BERRIEN SPRINGS PUBLIC SCHOOLS

Berrien County, Michigan

Annual Financial Report

For the year ended June 30, 2024

HUNGERFORD
CPAs • ADVISORS • TECHNOLOGY • WEALTH

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INDEPENDENT AUDITOR'S REPORT

October 28, 2024

The Board of Education
Berrien Springs Public Schools

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of Berrien Springs Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Berrien Springs Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berrien Springs Public Schools' internal control over financial reporting and compliance.

Hungerford

Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Berrien Springs Public Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position, and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

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

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

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

District-wide Statements

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities*: The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	2024	2023
Assets		
Current assets	$ 56,430,243	$ 47,856,744
Net capital assets	73,451,282	69,262,295
Net OPEB asset	1,412,271	-
Total Assets	**131,293,796**	**117,119,039**
Deferred Outflows of Resources	**38,048,945**	**38,020,226**
Liabilities		
Current liabilities	18,552,403	12,319,474
Long-term liabilities	28,331,504	36,120,841
Net pension liability	76,916,898	82,054,042
Net OPEB liability	-	4,786,422
Total Liabilities	**123,800,805**	**135,280,779**
Deferred Inflows of Resources	**18,873,655**	**9,963,152**
Net Position		
Net investment in capital assets	37,344,756	34,821,116
Restricted	6,990,739	6,003,080
Unrestricted (deficit)	(17,667,214)	(30,928,862)
Total Net Position	**$ 26,668,281**	**$ 9,895,334**

The Statement of Activities presents changes in net position from operating results:

	2024	2023
Program Revenues		
Charges for services	$ 111,434	$ 203,521
Operating grants	19,454,563	18,761,554
General Revenues		
Property taxes	3,871,632	3,885,521
State school aid, unrestricted	47,185,632	40,584,394
Interest and investment earnings	1,256,546	709,695
Other	19,010,385	18,418,750
Total Revenues	90,890,192	82,563,435
Expenses		
Instruction	28,582,023	22,197,591
Supporting services	34,770,960	43,052,226
Community services	2,604,459	2,176,771
Food service	1,394,986	1,233,864
Other	20,745	361,966
Interest on long-term debt	1,132,402	1,128,054
Depreciation, unallocated	5,611,670	4,671,942
Total Expenses	74,117,245	74,822,414
Increase in net position	16,772,947	7,741,021
Net Position, Beginning of Year	9,895,334	2,154,313
Net Position, End of Year	**$ 26,668,281**	**$ 9,895,334**

Financial Analysis of the District as a Whole

Total revenues exceeded expenses by $16,772,947, increasing total net position from $9,895,334 to a net position of $26,668,281. Unrestricted net position increased by $13,261,648 to a deficit of $17,667,214 at June 30, 2024. The District's net pension liability, including deferred outflows and inflows of resources, increased by $978,238 during the fiscal year, and its net OPEB liability, including deferred outflows and inflows of resources, decreased by $3,432,291.

The District’s financial position is the product of various financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation and amortization of capital assets. A large portion of the District’s net position reflects investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, construction in progress , and right to use assets); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, they are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District’s total revenues increased $8,305,397 or 10.06%, in the fiscal year. Property taxes and unrestricted State aid accounted for 56.2% of the District’s revenue. Federal and State grants for specific programs accounted for 21.4% of total District revenues, increasing $693,009 over the previous fiscal year.

Total cost of all programs and services decreased by $726,529 to $74.1 million in 2023-24. The District’s expenses are predominantly related to instruction (39%) and supporting services (47%).

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. As a general rule, fund balances from one fund are prohibited from being expended on expenditures of another fund.

The District utilizes two kinds of funds:

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

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Berrien Springs Public Schools' funds are described as follows:

Major Funds

General Fund
The General Fund is the District's primary operating fund. The General Fund had total revenues of $86,604,247, total other financing sources of $980,657 (including lease transactions of $39,757), total expenditures of $75,708,813, and total other financing uses of $1,118,559. The ending fund balance was $38,690,452 at June 30, 2024, up from $27,932,920 at June 30, 2023.

