HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

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

For the Year Ended June 30, 2024

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

TABLE OF CONTENTS

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
A Regional Firm with Offices throughout Michigan

Iron Mountain Office:
Shane M. Ellison, CPA, PC - Principal
Lynn M. Mott, MSA - Principal

Michelle Christian, BSA - Senior

Member of:
Private Companies Practice Section
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Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Houghton-Portage Township School District
Houghton, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information, of the Houghton-Portage Township School District ("District"), as of and for the year ended June 30,2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

201 E. HUGHITT, IRON MOUNTAIN, MICHIGAN 49801 PHONE (906) 774-4300 FAX (906) 774-6926

- 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 District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and other post-employment benefits schedules as reported in the table of contents be presented to supplement the basic financial statements. Such information, 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October__, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 District's internal control over financial reporting and compliance.

Anderson Tackman & Co. PLC

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Iron Mountain, Michigan

October 2, 2024

Houghton-Portage Township School District
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Houghton-Portage Township School District's Management Discussion and Analysis is intended to assist the reader to focus on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position including its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board (GASB) Statement No. 34 (GASB 34) as amended by GASB Statement No. 63, GASB Statement No. 65, and GASB Statement No. 68 and 75, GASB Statement No. 71 an amendment of GASB Statement No. 68, GASB 84, GASB 87, and GASB 96 and is intended to provide the financial results for the fiscal year ending June 30, 2024.

Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

Basic Financial Statements

District-Wide Financial Statements **Fund Financial Statements**

Notes to the Basic Financial Statements

(Required Supplementary Information)
(Other than MD&A expanded)

GASB 34, as amended by GASB Statement No. 63 and 65, requires the presentation of two basic types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

District-Wide Financial Statements

The District-Wide Financial Statements provide a perspective of the District as a whole. These financial statements use the full accrual basis of accounting similar to private sector companies. There are two District-Wide Financial Statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds: current financial resources (short-term available resources) (assets, liabilities, and deferred outflow/inflows of resources) with capital assets and long-term obligations, regardless of their current availability.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

The Fund Financial Statements are similar to financial presentations of years past but are focused on the District's Major Funds rather than fund types as in the past. The two Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounts. Under this basis of accounting, revenues are recorded when received, except when they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period those goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year, and future debt obligations are not recorded.

Fund Financial Statements

Fund types include the General Fund, Food Service Fund, Student Activities Fund, Community Services Fund, Debt Retirement Fund, Capital Projects Funds. The General Fund is used primarily to account for the general education requirements of the District. For fiscal year ending June 30, 2024 and 2023 Athletics is combined with General Fund. Its revenues are derived from property taxes, state and federal distributions and grants, and other intergovernmental revenues. The Food Service Fund is used to record food service revenues derived from local, state and federal sources and expenses associated with running the food service program. The Debt Retirement Fund is used to record the funding and payment of principal and interest on bonded debt. The Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities. The Community Services Fund is used to account for daycares services provided by the District. The Student Activities Fund accounts for assets held by the District as an agent for various student groups and related activities.

Financial Analysis of the District as a Whole

The School District's net position was \$(11,506,215) at June 30, 2024, compared to \$(15,250,701) at June 30, 2023. Total net position can be separated into three categories: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets are a combination of funds available for capital assets less accumulated depreciation and related debt. The original cost of capital assets was \$44,170,832 at June 30, 2024, and \$43,225,849 at June 30, 2023. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less any estimated salvage value, expensed over the estimated use life of the assets. Total accumulated depreciation was \$17,982,326 at June 30, 2024, and \$17,048,124 at June 30, 2023. Total debt related to capital assets was \$22,630,737 at June 30, 2024, and \$24,847,554 at June 30, 2023.

Restricted by their nature are restricted for use by laws or regulations by the State of Michigan. These funds totaled \$1,491,632 at June 30, 2024, compared to \$2,169,821 at June 30, 2023.

The remaining balance of unrestricted represents a deficit balance of \$(16,555,616) at June 30, 2024, and \$(18,750,693) at June 30, 2023. The deficit balances are a result of GASB Statement No. 68, and GASB 75 effective for fiscal years beginning after June 15, 2014 and June 15, 2017 respectively. Additional information regarding GASB Statement No. 68 and 75 can be found in the audit report under Notes 7 and 8.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-Wide results of operations for the years ended June 30, 2024 and June 30, 2023 is as follows on the next page:

Summary of Net Position

	June 30, 2024	June 30, 2023
Assets:		
Current assets	$ 8,137,546	$ 8,157,831
Net capital assets	26,603,530	26,177,725
Total assets	34,741,076	34,335,556
Deferred pension and OPEB outflows	7,387,172	8,603,808
Liabilities:		
Current liabilities	10,501,356	9,975,734
Long term liabilities	37,260,855	44,745,666
Total liabilities	47,762,211	54,721,400
Deferred pension and OPEB inflows	5,872,252	3,468,665
Net Position:		
Invested in capital assets	3,557,769	1,330,171
Restricted	1,491,632	2,169,821
Unrestricted	(16,555,616)	(18,750,693)
Total Net Position	$ (11,506,215)	$ (15,250,701)

Statement of Activities

	June 30, 2024	June 30, 2023
Program revenue		
Charges for services - local and support	$ 525,376	$ 488,152
Operating grants - federal, state, and local	1,445,611	1,862,085
Total program revenue	1,970,987	2,350,237
General revenue		
Property taxes levied for general operations	4,693,072	4,661,247
State revenue sharing	12,024,920	14,550,640
Other - federal, state, and local	5,093,997	1,186,032
Total general revenue	21,811,989	20,397,919
Total revenue	23,782,976	22,748,156
Expenses		
Instruction	10,805,057	11,287,735
Support services	4,225,997	4,316,257
School service	2,362,891	1,972,566
Community service	190,370	197,196
Interest and fees on long term debt	1,344,050	1,665,446
Depreciation	1,110,125	1,085,872
Total expenses	20,038,490	20,525,072
Change in net position	3,744,486	2,223,084
Net Position July 1	(15,250,701)	(17,473,785)
Net Position June 30	$ (11,506,215)	$ (15,250,701)

GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS

The overall condition of the governmental funds has increased during June 30, 2024 and increased during June 30, 2023. In the General Fund, the excess of revenues over expenditures totaled $678,305 during fiscal year 2024, and the excess of revenues over expenditures totaled $1,715,171 during fiscal year 2023. The primary factors that contributed to the difference from fiscal year 2023 to fiscal year 2024 were increases in state and federal revenues.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments are known. The most significant fund budgeted is the General Fund operations. The General Fund operating budget was amended monthly during fiscal year 2024.

