

Black River Public
School



Year Ended
June 30, 2023

Financial
Statements

Rehmann

This page intentionally left blank.

BLACK RIVER PUBLIC SCHOOL

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds	18
Reconciliation of Net Change in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Change in Fund Balances – Budget and Actual – General Fund	20
Notes to Financial Statements	21
Combining and Individual Fund Financial Statements and Schedules	
General Fund:	
Detailed Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual	36
Nonmajor Governmental Funds:	
Combining Balance Sheet	40
Combining Statement of Revenues, Expenditures and Change in Fund Balances	41

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

October 12, 2023

Board of Trustees
Black River Public School
Holland, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



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

Independent Auditors' 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 auditors' 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 12, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lohorn LLC". The signature is written in a cursive, flowing style.

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BLACK RIVER PUBLIC SCHOOL

Management's Discussion and Analysis

As management of Black River Public School (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- Net position increased by \$589,314 or 6.0%, during the year ended June 30, 2023.
- Overall revenues were \$11,699,150 compared to \$11,109,836 of expenses.
- The School's general fund revenues and other financing sources were \$139,297 more than expenditures and other financing uses.
- General fund instruction and supporting services costs, a measure of the cost of day-to-day school operations, increased by 12.8% to \$10,345,906.

Using This Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Black River Public School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the School as a Whole

The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the School's overall financial status. These are the statement of net position and the statement of activities, which report the School's net position and changes in net position. These statements use a full accrual basis of accounting, which is similar to the accounting used by private sector corporations. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

Reporting the School's Most Significant Funds

The remaining statements are *fund financial statements*, which focus on individual parts of the School, reporting the School's operations in more detail than the *government-wide statements*.

- The *governmental fund statements* tell how basic services, such as regular and special education, were financed in the short-term, as well as what remains for future spending.

The fund financial statements are reported on a modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. Using this basis of accounting, the fund financial statements recognize revenues when both measurable and available as more fully described in the notes to the financial statements. The relationship (or differences) between governmental activities (as reported in the statement of net position and statement of activities) and governmental funds is reconciled in the financial statements.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *supplementary information*, which provides information on nonmajor governmental funds.

BLACK RIVER PUBLIC SCHOOL

Management's Discussion and Analysis

Reporting the School as a Whole: Government-wide Financial Statements

The *government-wide statements* report information about the *governmental activities* of the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets and liabilities, both short- and long-term, regardless of whether they are "currently available."

The statement of net position provides the perspective of the School as a whole. Black River Public School experienced an increase in net position of \$589,314 (6.0%). The following table shows the condensed statement of net position compared to prior year.

	Net Position	
	2023	2022
Assets		
Current and other assets	\$ 3,664,959	\$ 3,317,753
Capital assets, net	11,472,420	11,474,409
Total assets	<u>15,137,379</u>	<u>14,792,162</u>
Liabilities		
Long-term liabilities	3,669,623	4,042,551
Other liabilities	1,051,308	922,477
Total liabilities	<u>4,720,931</u>	<u>4,965,028</u>
Net position		
Net investment in capital assets	7,802,797	7,431,858
Restricted	230,591	168,036
Unrestricted	2,383,060	2,227,240
Total net position	<u>\$ 10,416,448</u>	<u>\$ 9,827,134</u>

BLACK RIVER PUBLIC SCHOOL

Management's Discussion and Analysis

The table below presents the revenues and expenses for the current fiscal year compared to prior year for the School as a whole.

	Change in Net Position	
	2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 219,258	\$ 82,763
Operating grants and contributions	2,882,216	2,569,164
Capital grants and contributions	40	429
General revenues:		
Unrestricted school aid	8,560,219	7,755,497
Other	37,417	26,872
Total revenues	11,699,150	10,434,725
Expenses		
Instruction	6,223,099	5,949,115
Supporting services	3,716,539	3,176,193
Athletics	195,457	148,410
Food services	305,442	310,597
Community services	31,639	18,686
Interest on long-term debt	113,528	155,914
Depreciation - unallocated	524,132	525,050
Total expenses	11,109,836	10,283,965
Change in net position	589,314	150,760
Net position, beginning of year	9,827,134	9,676,374
Net position, end of year	\$ 10,416,448	\$ 9,827,134

As reported in the statement of activities, the cost of all governmental activities was \$11,109,836, an increase of \$825,871, or 8.0%, from the prior year. This increase was largely attributable to the implementation of a new salary schedule which provided more opportunities for new hires as well as better inducements for staff retainage.

As shown in the schedule above, total revenues were \$11,699,150, an increase of \$1,264,425 from the prior year. This increase was largely attributable to a higher foundation allowance compared to the prior year.

Reporting the School's Most Significant Funds: Fund Financial Statements

The fund financial statements provide more detailed information about the School's funds, focusing on its most significant or "major" funds – not the school organization as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law, while other funds may be established by the School to help manage money for particular purposes.

BLACK RIVER PUBLIC SCHOOL

Management's Discussion and Analysis

The School has one kind of fund:

- *Governmental Funds.* The School's basic instructional and support 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 to illustrate whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information follows each governmental funds statement to explain the relationship (or reconcile the differences) between the government-wide statements and governmental funds statements.

The School's governmental funds include the general fund, food service and student/school activity special revenue funds and capital projects fund.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,262,939, while the total fund balance was \$2,310,751. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 20.5% and 20.9%, respectively, of total general fund expenditures.

The fund balance of the School's general fund increased by \$139,297 from the prior year. This is attributable to not spending all of the amounts budgeted. The staff is very good at keeping an eye on their budget responsibilities.

General Fund Budgetary Highlights

As required by State law, the Board of Trustees adopted a budget prior to the start of the fiscal year. During the fiscal year ended June 30, 2023, the School revised the general fund budget twice.

- *Revenues.* The final amended budget for general fund increased by \$1,439,072 (14.1%), which was mainly the result of higher state aid than originally projected and higher federal grants than expected.
- *Expenditures.* The final amended budget for general fund expenditures was increased from the original budget by \$1,408,072 (13.8%) due to increase in operational and maintenance expense.

Actual expenditures were well under budget in most functional areas. This was not a direct result of any specific circumstances, but rather a School practice of using a conservative approach to expenditure budgeting using prior years' history combined with current year expenditure activities.

BLACK RIVER PUBLIC SCHOOL

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2023, the School had invested \$11,472,420 in capital assets, net of depreciation. The decrease of \$1,989 relates to depreciation expense exceeding current year capital asset additions. The following schedule presents capital asset balances, net of depreciation, as of the current and prior year ends.

	Capital Assets (Net of Depreciation)	
	2023	2022
Land	\$ 501,938	\$ 501,938
Buildings and improvements	10,817,085	10,824,344
Machinery and equipment	137,463	126,593
Vehicles	15,934	21,534
Total capital assets, net	\$ 11,472,420	\$ 11,474,409

Additional information about the School's capital assets can be found in Note 6.

