
	TOTAL LIABILITIES	51,985	653,203
FUND BALANCES			
Nonspendable			
Inventories	50,447	-	50,447
Prepays	7,925	-	7,925
Restricted			
Debt service	-	7,819,320	7,819,320
Food service	1,175,964	-	1,175,964
Committed			
Student/school activities	916,959	-	916,959
Community education	96,176	-	96,176
	TOTAL FUND BALANCES	7,819,320	10,066,791
	\$ 2,848,689	\$ 7,871,305	\$ 10,719,994

**BRIGHTON AREA SCHOOLS
NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
REVENUES				
Local sources				
Property taxes	\$ -	\$ 20,170,748	\$ -	\$ 20,170,748
Investment earnings	-	194,739	-	194,739
Sales and other	5,108,817	-	-	5,108,817
Student/school activities	2,046,592	-	-	2,046,592
State sources	2,685,257	187,044	-	2,872,301
Federal sources	944,839	-	-	944,839
TOTAL REVENUES	10,785,505	20,552,531	-	31,338,036
EXPENDITURES				
Current				
Food service activities	3,318,135	-	-	3,318,135
Community education	5,470,279	-	-	5,470,279
Student/school activities	2,082,084	-	-	2,082,084
Capital outlay	1,000,642	-	-	1,000,642
Debt service				
Principal	-	14,625,000	-	14,625,000
Interest	-	3,555,255	-	3,555,255
Other	-	1,000	-	1,000
TOTAL EXPENDITURES	11,871,140	18,181,255	-	30,052,395
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,085,635)	2,371,276	-	1,285,641
OTHER FINANCING SOURCES (USES)				
Transfers in	956,552	1,744,490	-	2,701,042
Transfers out	(136,431)	(1,744,490)	-	(1,880,921)
TOTAL OTHER FINANCING SOURCES (USES)	820,121	-	-	820,121
NET CHANGE IN FUND BALANCES	(265,514)	2,371,276	-	2,105,762
FUND BALANCES				
Beginning of year, as previously stated	2,512,985	5,448,044	617,138	8,578,167
Adjustments to beginning fund balances	-	-	(617,138)	(617,138)
Beginning of year, as restated	2,512,985	5,448,044	-	7,961,029
End of year	\$ 2,247,471	\$ 7,819,320	\$ -	\$ 10,066,791

**BRIGHTON AREA SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Food Service	Community Education	Student/ School Activities	Totals
ASSETS				
Cash and cash equivalents	\$ 1,317,096	\$ 370,960	\$ 948,946	\$ 2,637,002
Accounts receivable	11,271	-	21,684	32,955
Intergovernmental	120,360	-	-	120,360
Prepays	-	7,925	-	7,925
Inventories	50,447	-	-	50,447
TOTAL ASSETS	<u>\$ 1,499,174</u>	<u>\$ 378,885</u>	<u>\$ 970,630</u>	<u>\$ 2,848,689</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,015	\$ 57,453	\$ 25,327	\$ 85,795
Accrued salaries and related items	9,553	72,113	-	81,666
Accrued retirement	2,829	19,594	-	22,423
Due to other funds	257,366	102,344	28,344	388,054
Unearned revenue	-	23,280	-	23,280
TOTAL LIABILITIES	<u>272,763</u>	<u>274,784</u>	<u>53,671</u>	<u>601,218</u>
FUND BALANCES				
Nonspendable				
Inventories	50,447	-	-	50,447
Prepays	-	7,925	-	7,925
Committed	-	96,176	916,959	1,013,135
Restricted	1,175,964	-	-	1,175,964
TOTAL FUND BALANCES	<u>1,226,411</u>	<u>104,101</u>	<u>916,959</u>	<u>2,247,471</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,499,174</u>	<u>\$ 378,885</u>	<u>\$ 970,630</u>	<u>\$ 2,848,689</u>

**BRIGHTON AREA SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	Food Service	Community Education	Student/ School Activities	Totals
REVENUES				
Local sources				
Sales and other	\$ 791,760	\$ 4,317,057	\$ -	\$ 5,108,817
Student/school activities	-	-	2,046,592	2,046,592
State sources	2,501,751	183,506	-	2,685,257
Federal sources	906,723	38,116	-	944,839
TOTAL REVENUES	4,200,234	4,538,679	2,046,592	10,785,505
EXPENDITURES				
Salaries	876,610	1,808,272	-	2,684,882
Benefits	485,129	1,200,518	-	1,685,647
Purchased services	45,749	1,636,040	-	1,681,789
Supplies and materials	1,868,405	354,910	-	2,223,315
Capital outlay	979,928	20,714	-	1,000,642
Student/school activities	-	-	2,082,084	2,082,084
Other expenses	42,242	470,539	-	512,781
TOTAL EXPENDITURES	4,298,063	5,490,993	2,082,084	11,871,140
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(97,829)	(952,314)	(35,492)	(1,085,635)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,240	952,312	-	956,552
Transfers out	(136,431)	-	-	(136,431)
TOTAL OTHER FINANCING SOURCES (USES)	(132,191)	952,312	-	820,121
NET CHANGE IN FUND BALANCES	(230,020)	(2)	(35,492)	(265,514)
FUND BALANCES				
Beginning of year	1,456,431	104,103	952,451	2,512,985
End of year	<u>\$ 1,226,411</u>	<u>\$ 104,101</u>	<u>\$ 916,959</u>	<u>\$ 2,247,471</u>