General Fund Operations

In the General Fund operations, the actual revenue for fiscal year June 30, 2024 was $18,300,101. This is above the original budget of $16,169,732 and above the final budget of $17,368,795 - a variance of 5.09%. The actual expenditures of the general fund for fiscal year June 30, 2024 operations were $17,646,564. This is above the original budget of $16,165,606 and above the final budget of $17,373,764 - a variance of 1.55%.

GOVERNMENTAL FUND EXPENDITURES

Below is a summary of the governmental fund expenditures and their percentages as they relate to total governmental funds:

	Total Expenditures June 30, 2024	Percentage	Total Expenditures June 30, 2023	Percentage
General Fund	$ 17,646,564	74.27%	$ 16,158,540	75.77%
Debt Service	3,346,170	14.08%	3,226,454	15.13%
Capital Projects	356,318	1.50%	392,364	1.84%
Food Service	1,927,954	8.11%	1,071,837	5.03%
Nonmajor Funds	482,649	2.03%	475,666	2.23%
Total Expenditures	$ 23,759,655	100.00%	$ 21,324,861	100.00%

TOTAL REVENUES

Below is a summary of the governmental fund revenues and their percentages as they relate to governmental funds.

	Total Revenue June 30, 2024	Percentage	Total Revenue June 30, 2023	Percentage
State revenue sharing	$ 16,209,026	68.14%	$ 14,624,299	64.28%
Prop taxes general operation	1,884,482	7.92%	1,990,203	8.75%
Operating grants federal, state, and local	1,445,611	6.08%	1,862,085	8.18%
Prop taxes debt retirement	2,808,590	11.81%	2,671,044	11.74%
Loan proceeds	417,537	1.76%	519,396	2.28%
Transfers in	4,510	0.02%	4,180	0.02%
Other	1,017,732	4.28%	1,081,129	4.75%
Total Revenues	$ 23,787,488	100.00%	$ 22,752,336	100.00%

Unrestricted State Aid

The District is predominately funded by State Aid based on a blended count formula that the State of Michigan utilizes. State revenues to the District have increased due to property tax decreases as compared to enrollment figures from the previous year. State aid blended membership was 1,468.

Property Taxes

The District levied 17.2832 mills of property taxes on all Non-Homestead property located within the District for General Fund operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value.

The District levied 9.64 mills of property taxes on all classes of property located within the District for bonded debt retirement. The levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations.

Operating Grants Federal, State, and Local

The primary sources are the Federal Title I/II/IV-Part A Programs, the State funded At Risk Program and the Special Education Obligation funds required under the Headlee Amendment, State of Michigan legislation. Both Title I-Part A and At-Risk Programs assist students who are deemed to be at risk in the instruction process. For the 2023-2024 fiscal year, the District has utilized $146,249 and $519,934 for the Title I/II/IV-Part A and the State At-Risk programs. For fiscal year 2024 the State, under the Headlee amendment, is obligated to remit to the District $293,867.

ENROLLMENT

The District's 2023-2024 State aid blended membership enrollments was 1,468. This is an increase of 33 full-time equivalent students from the previous year. Houghton-Portage Township School District is located in Michigan's Upper Peninsula. The area has experienced economic downturn in previous years but has seen an increase in employment opportunities due to some large area businesses. As a result of this, more families have moved to the area. The county however continues to experience declining birth rates from previous years. The increase in enrollment is due to families moving into the area and school of choice.

Enrollment changes over the last ten years can be illustrated as follows:

Fiscal Year	Student Enrollment (FTE)	Increase (Decrease) in Student Membership (FTE)
2024	1468	33
2023	1435	31
2022	1404	(10)
2021	1414	(14)
2020	1428	19
2019	1409	(15)
2018	1424	45
2017	1379	29
2016	1350	(26)
2015	1376	(1)

Student enrollment is important to the financial health of the District because state funding is based on a per pupil formula.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2024, the District had $44,170,832 invested in land and building, furniture and equipment, vehicles and buses compared to $43,225,849 at June 30, 2023. Of this amount, $17,982,326 and $17,048,124 has been depreciated at June 30, 2024 and June 30, 2023 respectively. Net book value totaled $26,188,506 at June 30, 2024, and $26,177,725 at June 30, 2023. Due to budget constraints related to the State of Michigan financial status, the ability to maintain these buildings is becoming increasingly difficult. The District maintains a $5,000 threshold for capitalization of assets.

Outstanding Debt at Year End

As of June 30, 2024, the District had $16,295,000 in bonds outstanding, compared to $18,745,000 at June 30, 2023. The District collects bonded debt across the total property values. Therefore, total growth in valuation is an important element in determining the District's ability to retire bonded debt and/or to incur additional bond debt.

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this report.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of the Houghton-Portage Township School District. For additional detailed financial information contact:

Sara Marcotte
Business Manager
Houghton-Portage Township School District
1603 Gundlach Road
Houghton, MI 49931
Office Telephone (906) 482-0450, ext. 1010

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities
ASSETS:	
Current assets:	
Cash and equivalents	$ 3,632,313
Investments	1,266,751
Accounts receivable	38,042
Due from other governments	3,076,053
Inventory	124,387
Total current assets	8,137,546
Noncurrent assets:	
Capital assets	44,170,832
Accumulated depreciation	(17,982,326)
Net other post employment benefits asset	415,024
Total noncurrent assets	26,603,530
TOTAL ASSETS	34,741,076
DEFERRED OUTFLOWS OF RESOURCES:	
Pension outflow	5,721,092
Other post employment benefits outflow	1,666,080
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,387,172
LIABILITIES:	
Current liabilities:	
Accounts payable	144,426
Accrued salaries	93,389
Accrued interest	784,862
Accrued expenses	183,851
Due to other governments	262,742
Compensated absences	161,349
School bond loan	5,052,253
Bonds payable	2,535,000
Unamortized bond premium	1,283,484
Total current liabilities	10,501,356
Noncurrent liabilities:	
Bonds payable	13,760,000
Net pension liability	23,500,855
Total noncurrent liabilities	37,260,855
TOTAL LIABILITIES	47,762,211
DEFERRED INFLOWS OF RESOURCES:	
Pension inflow	2,509,970
Other post employment benefits inflow	3,362,282
TOTAL DEFERRED INFLOWS OF RESOURCES	5,872,252

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities
NET POSITION:	
Net investment in capital assets	3,557,769
Restricted	1,491,632
Unrestricted	(16,555,616)
TOTAL NET POSITION	$ (11,506,215)

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

The accompanying notes to the financial statements are an integral part of this statement.