Long-term Debt. At June 30, 2023, the School had \$3,669,623 in outstanding debt. The following table summarizes long-term debt as of the current and prior year-end dates.

	Outstanding Debt	
	2023	2022
Note payable	\$ 3,669,623	\$ 4,042,551

Additional information about the School's long-term debt can be found in Note 8.

Economic Factors and Next Year's Budgets and Rates

Many factors were considered by the School's administration during the process of developing the fiscal year 2023-24 budget. The principal factor was the School's anticipated student enrollment, which drives staffing requirements and other variable costs. Staffing costs typically represent more than 70 percent of general fund expenditures.

The budget for the year ended June 30, 2024 was adopted in June 2023 when there was a high degree of uncertainty related to the funding and operations for all districts in the State of Michigan due to the novel coronavirus outbreak (COVID-19). For the 2023-24 fiscal year, the foundation allowance has been increased. As of now, those numbers are still in flux. We are now awaiting the fall enrollment to see what the actual enrollments and revenues will be.

Budgeted Student Count

The principal factor that generates operating revenues and expenses is the count of students enrolled and in attendance at the School on the fall count day in October and spring count day in February. The School's open enrollment closes on the last Wednesday in February at which time management plans for the size of each grade during the spring budgeting and strategic planning process.

BLACK RIVER PUBLIC SCHOOL

Management's Discussion and Analysis

Budgeted State School Aid, Foundation Grant

The state foundation grant revenue is determined by multiplying the blended student count by the per-pupil foundation allowance. Generally, the membership count is computed by adding 90 percent of the fall count to 10 percent of the spring count.

Contacting the School's Financial Management

The School's financial statements are designed to present a general overview of the School's finances for all those with an interest in the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the School's business office at Black River Public School, 491 Columbia Avenue, Holland, MI 49423-4838.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

BLACK RIVER PUBLIC SCHOOL

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,363,065
Investments	106,278
Receivables, net	2,195,616
Capital assets:	
Not being depreciated	501,938
Being depreciated, net	<u>10,970,482</u>
Total assets	<u>15,137,379</u>
Liabilities	
Accounts payable and accrued liabilities	1,020,608
Unearned revenue	30,700
Long-term debt:	
Due within one year	384,106
Due in more than one year	<u>3,285,517</u>
Total liabilities	<u>4,720,931</u>
Net position	
Net investment in capital assets	7,802,797
Restricted for memorial funds	47,812
Restricted for food service	182,779
Unrestricted	<u>2,383,060</u>
Total net position	<u>\$ 10,416,448</u>

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

BLACK RIVER PUBLIC SCHOOL

Statement of Activities

For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 6,223,099	\$ 84,809	\$ 2,477,520	\$ -	\$ (3,660,770)
Supporting services	3,716,539	-	217,076	40	(3,499,423)
Athletics	195,457	-	-	-	(195,457)
Food services	305,442	127,716	187,620	-	9,894
Community services	31,639	6,733	-	-	(24,906)
Interest on long-term debt	113,528	-	-	-	(113,528)
Depreciation (unallocated)	524,132	-	-	-	(524,132)
Total governmental activities	<u>\$ 11,109,836</u>	<u>\$ 219,258</u>	<u>\$ 2,882,216</u>	<u>\$ 40</u>	<u>(8,008,322)</u>
General revenues					
School aid, unrestricted					8,560,219
Contributions from private sources, unrestricted					17,482
Miscellaneous general revenues					7,564
Unrestricted investment earnings					<u>12,371</u>
Total general revenues					<u>8,597,636</u>
Change in net position					589,314
Net position, beginning of year					<u>9,827,134</u>
Net position, end of year					<u>\$ 10,416,448</u>

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

BLACK RIVER PUBLIC SCHOOL

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 990,481	\$ 372,584	\$ 1,363,065
Investments	106,278	-	106,278
Due from other funds	56,495	48,641	105,136
Due from other governments	2,175,143	20,473	2,195,616
Total assets	\$ 3,328,397	\$ 441,698	\$ 3,770,095
Liabilities			
Accounts payable	\$ 69,544	\$ 23,780	\$ 93,324
Due to other funds	48,641	56,495	105,136
Due to other governments	46,532	-	46,532
Accrued contracted staffing costs	822,229	-	822,229
Unearned revenue	30,700	-	30,700
Total liabilities	1,017,646	80,275	1,097,921
Fund balances			
Restricted	47,812	182,779	230,591
Committed	-	164,326	164,326
Assigned	-	14,318	14,318
Unassigned	2,262,939	-	2,262,939
Total fund balances	2,310,751	361,423	2,672,174
Total liabilities and fund balances	\$ 3,328,397	\$ 441,698	\$ 3,770,095

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

BLACK RIVER PUBLIC SCHOOL

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

Fund balances - total governmental funds \$ 2,672,174

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.

Capital assets not being depreciated	501,938
Capital assets being depreciated, net	10,970,482

Certain liabilities, such as notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Long-term debt	(3,669,623)
Accrued contracted staff compensated absences	(56,390)
Accrued interest	<u>(2,133)</u>

Net position of governmental activities \$ 10,416,448

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

BLACK RIVER PUBLIC SCHOOL

Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 1,033,965	\$ 312,467	\$ 1,346,432
Intermediate sources	17,980	-	17,980
State sources	9,108,063	10,198	9,118,261
Federal sources	1,039,055	177,422	1,216,477
Total revenues	<u>11,199,063</u>	<u>500,087</u>	<u>11,699,150</u>
Expenditures			
Instruction	6,223,099	-	6,223,099
Supporting services	4,122,807	121,359	4,244,166
Athletics	195,457	-	195,457
Food services	-	305,442	305,442
Community services	31,639	-	31,639
Debt service:			
Principal	372,928	-	372,928
Interest and fiscal charges	117,410	-	117,410
Total expenditures	<u>11,063,340</u>	<u>426,801</u>	<u>11,490,141</u>
Revenues over expenditures	<u>135,723</u>	<u>73,286</u>	<u>209,009</u>
Other financing sources (uses)			
Insurance recoveries	5,484	-	5,484
Transfers in	-	1,910	1,910
Transfers out	(1,910)	-	(1,910)
Total other financing sources (uses)	<u>3,574</u>	<u>1,910</u>	<u>5,484</u>
Net change in fund balances	139,297	75,196	214,493
Fund balances, beginning of year	<u>2,171,454</u>	<u>286,227</u>	<u>2,457,681</u>
Fund balances, end of year	<u><u>\$ 2,310,751</u></u>	<u><u>\$ 361,423</u></u>	<u><u>\$ 2,672,174</u></u>

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

BLACK RIVER PUBLIC SCHOOL

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds \$ 214,493

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

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

Capital assets purchased/constructed	522,143
Depreciation expense	(524,132)

Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but a reduction in long-term liabilities on the statement of net position.