**BRIGHTON AREA SCHOOLS
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	<u>2012</u>	<u>2015</u>	<u>2020 Building and Site and Refunding</u>	<u>2021 Refunding</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 3,957,247	\$ 240,925	\$ 3,175,831	\$ 445,317	\$ 7,819,320
Due from other funds	-	-	51,985	-	51,985
TOTAL ASSETS	<u><u>\$ 3,957,247</u></u>	<u><u>\$ 240,925</u></u>	<u><u>\$ 3,227,816</u></u>	<u><u>\$ 445,317</u></u>	<u><u>\$ 7,871,305</u></u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ 51,985	\$ -	\$ -	\$ 51,985
FUND BALANCES					
Restricted for debt service	<u>3,957,247</u>	<u>188,940</u>	<u>3,227,816</u>	<u>445,317</u>	<u>7,819,320</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,957,247</u></u>	<u><u>\$ 240,925</u></u>	<u><u>\$ 3,227,816</u></u>	<u><u>\$ 445,317</u></u>	<u><u>\$ 7,871,305</u></u>

**BRIGHTON AREA SCHOOLS
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	2012	2015	2020 Building and Site and Refunding	2021 Refunding	Totals
REVENUES					
Local sources					
Property taxes	\$ 3,329,856	\$ 26,807	\$ 15,294,683	\$ 1,519,402	\$ 20,170,748
Investment earnings	162,887	1,663	30,189	-	194,739
State sources	30,878	249	141,827	14,090	187,044
TOTAL REVENUES	3,523,621	28,719	15,466,699	1,533,492	20,552,531
EXPENDITURES					
Principal	1,765,000	-	11,565,000	1,295,000	14,625,000
Interest	1,236,306	24,163	2,220,300	74,486	3,555,255
Other	500	499	1	-	1,000
TOTAL EXPENDITURES	3,001,806	24,662	13,785,301	1,369,486	18,181,255
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	521,815	4,057	1,681,398	164,006	2,371,276
OTHER FINANCING SOURCES (USES)					
Transfers in	1,722,612	21,878	-	-	1,744,490
Transfers out	-	-	(1,142,921)	(601,569)	(1,744,490)
TOTAL OTHER FINANCING SOURCES (USES)	1,722,612	21,878	(1,142,921)	(601,569)	-
NET CHANGE IN FUND BALANCES	2,244,427	25,935	538,477	(437,563)	2,371,276
FUND BALANCES					
Beginning of year	1,712,820	163,005	2,689,339	882,880	5,448,044
End of year	\$ 3,957,247	\$ 188,940	\$ 3,227,816	\$ 445,317	\$ 7,819,320

**BRIGHTON AREA SCHOOLS
BONDED DEBT
JUNE 30, 2025**

2015 Bonds issued August 13, 2015:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 170,000	\$ 12,081	\$ 12,081	2026	\$ 194,162
320,000	9,425	9,425	2027	338,850
<u>260,000</u>	<u>4,225</u>	<u>4,225</u>	2028	<u>268,450</u>
<u>\$ 750,000</u>	<u>\$ 25,731</u>	<u>\$ 25,731</u>		<u>\$ 801,462</u>

Purpose: Erecting, furnishing, and equipping additions to and remodeling, furnishing, and refurbishing and equipping and re-equipping school buildings; acquiring and installing educational technology and equipment for school buildings; constructing, remodeling, and improving athletic fields, athletic facilities, play fields and playgrounds; and preparing, developing, and improving parking areas and sites and to pay off the costs of issuing the bonds.

**BRIGHTON AREA SCHOOLS
BONDED DEBT
JUNE 30, 2025**

2020 Building and Site Bonds issued June 10, 2020:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 3,540,000	\$ 821,025	\$ 821,025	2026	\$ 5,182,050
3,705,000	732,525	732,525	2027	5,170,050
4,210,000	639,900	639,900	2028	5,489,800
6,235,000	534,650	534,650	2029	7,304,300
6,610,000	378,775	378,775	2030	7,367,550
3,390,000	213,525	213,525	2031	3,817,050
1,845,000	128,775	128,775	2032	2,102,550
1,795,000	101,100	101,100	2033	1,997,200
1,760,000	74,175	74,175	2034	1,908,350
1,670,000	47,775	47,775	2035	1,765,550
1,515,000	22,725	22,725	2036	1,560,450
<u>\$ 36,275,000</u>	<u>\$ 3,694,950</u>	<u>\$ 3,694,950</u>		<u>\$ 43,664,900</u>

Purpose: Erecting, furnishing and equipping additions to and remodeling, furnishing and refurnishing and equipping and re-equipping school buildings; erecting, furnishing, and equipping athletic, multi-purpose and maintenance support buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and equipping, developing and improving athletic fields and facilities, playgrounds, parking areas, driveways and sites; and paying the costs of issuance.