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenue: Fees, Fines and Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government: Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	$ (10,805,057)	$ -	$ 560,989	$ -	$ (10,244,068)
Support	(4,225,997)	-	-	-	(4,225,997)
Community service	(190,370)	244,103	-	-	53,733
School service	(2,362,891)	281,273	884,622	-	(1,196,996)
Depreciation	(1,110,125)	-	-	-	(1,110,125)
Debt interest, fees and expenses	(1,344,050)	-	-	-	(1,344,050)
TOTAL PRIMARY GOVERNMENT	(20,038,490)	525,376	1,445,611	-	(18,067,503)
General revenues:					
Property taxes					$ 4,693,072
State revenue sharing					12,024,920
Unrestricted investment earnings					92,494
Other					5,001,503
Total general revenues and transfers					21,811,989
Changes in net position					3,744,486
Net position, beginning of year, restated					(15,250,701)
Net position, end of year					$ (11,506,215)

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2024

	General	Debt Service	Capital Projects Bond Fund	Special Revenue Food Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and equivalents	$ 1,260,274	$ 41,445	$ -	$ 969,946	$ 1,360,648	$ 3,632,313
Investments	1,266,751	-	-	-	-	1,266,751
Accounts receivable	3,084	5,733	-	29,225	-	38,042
Due from other governments	2,955,010	-	-	121,043	-	3,076,053
Due from other funds	1,002,096	-	-	47,655	8,686	1,058,437
Inventory	-	-	-	124,387	-	124,387
TOTAL ASSETS	$ 6,487,215	$ 47,178	$ -	$ 1,292,256	$ 1,369,334	$ 9,195,983
LIABILITIES:						
Accounts payable	$ 126,610	$ -	$ -	$ 15,031	$ 2,785	$ 144,426
Accrued salaries	57,443	-	-	24,884	11,062	93,389
Accrued expenses	183,851	-	-	-	-	183,851
Due to other governments	262,742	-	-	-	-	262,742
Due to other funds	19,450	31,401	-	652,732	354,854	1,058,437
TOTAL LIABILITIES	650,096	31,401	-	692,647	368,701	1,742,845
FUND BALANCE AND OTHER CREDITS:						
Fund balances:						
Nonspendable	-	-	-	124,387	-	124,387
Restricted	-	15,777	-	475,222	1,000,633	1,491,632
Unassigned	5,837,119	-	-	-	-	5,837,119
TOTAL FUND BALANCE AND OTHER CREDITS	5,837,119	15,777	-	599,609	1,000,633	7,453,138
TOTAL LIABILITIES, FUND BALANCE AND OTHER	$ 6,487,215	$ 47,178	$ -	$ 1,292,256	$ 1,369,334	$ 9,195,983

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP DISTRICT SCHOOLS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

For the Year Ended June 30, 2024

Total fund balances for governmental funds		$ 7,453,138
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Total capital assets	$ 44,170,832	
Accumulated depreciation	(17,982,326)	
Net capital assets		26,188,506
Deferred outflows of resources and deferred inflows of resources related to pensions (including other post employment benefits - OPEB) are not financial resources and therefore are not reported in the funds. Those resources consist of:		
Deferred outflows of pension and OPEB resources	7,387,172	
Deferred inflows of pension and OPEB resources	(5,872,252)	
Net deferred pension sources		1,514,920
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.		
Accrued interest on long-term debt		(784,862)
Bonds payable	(16,295,000)	
Bond loan payable	(5,052,253)	
Unamortized bond premium	(1,283,484)	
Compensated absences	(161,349)	
Net OPEB asset	415,024	
Net pension liability	(23,500,855)	(45,877,917)
Total net position of governmental activities		$ (11,506,215)

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HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

	General	Debt Service	Capital Projects Bond Fund	Special Revenue Food Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Local sources	$ 2,104,319	$ 2,819,226	$ 3,847	$ 206,952	$ 547,182	$ 5,681,526
State sources	15,634,793	12,740	-	561,493	-	16,209,026
Federal sources	560,989	-	-	884,622	-	1,445,611
TOTAL REVENUES	18,300,101	2,831,966	3,847	1,653,067	547,182	23,336,163
EXPENDITURES:						
Instruction	12,037,792	-	-	-	-	12,037,792
Supporting services	4,859,809	-	356,318	-	4,320	5,220,447
Debt service	-	3,346,170	-	-	-	3,346,170
School service	732,970	-	-	1,927,954	286,869	2,947,793
Community services	15,993	-	-	-	191,460	207,453
TOTAL EXPENDITURES	17,646,564	3,346,170	356,318	1,927,954	482,649	23,759,655
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	653,537	(514,204)	(352,471)	(274,887)	64,533	(423,492)
OTHER FINANCING SOURCES (USES):						
Payments received from other governmental units	20,278	-	-	-	-	20,278
Other sources	9,000	-	-	-	-	9,000
Transfers in	-	-	-	4,510	-	4,510
Transfers (out)	(4,510)	-	-	-	-	(4,510)
Loan proceeds	-	417,537	-	-	-	417,537
TOTAL OTHER FINANCING SOURCES (USES)	24,768	417,537	-	4,510	-	446,815
EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER REVENUES AND OTHER FINANCING SOURCES	678,305	(96,667)	(352,471)	(270,377)	64,533	23,323
FUND BALANCE, JULY 1	5,158,814	112,444	352,471	869,986	936,100	7,429,815
FUND BALANCE, JUNE 30	$ 5,837,119	$ 15,777	$ -	$ 599,609	$ 1,000,633	$ 7,453,138

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP DISTRICT SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

For the Year Ended June 30, 2024

Net changes in fund balances - total governmental funds	$ 23,323
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($1,110,125) exceeded capital outlay $1,124,003 net of deletions.	10,781
The change in net deferred outflow/inflows and pension and OPEB liability is not recorded in the governmental funds. However, in the statement of activities this change is recognized as an adjustment to instruction, support and community service expenses as it relates to	1,744,610
Bond and loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Bond premium amortization	184,354
Loan proceeds	(417,537)
Bond principal	2,450,000
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:	
Compensated absences	(36,348)
Accrued interest	(214,697)
Changes in net position of governmental activities	$ 3,744,486

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Houghton-Portage Township School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the statement include the following:

A Management's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all the District's activities.