Principal payments on long-term debt	372,928
--------------------------------------	---------

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

Change in accrued interest and contracted staff compensated absences	<u>3,882</u>
--	--------------

Change in net position of governmental activities \$ 589,314

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

BLACK RIVER PUBLIC SCHOOL

Statement of Revenues, Expenditures and Change in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Local sources	\$ 1,030,700	\$ 1,065,618	\$ 1,033,965	\$ (31,653)
Intermediate sources	18,200	17,980	17,980	-
State sources	8,748,600	9,154,918	9,108,063	(46,855)
Federal sources	326,600	1,324,656	1,039,055	(285,601)
Total revenues	<u>10,124,100</u>	<u>11,563,172</u>	<u>11,199,063</u>	<u>(364,109)</u>
Expenditures				
Instruction	6,288,300	6,606,703	6,223,099	(383,604)
Supporting services	3,222,300	4,283,811	4,122,807	(161,004)
Athletics	178,700	199,320	195,457	(3,863)
Community services	21,900	31,100	31,639	539
Debt service:				
Principal	373,000	366,900	372,928	6,028
Interest and fiscal charges	120,000	124,438	117,410	(7,028)
Capital outlay	400	400	-	(400)
Total expenditures	<u>10,204,600</u>	<u>11,612,672</u>	<u>11,063,340</u>	<u>(549,332)</u>
Revenues over (under) expenditures	<u>(80,500)</u>	<u>(49,500)</u>	<u>135,723</u>	<u>185,223</u>
Other financing sources (uses)				
Insurance recoveries	1,500	5,500	5,484	(16)
Transfers out	(5,000)	(5,000)	(1,910)	(3,090)
Total other financing sources (uses)	<u>(3,500)</u>	<u>500</u>	<u>3,574</u>	<u>(3,074)</u>
Net change in fund balances	<u>(84,000)</u>	<u>(49,000)</u>	<u>139,297</u>	<u>188,297</u>
Fund balances, beginning of year	<u>2,171,454</u>	<u>2,171,454</u>	<u>2,171,454</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,087,454</u>	<u>\$ 2,122,454</u>	<u>\$ 2,310,751</u>	<u>\$ 188,297</u>

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

NOTES TO FINANCIAL STATEMENTS

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of **Black River Public School** (the “School”) consistently applied in the preparation of the accompanying financial statements follows.

Black River Public School, Holland, Michigan, is a not-for-profit Michigan public school academy, which provides education to children in grades K-12 from the surrounding community. Black River Public School operates under a charter approved by the Board of Trustees of Grand Valley State University, which is responsible for oversight of the School’s operations.

The School is governed by a nine-member Board of Trustees. Effective January 1, 2017, the School approved a contract with a third-party management company under the name of Black Pearl Educational Services, LLC for human resource services.

The Reporting Entity

As required by generally accepted accounting principles, these financial statements present the reporting entity of Black River Public School. The criteria identified in GAAP, including financial accountability, have been utilized when identifying the School reporting entity which includes no component units.

Government-wide and Fund Financial Statements

The *government-wide financial statements* (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The School had no business-type activities during the year ended June 30, 2023.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers 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 or capital requirements of a particular function or segment. Unrestricted school aid and other items not properly included among program revenues are reported instead as *general revenues*.

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

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (reporting the School as a whole) 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. State school aid is recognized as revenue in the fiscal year of the school year for which it is apportioned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements (reporting the School's major funds) 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 School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

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

Governmental Funds

Governmental funds are those funds through which most school district functions are typically financed. The acquisition, use and balances of the School's expendable financial resources and the related current liabilities are accounted for through governmental funds. The School reports the following major governmental fund:

The *general fund* is the School's primary operating fund and is used to record the general operations of the School pertaining to education. It accounts for all financial resources not accounted for and reported in another fund.

Additionally, the School reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The School maintains two special revenue funds to account for 1) food service operations and 2) student/school activities.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all unrestricted state aid, unrestricted grants and interest income.

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

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

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for general and special revenue funds as required by the State of Michigan Uniform Budgeting and Accounting Act, as amended by Public Act 621 of 1978 ("Public Act 621"). The School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the Business Manager submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.
2. A public hearing is conducted to obtain public comments.
3. The budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
5. Adoption and amendments of all budgets used by the School are governed by Public Act 621, which was followed for the year ended June 30, 2023. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget developed by the Business Manager. Any revisions that alter the total expenditures of any fund must be approved by the School Board of Trustees.

Assets, Liabilities and Equity

Deposits and Investments

The School considers cash on hand, demand deposits and short-term investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Receivables

The School follows the practice of recording as receivables revenues that have been earned but not yet received. Receivables consists primarily of amounts due from other governments, namely the State of Michigan for school aid.

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

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

Assets	Years
Buildings and improvements	7-50
Furniture, machinery, and equipment	10-20
Vehicles	5-8

Accrued Contracted Staffing Costs

A liability is recorded at June 30 for amounts owed to the School's contracted staffing company, for those amounts owed by the staffing company to teachers and other staff members who do not work during the summer but are contracted to have their salaries paid over a twelve-month period. This has the effect of properly charging these contracted staffing costs to expenditures in the fiscal year in which the services are received, even though they are not paid until July and August of the following fiscal year.

The School has also recorded accrued contracted staffing costs for amounts to be reimbursed to the staffing company after June 30, 2023, for the post-year-end cost to the staffing company of funding FICA, compensated absences costs (i.e., earned but unused paid time off), as well as retirement plan funding, related to the services of School staff during the school year and fiscal year ended June 30, 2023.

Unearned Revenue

Unearned revenue is comprised of amounts received prior to the delivery of goods/service or expenditure on allowable costs.

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, premiums and discounts are capitalized and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts 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.

Foundation Revenue

The State of Michigan adopted a foundation grant approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation is funded from state sources. Revenues from state sources are primarily governed by Michigan's State School Aid Act (Public Act 94 of 1979, as amended) and the Revised School Code (Public Act 451 of 1976, as amended). The Michigan Department of Education administers the allocation of state funds to public schools based on information supplied by the schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. As a public school academy, the School is not eligible to receive any portion of local non-homestead property taxes. The State revenue is recognized during the foundation period (currently the fiscal year).

Fund Equity/Net Position

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees. A formal resolution of the Board of Trustees is required to establish, modify, or rescind a fund balance commitment. The School reports assigned fund balance for amounts that are constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees is permitted to assign fund balance and this authority has not been delegated. Unassigned fund balance is the residual classification for the general fund.

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

Restricted net position represents amounts which are legally restricted by outside parties or enabling legislation.