**BRIGHTON AREA SCHOOLS
BONDED DEBT
JUNE 30, 2025**

2020 Refunding Bonds Issued June 10, 2020:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,770,000	\$ 574,028	\$ 574,028	2026	\$ 2,918,056
1,780,000	529,778	529,778	2027	2,839,556
1,805,000	485,278	485,278	2028	2,775,556
1,835,000	440,153	440,153	2029	2,715,306
1,870,000	394,278	394,278	2030	2,658,556
1,900,000	347,528	347,528	2031	2,595,056
1,890,000	300,028	300,028	2032	2,490,056
1,885,000	271,678	271,678	2033	2,428,356
1,875,000	243,403	243,403	2034	2,361,806
1,865,000	215,278	215,278	2035	2,295,556
1,850,000	187,303	187,303	2036	2,224,606
1,835,000	159,553	159,553	2037	2,154,106
1,820,000	132,028	132,028	2038	2,084,056
1,805,000	104,728	104,728	2039	2,014,456
1,815,000	77,654	77,654	2040	1,970,308
1,800,000	50,429	50,429	2041	1,900,858
1,785,000	23,429	23,428	2042	1,831,857
<u>\$ 31,185,000</u>	<u>\$ 4,536,554</u>	<u>\$ 4,536,553</u>		<u>\$ 40,258,107</u>

Purpose: To refund all of the District's outstanding 2012 school building and site bonds, Series I, dated August 8, 2012, and paying the costs of issuance.

**BRIGHTON AREA SCHOOLS
BONDED DEBT
JUNE 30, 2025**

2021 Refunding Bonds issued May 26, 2021:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,605,000	\$ 31,092	\$ 31,092	2026	\$ 1,667,184
1,580,000	22,104	22,104	2027	1,624,208
<u>1,425,000</u>	<u>11,044</u>	<u>11,044</u>	2028	<u>1,447,088</u>
<u>\$ 4,610,000</u>	<u>\$ 64,240</u>	<u>\$ 64,240</u>		<u>\$ 4,738,480</u>

Purpose: To refund a portion of the District's outstanding 2013 school building and site bonds, Series II, dated December 19, 2013, and paying the costs of issuance.

**BRIGHTON AREA SCHOOLS
ENERGY EQUIPMENT INSTALLMENT PURCHASE AGREEMENT
JUNE 30, 2025**

2021 installment purchase agreement dated September 22, 2021:

Principal Due <u>May 1</u>	For Fiscal Year <u>June 30,</u>
<u>\$ 165,200</u>	2026

Purpose: To finance the equipment, material, labor, tools, freight, service, cabling, and installation of the District's LED lighting conversion project.



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

☎ 517.323.7500

📠 517.323.6346

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

To the Board of Education of
Brighton Area Schools

We have audited, in accordance with the 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 Brighton Area Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Brighton Area Schools' basic financial statements, and have issued our report thereon dated October 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brighton Area Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brighton Area Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Brighton Area 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brighton Area 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 22, 2025



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

☎ 517.323.7500

📠 517.323.6346

October 22, 2025

To the Board of Education of
Brighton Area Schools

In planning and performing our audit of the financial statements of Brighton Area Schools as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Brighton Area Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving internal controls and other operational matters that is presented for your consideration. This letter does not affect our report dated October 22, 2025 on the financial statements of Brighton Area Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve internal controls, or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

CONTINUING COMMENT FROM THE PRIOR PERIOD

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months operating expenditures allowed at current year end. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Brighton Area Schools follow the State of Michigan approved spend down plan and achieve compliance by June 30, 2026.

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

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

Very truly yours,

Maner Costerisan PC



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

☎ 517.323.7500

📠 517.323.6346

October 22, 2025

To the Board of Education of
Brighton Area Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brighton Area Schools for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 Brighton Area Schools are described in Note 1 to the financial statements. As described in Note 12 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101 *Compensated Absences*, during the year ended June 30, 2025. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's calculation of the contingent liability for state revenue recapture is based on an estimated pupil FTE reduction resulting from the annual pupil count audit.

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. We consider Note 13 to be a sensitive disclosure because beginning balances in the general fund were restated to correct an error.

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 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 the 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 22, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

We were engaged to report on the other supplementary information, which accompany the financial statements, but are not RSI. With respect to this other 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 other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

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