A change in the fund financial statements to focus on the major funds.

Effective for periods beginning after December 15, 2011, GASB Statement No. 63, effective for periods after December 15, 2012, GASB 65 amends Statement No. 34, and effective for periods beginning after June 15, 2015, GASB Statement No. 68 an amendment of GASB Statement No. 27, and GASB Statement No. 71 an amendment of GASB Statement No. 68. Statement No. 63 and No. 65 establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Statements No. 68, 71 and 75 establish standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense/expenditures for defined benefit pension plans and Other Post-Employment Benefits. Effective for periods beginning after December 15, 2019, GASB Statement No. 84 establishes standards for reporting fiduciary activities. GASB Statement No. 87, effective for periods beginning after June 15, 2023, establishes lease reporting standards. GASB Statement No. 96, effective for periods beginning after June 15, 2023, establishes subscription-based information technology arrangements.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement the provisions of the Statements.

A. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement No. 14, The *Financial Reporting Entity* and as amended by GASB Statement No. 61.

The criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements include budget adoption, taxing authority, funding, appointment of the respective governing board, and scope of public service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Based on the foregoing criteria, it has been determined that there are no component units of the Houghton-Portage Township School District.

B. Basic Financial Statements – Government-Wide Statements

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

In the government-wide Statement of Net Position, both the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted.

The District first utilizes restricted resources to finance qualifying activities.

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.).

The District does allocate indirect costs. In creating the government-wide financial statements the District has eliminated interfund transactions.

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

C. Pension

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

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basic Financial Statements – Fund Financial Statements

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types in two broad fund categories as follows:

Governmental Funds – Governmental funds are used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities, except for those accounted for in fiduciary funds. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial transactions of the District, except those required to be accounted for in other funds.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses the Special Revenue Fund to account for the Houghton-Portage Township School District's food service activity, student activities, and community service.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Project Funds – Capital Project Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basic Financial Statements – Fund Financial Statements (Continued)

Account Groups – Account groups are used to establish accounting control and accountability for the District's general fixed assets and long-term obligations. The following are the District's account groups:

General Fixed Assets – This group of accounts was established to account for all general fixed assets of the District.

General Long-Term Obligations – This group of accounts has been established to account for unmatured general long-term obligations and certain other liabilities of the District not expected to be liquidated through the use of available expendable financial resources.

E. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus. The governmental-wide statement uses the economic resources measurement focus.

Accrual

Governmental activity in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after the year end. A one-year period is used for revenue recognition for all other governmental fund revenues. Those revenues prone to accrual are property taxes, federal aid, interest-revenue, and charges for services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenue on its governmental fund balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

State Foundation Revenue - For the fiscal year ended June 30, 2024, 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. In previous years, the state utilized a district power equalizing approach. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2024, the foundation allowance was based on 10% of the pupil membership count taken in February of 2023 and 90% taken in October of 2023.

Expenditures and related liabilities are recognized when obligations are incurred as a result of the receipt of goods and services. Modifications include:

Principal and interest on general long-term debt are recorded as fund liabilities when due, or when amounts have been accumulated in the debt service fund for payments of principal and interest to be made early in the following year.

F. Cash and Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and equivalent balances for individual funds are pooled unless maintained in segregated accounts.

G. Interfund Balances and Transfers

The current portion of lending/borrowing arrangements between funds are identified as "due to/from other funds". The non-current portion of outstanding balances between funds are reported as "advances to/from other funds". Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Transfers represent a flow of assets without equivalent flows of assets in return or a requirement for repayment.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or net realizable value. Inventories in the Special Revenue Fund consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Inventories for commodities are recorded as revenue when utilized. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

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

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

The District has adopted a capitalization policy of $5,000.

J. Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

K. Compensated Absences

Amounts representing accumulated vacation and personal leave expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the government fund that will pay it.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized as revenue when levied to the extent they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

The District, along with certain other governmental units, is permitted by the Constitution of the State of Michigan of 1963 to levy combined taxes up to $50 per $1,000 of assessed valuation for general governmental services other than the payment of Debt Service Fund expenses if approved by a majority of the electors. The District must include certain tax levies of other governmental units located within the District, primarily the county, when determining the maximum millage of $50 per $1,000 of assessed valuation. For the year ended June 30, 2024, the District levied the following amounts per $1,000 of assessed valuation:

Fund Mills	
General Fund - Non-Homestead	17.2832
Debt Retirement	9.64

M. Unemployment Insurance

The District reimburses the Unemployment Insurance Agency (UIA) for the actual amount of unemployment benefits disbursed by the UIA on behalf of the District. Billings received for amounts paid by the UIA through June 30 are accrued.

N. Fund Balance

Nonspendable fund balances represent amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The restricted fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Committed fund balance, if any, is reported from amounts that can be used for specific purposes pursuant to constraints imposed by formal action by the government's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. Assigned fund balances represent amounts set aside by the governing body for specific purposes, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Manager under the authorization of the Board of Education. The unassigned fund balances for governmental funds represent the amount available for budgeting future operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end. The District follows these procedures in establishing the budgetary date reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1st. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budget is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - all governmental fund types.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1st, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred unless authorized in the budget, or in excess of the amount appropriated. Any material expenditures in violation of the budgeting act are disclosed in the footnotes.

4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. Formal budgetary integration is employed as a management control device during the year for the general fund.

6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved on June 17, 2024.

The budget for the year ended June 30, 2024 was adopted on June 19, 2023 and formally amended periodically through the year at the board of education meeting.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund is presented as Required Supplementary Information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Other Post-Employment Benefits:
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement Systems (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported to MPSERS. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - CASH AND INVESTMENTS

Cash and Equivalents
The District's cash and equivalents, as reported in the Statement of Net Position, consisted of the following:

Petty cash	$ 1,359
Checking accounts	3,630,954
TOTAL	$3,632,313

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require, and the District does not have, a policy for deposit custodial credit risk. As of June 30, 2024, the District held cash and equivalents in the amount of $3,805,250 of which $553,978 was insured through the FDIC and $3,283,639 was uninsured and uncollateralized.