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

Use of Estimates

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

2. STATE OF MICHIGAN SCHOOL AID

The School reports State of Michigan school aid in the fiscal year in which the School is entitled to the revenue as provided by appropriations from the State legislature pursuant to the State School Aid Act. State funding provided 81% of general fund revenue to the School during the 2023 fiscal year.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

During the year ended June 30, 2023, the School incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General fund			
Supporting services:			
Support services business	\$ 280,900	\$ 296,098	\$ 15,198
Pupil transportation services	83,350	93,956	10,606
Community services	31,100	31,639	539
Debt service:			
Principal	366,900	372,928	6,028

4. CASH AND INVESTMENTS

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

	Governmental Activities
Cash and cash equivalents	\$ 1,363,065
Investments	106,278
Total	<u>\$ 1,469,343</u>

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

Checking and savings accounts	\$ 1,363,065
Certificates of deposit (due within one year)	106,278
Total	<u>\$ 1,469,343</u>

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

Statutory Authority

Michigan law authorizes the School to deposit and invest in:

- a. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposits issued by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The School's investment policy allows for all of these types of investments.

Deposits are in several financial institutions located in Michigan. State policy limits the School's investing options to financial institutions located in Michigan. All accounts are in the name of the School and a specific fund.

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The School's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The School's investments are limited to certificates of deposit which all mature within one year.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The School has not adopted and state law does not require a policy for deposit custodial credit risk. As of year-end, \$1,110,244 of the School's bank balance of \$1,559,329 was exposed to custodial credit risk because it was uninsured and uncollateralized.

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

5. RECEIVABLES AND PAYABLES

Receivables in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Due from other governments	<u>\$ 2,195,616</u>

Accounts payable and accrued liabilities in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Due to other governments	\$ 46,532
Accrued contracted staffing costs	878,619
Interest payable on long-term debt	<u>2,133</u>
Totals	<u><u>\$ 1,020,608</u></u>

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 501,938	\$ -	\$ -	\$ -	\$ 501,938
Capital assets, being depreciated:					
Buildings and improvements	18,479,436	489,293	-	-	18,968,729
Machinery and equipment	464,034	32,850	-	-	496,884
Vehicles	163,742	-	-	-	163,742
	<u>19,107,212</u>	<u>522,143</u>	<u>-</u>	<u>-</u>	<u>19,629,355</u>
Less accumulated depreciation for:					
Buildings and improvements	(7,655,092)	(496,552)	-	-	(8,151,644)
Machinery and equipment	(337,441)	(21,980)	-	-	(359,421)
Vehicles	(142,208)	(5,600)	-	-	(147,808)
	<u>(8,134,741)</u>	<u>(524,132)</u>	<u>-</u>	<u>-</u>	<u>(8,658,873)</u>
Total capital assets being depreciated, net	<u>10,972,471</u>	<u>(1,989)</u>	<u>-</u>	<u>-</u>	<u>10,970,482</u>
Governmental activities capital assets, net	<u>\$ 11,474,409</u>	<u>\$ (1,989)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,472,420</u>

Depreciation expense of \$524,132 is reported as unallocated in the statement of activities.

Outstanding construction commitments of June 30, 2023 totaled approximately \$165,000.

7. TRANSFERS AND INTERFUND BALANCES

The composition of interfund balances as of June 30, 2023, was as follows:

	Due from Fund	Due to Fund
General fund	\$ 56,495	\$ 48,641
Nonmajor governmental funds	48,641	56,495
Total	<u>\$ 105,136</u>	<u>\$ 105,136</u>

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

Interfund balances result from timing between the payment of goods and services by one fund and cash reimbursement from the fund incurring the cost.

For the year ended June 30, 2023, the General Fund transferred \$1,910 to the Food Service Fund for food service operations.

8. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the School for the year ended June 30, 2023:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Direct borrowings and direct placements:					
Note payable	\$ 4,042,551	\$ -	\$ (372,928)	\$ 3,669,623	\$ 384,106

Note payable

\$4,225,000 2022 note payable due in monthly installments of \$40,861, including interest at 2.99%, maturing in December 2031. The note is collateralized by a first real estate mortgage and assignment of rents on certain properties as described in the note agreement.

Ending Balance	Due Within One Year
\$ 3,669,623	\$ 384,106

Following is a summary of future principal maturities and interest requirements:

Year Ended June 30	Principal	Interest
2024	\$ 384,106	\$ 106,232
2025	396,199	94,139
2026	408,378	81,959
2027	420,932	69,406
2028	433,723	56,634
2029-2032	1,626,285	89,878
	<u>\$ 3,669,623</u>	<u>\$ 498,248</u>

9. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

The School carries commercial insurance for all the above mentioned types of risks of loss including general liability, property damage, workers' compensation, and medical benefits provided to employees. Settled claims have not exceeded the commercial coverage in any of the three prior years.

10. CONTINGENCIES

Federal Grant Programs

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

11. CHARTER AGENCY OVERSIGHT FEES

Pursuant to the charter contract between Grand Valley State University (the "Authorizer") and the School, the School pays the Authorizer an administrative oversight fee equal to 3% of the State School Aid foundation grant received by the School. For the year ended June 30, 2023, such fees amounted to \$255,811.

12. FUND BALANCES - GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Nonmajor Governmental Funds	Total
Restricted			
Memorial funds	\$ 47,812	\$ -	\$ 47,812
Food service program	-	182,779	182,779
	<u>47,812</u>	<u>182,779</u>	<u>230,591</u>
Committed			
Student/school activities	-	164,326	164,326
Assigned			
Capital improvements	-	14,318	14,318
Unassigned			
	<u>2,262,939</u>	-	<u>2,262,939</u>
Total fund balances - governmental funds	<u>\$ 2,310,751</u>	<u>\$ 361,423</u>	<u>\$ 2,672,174</u>

BLACK RIVER PUBLIC SCHOOL

Notes to Financial Statements

13. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2023, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated	\$ 501,938
Capital assets being depreciated, net	<u>10,970,482</u>
	11,472,420
Related debt:	
Note payable	<u>3,669,623</u>
Net investment in capital assets	<u><u>\$ 7,802,797</u></u>

14. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the School to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past several years, the School has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately \$643,000 was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the School.



This page intentionally left blank.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

BLACK RIVER PUBLIC SCHOOL

Detailed Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Local sources	\$ 1,030,700	\$ 1,065,618	\$ 1,033,965	\$ (31,653)
Intermediate sources	18,200	17,980	17,980	-
State sources	8,748,600	9,154,918	9,108,063	(46,855)
Federal sources	326,600	1,324,656	1,039,055	(285,601)
Total revenues	10,124,100	11,563,172	11,199,063	(364,109)
Expenditures				
Instruction:				
Elementary	1,968,600	2,049,795	1,844,833	(204,962)
Middle School	1,324,500	1,246,476	1,176,731	(69,745)
High School	1,903,300	1,992,000	1,986,146	(5,854)
Special education	808,900	926,365	899,354	(27,011)
Compensatory education	283,000	392,067	316,035	(76,032)
Total instruction	6,288,300	6,606,703	6,223,099	(383,604)
Supporting services:				
Pupil services	694,400	673,250	654,211	(19,039)
Instructional staff	142,600	159,400	153,256	(6,144)
Charter agency oversight	247,000	255,916	255,811	(105)
General administration	299,300	305,435	291,043	(14,392)
School administration	646,000	903,100	898,282	(4,818)
Support services business	200,500	280,900	296,098	15,198
Operation and maintenance	724,600	1,448,560	1,319,205	(129,355)
Pupil transportation services	83,200	83,350	93,956	10,606
Technology	184,700	173,900	160,945	(12,955)
Total supporting services	3,222,300	4,283,811	4,122,807	(161,004)
Athletics	178,700	199,320	195,457	(3,863)
Community services	21,900	31,100	31,639	539

continued...