Investments

MILAF	$ 1,266,751

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan School districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2024, the fair value of the District's investments is the same as the value of the pool shares.

NOTE 2 - CASH AND INVESTMENTS (Continued)

MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to fair value disclosures.

Michigan statues authorize the District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days of date of purchase, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

Investments are recorded at fair market value, which is based on quoted market prices.

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the District's investments. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments are not subject to interest rate risk.

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2024 follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Assets not subject to depreciation				
Land	$ 1,334,619	$ -	$ -	$ 1,334,619
Construction in progress	-	-	-	-
Assets subject to depreciation				
Land improvements	633,701	99,258	(11,021)	721,938
Buildings & improvements	37,022,116	99,620	-	37,121,736
Equipment & vehicles	3,824,765	925,124	(86,627)	4,663,262
Other assets	410,648	-	(81,371)	329,277
TOTALS	43,225,849	$ 1,124,002	$ (179,019)	44,170,832
Accumulated depreciation	(17,048,124)	$(1,110,125)	$ 175,923	(17,982,326)
Net capital assets	$ 26,177,725			$26,188,506

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024
(Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

Depreciation for the year ended June 30, 2024 amounts to $1,110,125. The District determined that it was impractical to allocate depreciation to various government activities as the assets serve multiple functions.

NOTE 4 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Amounts due from (to) other funds represent the balance of monies due from or to other funds for expenditures made or fund balance transfers approved. The amounts of inter-fund receivables and payables as of June 30, 2024 are as follows:

Fund	Inter-Fund Receivable	Fund	Inter-Fund Payable
Food Service	$ 47,655	Community Service	$ 200,356
Capital Projects	8,686	Food Service	652,732
General	1,002,096	Student Activity	154,498
		General	19,450
		Debt Service	31,401
Total	$ 1,058,437		$ 1,058,437

Fund	Transfer In	Fund	Transfer Out
Food Service	$ 4,510	General	$ 4,510

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

NOTE 5 - LONG-TERM OBLIGATIONS

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

1.	2018 refunding bonds due in annual installments ranging from $410,000 - $460,000 through May 1, 2026 with interest of 4.0%.	830,000
2.	2016 refunding bonds, series A due in annual installments ranging from $695,000 - $750,000 through May 1, 2029 with interest of 3.0% to 4.0%	3,560,000
3.	2016 refunding bonds, series B due in annual installments ranging from $975,000 - $1,395,000 through May 1, 2026 with interest of 1.07% to 2.80%.	2,700,000
4.	2017 building and site bonds due in annual installments ranging from $50,000 - $2,305,000 through May 1, 2042 with interest of 2.0% to 5.0%.	9,205,000
5.	School bond loan due in annual installments of $553 with interest of 3.11836%.	552
6.	School loan revolving fund due with interest of 3.11836%.	5,051,701
7.	Vested sick and vacation pay	161,349
8.	Net pension liability	23,500,855
	Total Long-Term Obligations	$ 45,009,457

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024
(Continued)

NOTE 5 - BONDS AND NOTES PAYABLE

During the year ended June 30, 2024, the following changes occurred in long-term obligations:

	Balance July 1, 2023	Additions	Repayments	Balance June 30, 2024	Amounts Due Within One Year
General Obligation Bonds	$ 18,745,000	$ -	$ (2,450,000)	$ 16,295,000	$ 2,535,000
Notes Payable	-	-	-	-	-
Loans Payable	4,634,716	417,537	-	5,052,253	5,052,253
Employee Benefits:					
Vested Sick and Vacation	125,001	36,348	-	161,349	161,349
Net Pension Liability	26,940,009	-	(3,439,154)	23,500,855	-
Net OPEB Liability	1,510,657	-	(1,510,657)	-	-
TOTALS	$ 51,955,383	$ 453,885	$ (7,399,811)	$ 45,009,457	$ 7,748,602

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

Year Ended June 30	Bond Issues and Installment Notes Principal	Bond Issues and Installment Notes Interest	Notes & Loans Payable Principal	Notes & Loans Payable Interest	Teachers Vested Sick and Vacation	Pension & OPEB Liability	Total
2025	2,535,000	689,071	$ 5,052,253	$ 671,589	$ 161,349	$ -	$ 9,109,262
2026	2,610,000	613,335	-	-	-	-	3,223,335
2027	800,000	534,150	-	-	-	-	1,334,150
2028	800,000	503,500	-	-	-	-	1,303,500
2029	795,000	470,550	-	-	-	-	1,265,550
2030-2034	2,975,000	1,901,250	-	-	-	-	4,876,250
2035-2039	3,475,000	1,107,500	-	-	-	-	4,582,500
2040-2044	2,305,000	231,500	-	-	-	23,500,855	26,037,355
TOTALS	$ 16,295,000	$6,050,856	$ 5,052,253	$ 671,589	$ 161,349	$ 23,500,855	$ 51,731,902

Interest expense for the year ended June 30, 2024 was $767,880.

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

NOTE 6 - FUND BALANCES

Portions of fund balances are restricted, non-spendable, or assigned and not available for general purposes other than fund usage as follows:

Debt Service – Restricted for debt service	$15,777
Food Service – Non-spendable inventory	$124,387
Restricted for food service	$475,222
Student Activities – Restricted for student groups	$146,980
Community Service – Restricted for community outreach	$367,205
Capital Projects – Restricted for capital improvements	$486,448

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN

Plan Description

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

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

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

The System's financial statements are available at www.michigan.gov/orsschools.

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)

Benefits Provided

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2023.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95 %
Defined Contribution	0.0%	13.75%

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NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)

Contributions (Continued)

Required contributions to the pension plan from the District were $2,616,929 for the year ended September 30, 2023.

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

At June 30, 2024, the District reported a liability of $23,500,855 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the District's proportion was .0007260955 percent, which was an increase of .000009772 percent from its proportion measured as of September 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of $3,089,811. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$741,850	$36,000
Changes of Assumptions	3,184,473	1,836,095
Net difference between projected and actual earnings on pension plan investments	-	480,904
Changes in proportion and differences between Employer contributions and proportionate share of contributions	387,091	156,971
Employer contributions subsequent to the measurement date	1,407,678	-
Total	$5,721,092	$2,509,970

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)

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

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as reported in the table on the following page:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
Year Ending September 30	Amount
2024	$2,040,321
2025	$416,296
2026	$1,068,181
2027	$(313,676)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows on the next page.

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)

Actuarial Assumptions (Continued)

Summary of Actuarial Assumptions

Valuation Date:		September 30, 2022
Actuarial Cost Method:		Entry Age, Normal
Wage Inflation Rate:		2.75%
Investment Rate of Return:		
- MIP and Basic Plans (Non-Hybrid):		6.00% net of investment expenses
- Pension Plus Plan:		6.00% net of investment expenses
- Pension Plus 2 Plan:		6.00% net of investment expenses
Projected Salary Increases:		2.75-11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:		3% Annual Non-Compounded for MIP Members
Mortality:	Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
	Active Members:	PubT-2010 Male and Female Employee Mortality Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)

Summary of Actuarial Assumptions (Continued)

Notes:

- *Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4406 for non-university employers*
- *Recognition period for assets in years is 5.0000*
- *Full actuarial assumptions are available in the 2023 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.*

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
% Alternative Investment Pools	16.0	9.6
International Equity	15.0	6.8
Fixed Income Pools	13.0	1.3
Real Estate and Infrastructure Pools	10.0	6.4
Absolute Return Pools	9.0	4.8
Real Return / Opportunistic Pools	10.0	7.3
Short Term Investment Pools	2.0	0.3
TOTAL	**100.0%**	

**Long term rate of return does not include 2.7% inflation*

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NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.0%	Current Single Discount Rate Assumption 6.0%	1% Increase 7.0%
$31,749,586	$23,500,855	$16,633,488

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR; available on the ORS website at www.michigan.gov/orsschools.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

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

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

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

The System's financial statements are available at www.michigan.gov/orsschools

Benefits Provided

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

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Benefits Provided (Continued)

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022, valuation will be amortized over a 16-year period Beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2023.

OPEB Contribution Rates			
Benefit Structure	Member	Employer	
		Universities	Non-Universities
Premium Subsidy	3.00%	0.92%	8.07%
Personal Healthcare Fund (PHF)	0.00%	0.00%	7.21%

Required contributions to the OPEB plan from the District were $571,510 for the year ended September 30, 2023.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

At June 30, 2024, the District reported an asset of $(415,024) for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the District's proportion was .0007336495 percent, which was an increase of .0000204238 percent from its proportion measured as of October 1, 2022.

For the year ending June 30, 2024, the District recognized OPEB expense of $(666,030). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$-	$3,136,137
Changes of Assumptions	923,917	111,257
Net difference between projected and actual earnings on OPEB plan investments	1,265	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	219,305	114,888
Employer contributions subsequent to the measurement date	521,593	-
Total	$1,666,080	$3,362,282

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense follows on the next page.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2024	$(199,084)
2025	$(684,667)
2026	$(247,061)
2027	$(269,980)
2028	$(197,302)
Thereafter	$(98,108)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%
Projected Salary Increases:	2.75-11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre- 65: 7.75% Year 1 graded to 3.5% Year 15

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions (Continued)

Healthcare Cost Trend Rate:		Post- 65: 5.25% Year 1 graded to 3.5% Year 15
Mortality:	Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
	Active Members:	PubT-2010 Male and Female Employee Mortality Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions:		
	Opt-Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
	Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
	Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Notes:

- *Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.5099 for non-university employers*
- *Recognition period for assets in years is 5.0000*

Full actuarial assumptions are available in the 2023 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
% Alternative Investment Pools	16.0	9.6
International Equity	15.0	6.8
Fixed Income Pools	13.0	1.3
Real Estate and Infrastructure Pools	10.0	6.4
Absolute Return Pools	9.0	4.8
Real Return / Opportunistic Pools	10.0	7.3
Short Term Investment Pools	2.0	0.3
TOTAL	**100.0%**	

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

Rate of Return

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

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NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Discount Rate

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$430,256	$(415,024)	$(1,141,460)

Sensitivity of the District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$(1,143,271)	$(415,024)	$373,177

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

NOTE 9 – 403(b) RETIREMENT PLAN

The District has a 403(b) plan which is a qualified tax sheltered annuity plan for the benefit of eligible employees. The plan itself is administered by the District with a plan year ending December 31. Participants can invest in annuity contracts or custodial accounts which invest in mutual funds. The District is not required to make contributions. Distributions are governed by IRS regulations.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participated in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said year, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

NOTE 11 - USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 12 - SIGNIFICANT ESTIMATES

Included in Notes 7 & 8 is a summary of the employee retirement plan and OPEB provisions and actuarial assumptions. The actuarial assumptions are very critical to the computation of the actuarial determined liabilities of the plan. If the assumptions differ from actual results annual contributions to the defined benefit plan and OPEB can substantially change.

NOTE 13 - SINKING FUND COMPLIANCE

The Capital Projects Fund includes activities funded with sinking fund tax dollars issued after May 1, 1994. For this capital project, the District has complied with the applicable provisions of §135la of the Revised School Code.

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REQUIRED SUPPLEMENTARY INFORMATION

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual (Budgetary Basis)
	Original	Final	(Note 1)
REVENUES:			
Local sources	$ 2,263,480	$ 2,315,685	$ 2,104,319
State sources	13,492,852	14,533,110	15,634,793
Federal sources	413,400	520,000	560,989
TOTAL REVENUES	16,169,732	17,368,795	18,300,101
EXPENDITURES:			
Instruction	11,385,279	11,939,095	12,037,792
Supporting services	4,155,070	4,739,651	4,859,809
School service	608,757	678,518	732,970
Community services	16,500	16,500	15,993
TOTAL EXPENDITURES	16,165,606	17,373,764	17,646,564
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,126	(4,969)	653,537
OTHER FINANCING SOURCES (USES):			
Payments received from other governmental units	7,700	15,000	20,278
Other sources	-	5,000	9,000
Transfers out	(3,000)	(3,000)	(4,510)
TOTAL OTHER FINANCING SOURCES (USES)	4,700	17,000	24,768
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	8,826	12,031	678,305
FUND BALANCE, JULY 1	5,158,814	5,158,814	5,158,814
FUND BALANCE, JUNE 30	$ 5,167,640	$ 5,170,845	$ 5,837,119