BLACK RIVER PUBLIC SCHOOL

Detailed Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget
Expenditures (continued)				
Debt service:				
Principal	\$ 373,000	\$ 366,900	\$ 372,928	\$ 6,028
Interest and fiscal charges	120,000	124,438	117,410	(7,028)
Total debt service	<u>493,000</u>	<u>491,338</u>	<u>490,338</u>	<u>(1,000)</u>
Capital outlay	<u>400</u>	<u>400</u>	<u>-</u>	<u>(400)</u>
Total expenditures	<u>10,204,600</u>	<u>11,612,672</u>	<u>11,063,340</u>	<u>(549,332)</u>
Revenues over (under) expenditures	<u>(80,500)</u>	<u>(49,500)</u>	<u>135,723</u>	<u>185,223</u>
Other financing sources (uses)				
Insurance recoveries	1,500	5,500	5,484	(16)
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(1,910)</u>	<u>(3,090)</u>
Total other financing sources (uses)	<u>(3,500)</u>	<u>500</u>	<u>3,574</u>	<u>(3,074)</u>
Net change in fund balances	<u>(84,000)</u>	<u>(49,000)</u>	<u>139,297</u>	<u>188,297</u>
Fund balances, beginning of year	<u>2,171,454</u>	<u>2,171,454</u>	<u>2,171,454</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,087,454</u>	<u>\$ 2,122,454</u>	<u>\$ 2,310,751</u>	<u>\$ 188,297</u>

concluded

This page intentionally left blank.

NONMAJOR GOVERNMENTAL FUNDS

BLACK RIVER PUBLIC SCHOOL

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2023

	Special Revenue			Total
	Food Service	Student/School Activity	Capital Projects	
Assets				
Cash and cash equivalents	\$ 193,940	\$ 164,326	\$ 14,318	\$ 372,584
Due from other funds	48,641	-	-	48,641
Due from other governments	20,473	-	-	20,473
Total assets	<u>\$ 263,054</u>	<u>\$ 164,326</u>	<u>\$ 14,318</u>	<u>\$ 441,698</u>
Liabilities				
Accounts payable	\$ 23,780	\$ -	-	\$ 23,780
Due to other funds	56,495	-	-	56,495
Total liabilities	<u>80,275</u>	<u>-</u>	<u>-</u>	<u>80,275</u>
Fund balances				
Restricted	182,779	-	-	182,779
Committed	-	164,326	-	164,326
Assigned	-	-	14,318	14,318
Total fund balances	<u>182,779</u>	<u>164,326</u>	<u>14,318</u>	<u>361,423</u>
Total liabilities and fund balances	<u>\$ 263,054</u>	<u>\$ 164,326</u>	<u>\$ 14,318</u>	<u>\$ 441,698</u>

BLACK RIVER PUBLIC SCHOOL

Combining Statement of Revenues, Expenditures and Change in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Special Revenue			Total
	Food Service	Student/School Activity	Capital Projects	
Revenues				
Local sources	\$ 130,655	\$ 181,491	\$ 321	\$ 312,467
State sources	10,198		-	10,198
Federal sources	177,422	-	-	177,422
Total revenues	<u>318,275</u>	<u>181,491</u>	<u>321</u>	<u>500,087</u>
Expenditures				
Supporting services	-	121,359	-	121,359
Food services	305,442	-	-	305,442
Total expenditures	<u>305,442</u>	<u>121,359</u>	<u>-</u>	<u>426,801</u>
Revenues over expenditures	12,833	60,132	321	73,286
Other financing sources				
Transfers in	1,910	-	-	1,910
Net change in fund balances	14,743	60,132	321	75,196
Fund balances, beginning of year	168,036	104,194	13,997	286,227
Fund balances, end of year	<u>\$ 182,779</u>	<u>\$ 164,326</u>	<u>\$ 14,318</u>	<u>\$ 361,423</u>

Black River Public
School



Year Ended
June 30, 2023

Single Audit Act
Compliance

Rehmann

This page intentionally left blank.

BLACK RIVER PUBLIC SCHOOL

Table of Contents

	<u>Page</u>
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Schedule of Expenditures of Federal Awards	2
Notes to Schedule of Expenditures of Federal Awards	4
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5
Independent Auditors' Report on Compliance for the Major Federal Program and Internal Control over Compliance Required by the Uniform Guidance	7
Schedule of Findings and Questioned Costs	11
Summary Schedule of Prior Audit Findings	16
Corrective Action Plan	17



This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

October 12, 2023

Board of Trustees
Black River Public School
Holland, Michigan

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of **Black River Public School** (the "School") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon dated October 12, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 other 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Robson LLC



BLACK RIVER PUBLIC SCHOOL

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Approved Grant Award Amount
U.S. Department of Agriculture				
Child Nutrition Cluster:				
2021-2022 SSO Breakfast	10.553	MDE	221971	\$ 58,508
2021-2022 School Breakfast Program	10.553	MDE	221970	1,640
2022-2023 School Breakfast Program	10.553	MDE	231970	12,797
2021-2022 SSO Lunch	10.555	MDE	221961	258,878
2021-2022 Supply Chain Assistance	10.555	MDE	220910	20,736
2021-2022 National School Lunch Program	10.555	MDE	221960	15,250
2022-2023 SSO Lunch	10.555	MDE	230910	13,163
2022-2023 National School Lunch Program	10.555	MDE	231960	104,804
Entitlement commodities (non-cash)	10.555	MDE	n/a	8,418
Total Child Nutrition Cluster				
COVID-19 - Pandemic EBT Local Level Costs	10.649	MDE	210980	614
Total U.S. Department of Agriculture				
U.S. Department of Education				
Title I, Part A	84.010	MDE	221530-2022	97,447
Title I, Part A	84.010	MDE	231530-2023	93,063
Special Education Cluster:				
IDEA Special Education - Grants to States	84.027	OAISD	220450-2022	204,928
IDEA Special Education - Grants to States	84.027	OAISD	230450-2023	276,365
Title II, Part A	84.367	MDE	220520-2022	17,432
Title II, Part A	84.367	MDE	230520-2023	17,432
Student Support and Academic Enrichment Program	84.424	MDE	220750-2022	10,000
Student Support and Academic Enrichment Program	84.424	MDE	230750-2023	10,000
COVID-19 - Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) II Fund	84.425D	MDE	213712-2021	305,032
Elementary and Secondary School Emergency Relief (ESSER) III Fund	84.425U	MDE	213713-2122	685,544
Total U.S. Department of Education				
Total Federal Financial Assistance				

See notes to schedule of expenditures of federal awards.