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (Amounts were determined as of 9/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Reporting unit's proportion of net pension liability (%)	0.07261%	0.07163%	0.07244%	0.07093%	0.07073%	0.06963%	0.06864%	0.06649%	0.06718%	0.06301%
B. Reporting unit's proportionate share of net pension liability	$ 23,500,855	$ 26,940,009	$ 17,151,650	$ 24,366,893	$ 23,422,616	$ 20,930,968	$ 17,786,625	$ 16,589,587	$ 16,407,695	$ 13,878,289
C. Reporting unit's covered-employee payroll	$ 7,294,107	$ 6,872,687	$ 6,611,192	$ 6,317,858	$ 6,201,450	$ 5,939,070	$ 5,843,073	$ 5,587,386	$ 5,596,975	$ 5,357,385
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	322.19%	391.99%	259.43%	385.68%	377.70%	352.43%	304.41%	296.91%	293.15%	259.05%
E. Plan fiduciary net position as a percentage of total pension liability	66.30%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (Amounts were determined as of 6/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	$ 2,616,929	$ 2,438,069	$ 2,175,249	$ 1,949,382	$ 1,153,763	$ 1,093,747	$ 1,056,446	$ 1,096,926	$ 1,078,310	$ 1,158,116
B. Contributions in relation to statutorily required contributions*	$ 2,616,929	$ 2,438,069	$ 2,175,249	$ 1,949,382	$ 1,153,763	$ 1,093,747	$ 1,056,446	$ 1,096,926	$ 1,078,310	$ 1,158,116
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. Reporting unit's covered-employee payroll	$ 7,729,101	$ 7,223,422	$ 6,879,712	$ 6,317,858	$ 6,184,057	$ 6,121,834	$ 5,952,095	$ 5,828,170	$ 5,605,074	$ 5,545,958
E. Contributions as a percentage of covered-employee payroll	33.86%	33.75%	31.62%	30.86%	18.66%	17.87%	17.75%	18.82%	19.24%	20.88%

* Contributions in relation to statutorily required contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (Amounts were determined as of 9/30 of each fiscal year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Reporting unit's proprtion of net OPEB liability (%)				0.07336495%	0.07132257%	0.07371295%	0.07051564%	0.07106%	0.06986%	0.6848%
B. Reporting unit's proportionate share of net OPEB liability				$ (415,024)	$ 1,510,657	$ 1,125,138	$ 3,777,711	$ 5,100,572	$ 5,553,189	$ 6,064,028
C. Reporting unit's covered-employee payroll				$ 7,294,107	$ 6,872,687	$ 6,611,192	$ 6,317,858	$ 6,201,450	$ 5,939,070	$ 5,843,073
D. Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)				-5.69%	21.98%	17.02%	59.79%	82.25%	93.50%	103.78%
E. Plan fiduciary net position as a percentage of total OPEB liability				105.72%	83.00%	87.33%	59.44%	48.46%	42.95%	36.39%

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (Amounts were determined as of 6/30 of each fiscal year)

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
A. Statutorily required OPEB contributions				$ 571,510	$ 543,288	$ 547,204	$ 498,211	$ 493,727	$ 480,575	$ 442,406
B. OPEB contributions in relation to statutorily required contributions*				$ 571,510	$ 543,288	$ 547,204	$ 498,211	$ 493,727	$ 480,575	$ 442,406
C. Contribution deficiency (excess)				$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. Reporting unit's covered-employee payroll				$ 7,729,101	$ 7,223,422	$ 6,879,712	$ 6,317,858	$ 6,184,057	$ 6,121,834	$ 5,952,095
E. OPEB contributions as a percentage of covered-employee payroll				7.39%	7.52%	7.95%	7.89%	7.98%	7.85%	7.43%

* Contributions in relation to statutorily required OPEB contributions are the contributions an employer actuall made to the OPEB Plans, as distinct from the statutorily required contributions.

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

OTHER SUPPLEMENTARY INFORMATION

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

	Special Revenue		Capital Projects	
	Student Activities	Community Service	Sinking Fund	Total Nonmajor Governmental Funds
ASSETS:				
Cash and equivalents	$ 303,978	$ 578,908	$ 477,762	$ 1,360,648
Due from other funds	-	-	8,686	8,686
	$ 303,978	$ 578,908	$ 486,448	$ 1,369,334
LIABILITIES:				
Accounts payable	$ 2,500	$ 285	$ -	$ 2,785
Accrued salaries	-	11,062	-	11,062
Due to other funds	154,498	200,356	-	354,854
TOTAL LIABILITIES	156,998	211,703	-	368,701
FUND BALANCE AND OTHER CREDITS:				
Fund balances:				
Restricted	146,980	367,205	486,448	1,000,633
TOTAL FUND BALANCE AND OTHER CREDITS	146,980	367,205	486,448	1,000,633
TOTAL LIABILITIES, FUND BALANCE AND OTHER	$ 303,978	$ 578,908	$ 486,448	$ 1,369,334

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

	Special Revenue		Capital Projects	
	Student Activities	Community Service	Sinking Fund	Total Nonmajor Governmental Funds
REVENUES:				
Local sources	$ 287,804	$ 244,856	$ 14,522	$ 547,182
TOTAL REVENUES	287,804	244,856	14,522	547,182
EXPENDITURES:				
School service	286,869	-	-	286,869
Community service	-	191,460	-	191,460
Supporting services - capital outlay	-	-	4,320	4,320
TOTAL EXPENDITURES	286,869	191,460	4,320	482,649
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	935	53,396	10,202	64,533
FUND BALANCE, JULY 1	146,045	313,809	476,246	936,100
FUND BALANCE, JUNE 30	$ 146,980	$ 367,205	$ 486,448	$ 1,000,633

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

FEDERAL SINGLE AUDIT REPORTS

For the Year Ended June 30, 2024

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

TABLE OF CONTENTS

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

Board of Education
Houghton-Portage Township School District
Houghton, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities, each major fund, and the aggregate remaining fund information of the Houghton-Portage Township School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Houghton-Portage Township School District's basic financial statements, and have issued our report thereon dated October 2, 2024.