Accrued (Unearned) Revenue June 30, 2022	Current Year Cash Received	Expenditures (Memo Only) Prior Year(s)	Expenditures Year Ended June 30, 2023	Accrued (Unearned) Revenue June 30, 2023
\$ 3,272	\$ 3,272	\$ 58,508	\$ -	\$ -
-	1,640	-	1,640	-
-	10,260	-	12,797	2,537
<u>3,272</u>	<u>15,172</u>	<u>58,508</u>	<u>14,437</u>	<u>2,537</u>
14,103	14,103	258,878	-	-
-	20,736	-	20,736	-
-	15,250	-	15,250	-
-	13,163	-	13,163	-
-	86,868	-	104,804	17,936
-	8,418	-	8,418	-
<u>14,103</u>	<u>158,538</u>	<u>258,878</u>	<u>162,371</u>	<u>17,936</u>
17,375	173,710	317,386	176,808	20,473
-	614	-	614	-
<u>17,375</u>	<u>174,324</u>	<u>317,386</u>	<u>177,422</u>	<u>20,473</u>
97,447	97,447	97,447	-	-
-	-	-	93,063	93,063
<u>97,447</u>	<u>97,447</u>	<u>97,447</u>	<u>93,063</u>	<u>93,063</u>
204,928	204,928	204,928	-	-
-	26,805	-	276,365	249,560
<u>204,928</u>	<u>231,733</u>	<u>204,928</u>	<u>276,365</u>	<u>249,560</u>
17,432	-	17,432	-	17,432
-	-	-	17,427	17,427
<u>17,432</u>	<u>-</u>	<u>17,432</u>	<u>17,427</u>	<u>34,859</u>
10,000	10,000	10,000	-	-
-	-	-	10,000	10,000
<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
-	-	152,075	152,957	152,957
-	489,243	-	489,243	-
<u>-</u>	<u>489,243</u>	<u>152,075</u>	<u>642,200</u>	<u>152,957</u>
<u>329,807</u>	<u>828,423</u>	<u>481,882</u>	<u>1,039,055</u>	<u>540,439</u>
<u>\$ 347,182</u>	<u>\$ 1,002,747</u>	<u>\$ 799,268</u>	<u>\$ 1,216,477</u>	<u>\$ 560,912</u>

BLACK RIVER PUBLIC SCHOOL

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Black River Public School (the "School") under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, or changes in net position of the School.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the School's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been incurred and all grant requirements have been met. The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue and accounts payable items at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports. The amounts reported on the Grant Auditor Report reconcile with this Schedule.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the School has not elected to use the 10% de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The School receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
OAISD	Ottawa Area Intermediate School District



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

October 12, 2023

Board of Trustees
Black River Public School
Holland, Michigan

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, the major fund, and the aggregate remaining fund information of **Black River Public School** (the "School"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

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

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2023-001 and -002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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*.

Black River Public School’s Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 School’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.

A handwritten signature in black ink that reads "Rehman Johnson LLC". The signature is written in a cursive style with a large, stylized 'R' and 'J'.

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

October 12, 2023

Board of Trustees
Black River Public School
Holland, Michigan

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited the compliance of ***Black River Public School*** (the "School") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on 84.425 Education Stabilization Fund program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its 84.425 Education Stabilization Fund program for the year ended June 30, 2023.

Basis for Qualified Opinion

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

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



Matter Giving Rise to Qualified Opinion on 84.425 Education Stabilization Fund Program

As described in item 2023-003 in the accompanying schedule of findings and questioned costs, the School did not comply with the Special Tests and Provisions requirement applicable to its 84.425 Education Stabilization Fund program. Compliance with this requirement is necessary, in our opinion, for the School to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Independent Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-004. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the School's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

BLACK RIVER PUBLIC SCHOOL

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported
Type of auditors' report issued on compliance for major programs:	<u>Qualified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u> yes	<u> </u> no

Identification of major programs:

Assistance Listing Number

Name of Federal Program or Cluster

84.425

Education Stabilization Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

BLACK RIVER PUBLIC SCHOOL

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-001 - Segregation of Incompatible Duties (repeat finding)

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Criteria. Management is responsible for establishing and maintaining effective internal control over financial reporting and the safeguarding of the School's assets. In establishing appropriate internal controls, careful consideration must be given to the cost of a particular control and the related benefits to be received. Accordingly, management must make the difficult decision of what degree of risk it is willing to accept, given the School's unique circumstances. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the assets resulting from the transaction. Effectively, proper segregation of duties is intended to prevent an individual from committing an act of fraud or abuse and being able to conceal it.

Condition. As is the case with entities of similar size, the School either lacks a sufficient number of accounting personnel or did not properly delegate responsibilities in order to ensure a complete segregation of duties within its accounting function. Specifically, we noted the School did not have a review being completed (or was not documented) for most processes, including but not limited to bank reconciliations and journal entries, and several duties regarding cash receipts are being completed by the same individual.

Cause. This condition was the result of limited staff in the accounting department, and a lack of properly delegating various responsibilities to ensure proper segregation.

Effect. As a result of this condition, the School is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management on a timely basis.

Recommendation. While there are no easy answers to the challenge of balancing the costs and benefits of internal control and segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation and approval of accounting functions by qualified members of management as possible.

View of Responsible Officials. Management concurs with the finding. The School was short one position for approximately six months during 2022-23. The position was finally filled at the start of 2023. With that being said, a period of catchup started and training of the new employee. While we are still behind, we will get caught up and make sure the bank reconciliations and other required documents will be completed in a much timelier basis.

BLACK RIVER PUBLIC SCHOOL

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-002 - Material Audit Adjustments

Finding Type: Material Weakness in Internal Controls over Financial Reporting

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. We identified and proposed material audit adjustments to several audit areas during the course of the audit, including cash, receivables, payables, internal balances, and federal revenue. In addition, due to the volume of adjustments required from the originally provided trial balance, a new version of the trial balance was provided subsequent to the week of initial audit fieldwork.

Cause. This condition was the result of internal controls not detecting all adjustments necessary to properly state year-end balances.

Effect. As a result of this condition, the School's accounting records were initially misstated by amounts material to the financial statements.

Recommendation. Management has already taken appropriate corrective action by posting correcting journal entries. However, we recommend that the School prepare, review, and reconcile all year-end balances as well as the schedules that are used in financial reporting prior to audit fieldwork.

View of Responsible Officials. Management concurs with the finding. The Business Office was behind this year due to staff vacancy and turnover. For 2023-24, with a full staff, the year-end balances and schedules will be prepared in a timely manner for the year-end audit.

BLACK RIVER PUBLIC SCHOOL

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-003 - Wage Rate Requirements

Finding Type: Material Noncompliance/Material Weakness in Internal Control over Compliance (Special Tests and Provisions).

Program: Education Stabilization Fund; U.S. Department of Education; passed through the Michigan Department of Education; Assistance Listing Numbers 84.425D and 84.425U; Award Numbers 213712-2021 and 213713-2122.

Criteria. The Uniform Guidance requires that all laborers and mechanics employed by contractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL). Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with those requirements and the DOL regulations, which include a requirement to obtain weekly certified payrolls from contractors.

Condition. The School did not include the federal wage rate requirements in their contracts and did not obtain the required certified payrolls for its contractors subject to the federal rate requirements.

Cause. The School did not have the proper internal controls in place to ensure that all contracts awarded have complied with federal requirements.

Effect. As a result of this condition, the School did not follow federal requirements to include the prevailing wage rate provision in its contract.

Questioned Costs. The total charges that were not supported by appropriate prevailing wage documentation amount to \$489,293.

Recommendation. We recommend that the School reviews its policies to ensure that applicable prevailing wage requirements are included in construction contracts whenever federal funds are used and certified payrolls are obtained.

View of Responsible Officials. Management concurs with the finding. Going forward, if Black River participates in a federally funded project, we will make sure that prevailing wage requirements will be included in the contract.

BLACK RIVER PUBLIC SCHOOL

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-004 - Equipment and Real Property Management

Finding Type: Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Real Property and Equipment Management).

Program: Education Stabilization Fund; U.S. Department of Education; passed through the Michigan Department of Education; Assistance Listing Numbers 84.425D and 84.425U; Award Numbers 213712-2021 and 213713-2122.

Criteria. The Uniform Guidance requires entities that purchase equipment and real property to maintain records which indicate which of those assets were purchased with federal funds, and to conduct a physical inventory of equipment purchased with federal funds at least once every two years.

Condition. The School has not conducted a physical inventory of equipment in accordance with the requirements of the Uniform Guidance.

Cause. This condition was caused by a lack of complete understanding of the requirements associated with equipment and real property management.

Effect. As a result of this condition, the School did not comply with the requirements of the Uniform Guidance, which could also result in further noncompliance if equipment and real property are disposed in future years as a result of not having completed the physical inventory.

Questioned Costs. No costs have been questioned as a result of this finding inasmuch as no disallowed costs were identified.

Recommendation. We recommend that the School take physical inventory counts of all equipment and real property purchased with federal funds at least once every two years.

View of Responsible Officials. Management concurs with the finding. The School will perform an inventory of equipment purchased with federal funds. Since it is almost November 2023, will try to get this done by June 30, 2024 or definitely in 2024-25.



BLACK RIVER PUBLIC SCHOOL

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2023

2022-001 - Segregation of Incompatible Duties

As is the case with entity's of similar size, and due to certain employee leaves during the fiscal year, the School either lacks a sufficient number of accounting personnel or did not properly delegate responsibilities in order to ensure a complete segregation of duties within its accounting function. Specifically, we noted the School had a lack of review being completed (or was not documented) for most processes, including but not limited to a journal entries. This finding has been repeated as finding 2023-001.





BLACK RIVER

PUBLIC SCHOOL

10/12/2023

Corrective Action Plan

Pursuant to federal regulations, Uniform Administrative Requirements Section 200.511, the following are the findings as noted in the Black River Public School Single Audit report for the year ended June 30, 2023, and corrective actions to be completed.

2023-001 - Segregation of Incompatible Duties

Auditor Description of Condition and Effect. As is the case with entities of similar size, the School either lacks a sufficient number of accounting personnel or did not properly delegate responsibilities in order to ensure a complete segregation of duties within its accounting function. Specifically, we noted the School did not have a review being completed (or was not documented) for most processes, including but not limited to bank reconciliations and journal entries, and several duties regarding cash receipts are being completed by the same individual. As a result of this condition, the School is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management on a timely basis.

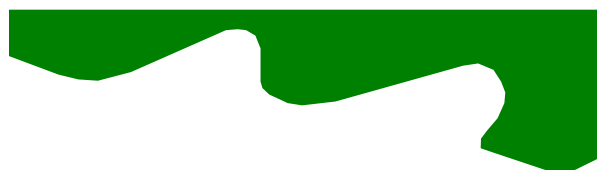
Corrective Action. The School was short one position for approximately six months during 2022-23. The position was finally filled at the start of 2023. With that being said, a period of catchup started and training of the new employee. While we are still behind, we will get caught up and make sure the bank reconciliations and other required documents will be completed in a much timelier basis.

Responsible Person. John Zoellner - Director of Business

Anticipated Completion Date. June 30, 2023

2023-002 - Material Audit Adjustments

Auditor Description of Condition and Effect. We identified and proposed material audit adjustments to several of the audit areas during the course of the audit, including cash, receivables, payables, internal accounts, and federal revenue. In addition, due to the volume of adjustments required from the originally provided trial balance, a new version of the trial balance was provided subsequent to the week of initial audit fieldwork. As a result of this condition, the School's accounting records were initially misstated by amounts material to the financial statements.



BLACK RIVER

PUBLIC SCHOOL

10/12/2023

Corrective Action Plan - Continued

Corrective Action. Corrective Action. The Business Office was behind this year due to staff vacancy and turnover. For 2023-24, with a full staff, the year-end balances and schedules will be prepared in a timely manner for the year-end audit.

Responsible Person. John Zoellner - Director of Business

2023-003 - Wage Rate Requirements

Auditor Description of Condition and Effect. The School did not include the federal wage rate requirements in their contracts and did not obtain the required certified payrolls for its contractors subject to the federal rate requirements. As a result of this condition, the School did not follow federal requirements to include the prevailing wage rate provision in its contract.

Auditor Recommendation. We recommend that the School reviews its policies to ensure that applicable prevailing wage requirements are included in construction contracts whenever federal funds are used and certified payrolls are obtained.

Corrective Action. Going forward, if Black River participates in a federally funded project, we will make sure that prevailing wage requirements will be included in the contract.

Responsible Person. John Zoellner - Director of Business

2023-004 - Equipment and Real Property Management

Auditor Description of Condition and Effect. The School has not conducted a physical inventory of equipment in accordance with the requirements of the Uniform Guidance. As a result of this condition, the School did not comply with the requirements of the Uniform Guidance, which could also result in further noncompliance if equipment and real property are disposed in future years as a result of not having completed the physical inventory.

Corrective Action. The District will perform an inventory of equipment purchased with federal funds. Since it is almost November 2023, will try to get this done by June 30, 2024 or definitely in 2024-25.

Responsible Person. John Zoellner - Director of Business

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 12, 2023

Board of Trustees
Black River Public School
Holland, Michigan

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of **Black River Public School** (the "School") as of and for the year ended June 30, 2023, and have issued our report thereon dated October 12, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 14, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the School solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated October 12, 2023. In addition, we noted certain other matters which are included in Attachment A to this letter.



Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the risks of management override of internal control, improper revenue recognition, and the completeness of subscription-based information technology arrangements (SBITAs) as significant risks, and have obtained an understanding of the School's related controls, including control activities, relevant to such risks.

Qualitative Aspects of the School's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the School is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

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

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements detected as a result of audit procedures and corrected by management are described in the Schedule of Findings and Questioned Costs issued in connection with the Single Audit.

The schedule of adjustments passed is included with management's written representations in Attachment C to this letter, and summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the School's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment C to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the School, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the School's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of Black River Public School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

BLACK RIVER PUBLIC SCHOOL

Attachment A - Comments and Recommendations

For the June 30, 2023 Audit

During our audit, we became aware of certain other matters that are opportunities for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comment and recommendation regarding those matters. Our consideration of the School's internal control over financial reporting is described in our report, dated October 12, 2023, issued in accordance with *Government Auditing Standards*. This memorandum does not affect that report or our report dated October 12, 2023, on the financial statements of Black River Public School.

Review and Approval of Pay Rates

We noted that staff contracts were not signed by either the employees or School management. We recommend that the School maintain adequate documentation to support each employee's pay rate and that documentation contain approval by the appropriate individual.

Escheating of Checks (repeat comment)

During our testing of bank reconciliations, we noted checks dated as far back as 2011 that have not cleared the bank. We recommend that the School review the State guidance for escheating of checks and follow the necessary steps to ensure this is completed.

Prenumbered Check Stock (repeat comment)

We noted that the School does not use prenumbered checks. Storing blank checks (unnumbered) increases the likelihood that checks will be issued using a duplicate number. We recommend that the School maintain and utilize prenumbered checks.

Information Security Policy and Risk Assessment

The School has procedures in place to protect the School's systems against unauthorized access and provide security over its data. We recommend management create a formal written information security policy. This document should incorporate the School's user acceptable policy and risk assessment methods to identify potential security threats. The School should also consider performing an information technology risk assessment to identify all information security risks that the School is exposed to, rank the risk, and then determine the residual risk based on the controls that are deployed at the School.



BLACK RIVER PUBLIC SCHOOL

Attachment B - Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2023 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the School in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the School. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 100 ■ Accounting Changes and Error Corrections

Effective 06/15/2024 (your FY 2024)

This standard clarifies the presentation and disclosure requirements for prior period adjustments to beginning net position. We do not expect this standard to have any significant effect on the School.

GASB 101 ■ Compensated Absences

Effective 12/15/2024 (your FY 2025)

This standard revises the liability governments record for compensated absences payable to include any sick, vacation, personal time, or other PTO reasonably expected to be used by employees or paid out to them at termination.



BLACK RIVER PUBLIC SCHOOL

Attachment C - Management Representations

For the June 30, 2023 Audit

The following pages contain the written representations that we requested from management.



October 12, 2023

Rehmann Robson LLC
2330 East Paris Ave. SE
Grand Rapids, MI 49546

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of ***Black River Public School*** (the “School”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and the budgetary comparison for the general fund of the School in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 12, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 14, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
4. With respect to any assistance you provided in drafting the financial statements and related notes, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and

- e. Established and maintained internal controls, including monitoring ongoing activities.
5. We acknowledge our responsibility 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.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
10. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
13. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14. All funds and activities are properly classified.
15. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
16. All components of net position and fund balance classifications have been properly reported.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Special items and extraordinary items have been properly classified and reported.
21. Deposit and investment risks have been properly and fully disclosed.
22. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
23. All required supplementary information is measured and presented within the prescribed guidelines.
24. In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the School to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past several years, the School has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately \$643,000 was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the School.

Information Provided

25. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
26. All transactions have been recorded in the accounting records and are reflected in the financial statements.
27. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
28. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
29. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.

30. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
31. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
32. We have a process to track the status of audit findings and recommendations.
33. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
34. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
35. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
36. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
37. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
38. The School has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
39. We have disclosed to you all guarantees, whether written or oral, under which the School is contingently liable.
40. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
41. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
42. The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
43. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

44. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Supplementary Information in Relation to the Financial Statements as a Whole

45. With respect to the supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Required Supplementary Information

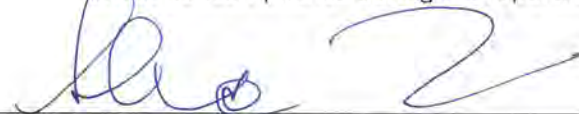
46. With respect to the required supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Uniform Guidance (2 CFR 200)

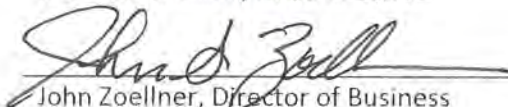
47. With respect to federal awards, we represent the following to you:

- a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance.
- b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
- c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
- d. The methods of measurement or presentation have not changed from those used in the prior period.
- e. We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- f. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- g. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
- h. When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- i. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- j. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program; and we have complied, in all material respects, with these requirements.
- k. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- l. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- m. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs.

- n. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- o. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- p. We have charged costs to federal awards in accordance with applicable cost principles, including amounts claimed or used for matching determined in accordance with relevant guidelines in the Uniform Guidance.
- q. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- s. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- u. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- v. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by the Uniform Guidance, and we are responsible for preparing and implementing a correction action plan for each audit finding.
- w. The reporting package does not contain protected personally identifiable information.
- x. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- y. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- z. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.



Shannon Brunink, Head of School



John Zoellner, Director of Business

BLACK RIVER PUBLIC SCHOOL

Schedule of Adjustments Passed (SOAP)

For the June 30, 2023 Audit

In accordance with generally accepted auditing standards, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. We are providing this schedule to both management and those charged with governance to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Equity	Revenues	Expenses/ Expenditures
General fund					
Estimated overstatement of the year-end profit sharing accrual	\$ -	\$ 18,621	\$ 9,623	\$ -	\$ 28,244
Prior year estimated understatement of the year-end retirement match accrual	-	-	7,388	-	7,388
Total General fund	<u>\$ -</u>	<u>\$ 18,621</u>	<u>\$ 17,011</u>	<u>\$ -</u>	<u>\$ 35,632</u>
Misstatement as a percentage of total revenues	0.00%	0.17%	0.15%	0.00%	0.32%
Governmental Activities					
Effect of misstatements noted above	\$ -	\$ 18,621	\$ 17,011	\$ -	\$ 35,632
Unrecorded lease asset/liability	(11,318)	(12,089)	555	-	(216)
Total Governmental Activities	<u>\$ (11,318)</u>	<u>\$ 6,532</u>	<u>\$ 17,566</u>	<u>\$ -</u>	<u>\$ 35,416</u>
Misstatement as a percentage of total assets	-0.07%	0.04%	0.12%	0.00%	0.23%