Report on Internal Control Over Financial Reporting

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

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

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 weakness or significant deficiencies may exist that were not identified. Given the limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Anderson Tackman & Co. PLC

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Iron Mountain, Michigan

October 2, 2024

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Education
Houghton-Portage Township School District
Houghton, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Houghton-Portage Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Houghton-Portage Township School District's major federal programs for the year ended June 30, 2024. Houghton-Portage Township School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Houghton-Portage Township School District' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Houghton-Portage Township School District'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 Houghton-Portage Township School District'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 Houghton-Portage Township School District'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.

Report on Internal Control Over Compliance

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

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

internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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.

Anderson Tackman & Co. PLC

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Iron Mountain, Michigan

October 2, 2024

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2023 Accrued Receivable	July 1, 2023 Deferred Revenue	Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	June 30, 2024 Accrued / (Deferred) Revenue
GENERAL FUND								
Flow Through - Michigan Department of Education:								
Title I, Part A - Improving Basic Programs	84.010A							
Source Project # 2023 (231530)		96,592	400	-	90,985	5,606	6,006	-
Source Project # 2024 (241530)		117,846	-	-	-	108,598	108,598	-
		214,438	400	-	90,985	114,204	114,604	-
Title II, Part A - Teacher/Principal Training & Recruiting	84.367A							
Source Project # 2023 (230520)		21,072	-	-	12,071	9,001	9,001	-
Source Project # 2024 (240520)		24,154	-	-	-	13,481	13,481	-
		45,226	-	-	12,071	22,482	22,482	-
Title IV, Part A - Student Support & Academic Enrich.	84.424A							
Source Project # 2024 (240750)		10,000	-	-	-	9,563	9,563	-
		10,000	-	-	-	9,563	9,563	-
Elementary and Secondary School Emergency Relief Fund	84.425D							
Source Project #213782		72,614	-	-	-	69,758	69,758	-
		72,614	-	-	-	69,758	69,758	-
Elementary and Secondary School Emergency Relief Fund	84.425U							
Source Project #213713		707,073	-	-	433,307	270,556	270,556	-
Source Project #213723		839,129	-	-	659,157	74,426	67,384	7,042
		1,546,202	-	-	1,092,464	344,982	337,940	7,042
TOTAL US DEPARTMENT OF EDUCATION AND GENERAL FUND		**$ 1,888,480**	**$ 400**	**$ -**	**$ 1,195,520**	**$ 560,989**	**$ 554,347**	**$ 7,042**

The accompanying notes to the financial statements are an integral part of this statement.

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2023 Accrued Receivable	July 1, 2023 Deferred Revenue	Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	June 30, 2024 Accrued / (Deferred) Revenue
FOOD SERVICE FUND								
Flow Through - Michigan Department of Education								
U.S. Department of Agriculture								
Seamless Summer Option - Breakfast #231970	10.553	42,782	1,791	-	37,746	5,036	6,827	-
Seamless Summer Option - Breakfast #241970	10.553	54,677	-	-	-	34,502	54,677	(20,175)
National School Lunch Program - Non-cash (Commodities-Regular)	10.555	76,898	-	-	-	76,898	76,898	-
National School Lunch Program - Non-cash (Commodities-Bonus)	10.555	5,360	-	-	-	5,360	5,360	-
National School Lunch Program	10.555	415,516	48,136	-	415,516	-	41,442	6,694
National School Lunch Program	10.555	367,380	-	-	-	281,494	281,494	-
SFSP Operating	10.559	344,782	-	-	-	479,306	344,782	134,524
Total Child Nutrition Cluster		1,307,395	49,927	-	453,262	882,596	811,480	121,043
Local Food for Schools	10.185	2,026	-	-	-	2,026	2,026	-
TOTAL MICHIGN DEPARTMENT OF EDUCATION, US DEPARTMENT OF AGRICULTURE, AND FOOD SERVICE FUND		**$ 1,309,421**	**$ 49,927**	**$ -**	**$ 453,262**	**$ 884,622**	**$ 813,506**	**$ 121,043**
TOTAL FEDERAL AWARDS		**$ 3,197,901**	**$ 50,327**	**$ -**	**$ 1,648,782**	**$ 1,445,611**	**$ 1,367,853**	**$ 128,085**

The accompanying notes to the financial statements are an integral part of this statement.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Houghton-Portage Township School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

NOTE 2 - FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule using Recipient Entitlement Balance Report and other district records. Spoilage of pilferage, if any, is included in expenditures.

NOTE 3 - COST REPORTS

Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports.

NOTE 4 – INDIRECT COST RATE

Houghton-Portage Township School District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 5 – SEFA PREPARATION

Management has utilized the MDE NexSys Grant Auditor Report (GAR) in the preparation of the SEFA. There were no differences noted between the current payments reported in the GAR and amounts reported in the SEFA.

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

SUMMARY OF AUDITOR'S RESULTS

Financial Statement

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material Weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ No

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

Child Nutrition Cluster: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

CFDA	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.553	School Breakfast program
10.555	National School Lunch Program
10.559	Summer Food Service Program

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low risk auditee? ☒ Yes ☐ No

HOUGHTON-PORTAGE TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024
(Continued)

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

A Regional Firm with Offices throughout Michigan

Iron Mountain Office:
Shane M. Ellison, CPA, PC - Principal
Lynn M. Mott, MSA - Principal

Michelle Christian, BSA - Senior

Member of:
Private Companies Practice Section
American Institute of Certified
Public Accountants

October 2, 2024

To the Board of Education
Houghton-Portage Township School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Houghton-Portage Township School District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 4, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Houghton-Portage Township School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by Houghton-Portage Township School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no major sensitive accounting estimates.

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

Difficulties Encountered in Performing the Audit

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

201 E. HUGHITT, IRON MOUNTAIN, MICHIGAN 49801 PHONE (906) 774-4300 FAX (906) 774-6926

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 2, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the MD&A, budgetary comparison schedule – general fund, pension and OPEB schedules, and schedule of expenditures of federal awards which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the combining balance sheet – nonmajor governmental funds and combining statement of revenue, expenditures and changes in fund balances – nonmajor governmental funds which accompany the financial statements but are not RSI, 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.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of the Houghton-Portage Township School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

ANDERSON, TACKMAN & COMPANY, PLC

By: Shane M. Ellison, CPA, PC

By: ____________________________

Shane M. Ellison, President