Nonmajor Funds

Special Revenue Funds
The District operates two Special Revenue funds: the Food Service Fund and Student/School Activity Fund. Total revenues of the Food Service Fund were $1,574,958, total expenditures were $1,507,850, and total other financing uses were $100,000.Total revenues of the Student/School Activity Fund were $306,253, and total expenditures were $284,583. The ending fund balance in the Special Revenue Funds totaled $836,039 at June 30, 2024, down from $847,261 at June 30, 2023. Of the ending fund balances, $473,331 is attributed to the Food Service Fund, and $362,708 is attributed to the Student/School Activity Fund.

Debt Service Funds
The District operates seven Debt Service funds. Total revenues were $1,432,654, total other financing sources were $1,331,493, and total expenditures were $2,465,051. The ending fund balances in the Debt Service Funds totaled $5,066,657 at June 30, 2024, up from $4,767,561 at June 30, 2023.

Capital Projects Funds
The District operates three nonmajor Capital Projects Funds. Total revenues were $131,180, total expenditures were $3,456,675, and total other financing uses were $212,934. The ending fund balances in the Capital Projects Funds totaled $1,259,155 at June 30, 2024, down from $4,797,584 at June 30, 2023.

General Fund Budgetary Highlights

- The District approved the original 2023-2024 budget on June 14, 2023, which included $83,019,079 of revenue and $86,971,040 of expenditures.

- As a matter of practice, the District may amend its budget during the school year. For the 2023-2024 school year, the District amended its original budget on March 14, 2024 to adjust for student enrollment, staffing, and grant awards.

Capital Asset and Debt Administration

Capital Assets

At year end, the District had a $106.2 million investment in a broad range of capital assets including land, school buildings, athletic facilities, administrative offices, furniture and equipment, and transportation and other vehicles. More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.

At June 30, 2024, the District's net investment in capital assets (after accumulated depreciation) was $73,451,282. Net capital asset additions totaled $9,838,140 for the fiscal year, disposals totaled $661,597, and accumulated depreciation increased $4,987,556, resulting in an increase in net capital assets of $4,188,987. Net capital assets of the District at June 30, 2024 are detailed as follows:

Land	$ 3,089,385
Construction in progress	2,648,629
Buildings and site improvements	56,215,463
Buses and other vehicles	661,381
Furniture and equipment	1,540,988
Leasehold improvements	4,055,045
Intangible right-to-use assets	5,240,391
Net Capital Assets	$ 73,451,282

Long-term Obligations

At year end, the District had $36,134,855 in general obligation bonds and other long-term debt outstanding - a net decrease of $2,614,044 from the previous year.

- The District continued to pay down its debt, retiring $1,405,600 in general obligation bonds and $1,031,066 in lease liabilities.

The District's bond rating for general obligation debt was affirmed by Standard and Poor's as A+ with a stable outlook. The State limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within a District's boundaries.

The District's other obligations include accumulated vacation pay and sick leave. There is more detailed information about our long-term liabilities in Note F in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

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

- The foundation allowance for 2024-2025 will remain the same as 2023-2024 at $9,608.
- The cyber district foundation allowance for 2024-2025 will remain the same as 2023-2024 at $9,150.
- Enrollment projections continue to reflect an increase in enrollment at the virtual learning centers.
- Public Act 127 of 2024 was signed into law by Governor Whitmer on October 3, 2024, and codifies a 5.75% MPSERS rate reduction.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Berrien Springs Public Schools, Sylvester Avenue PO Box 130, Berrien Springs, Michigan 49103. Contact by phone at (269) 471-2891.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

BERRIEN SPRINGS PUBLIC SCHOOLS
June 30, 2024

	Governmental Activities
Assets	
Cash	$ 833
Cash equivalents and investments (Note B)	38,124,848
Taxes receivable	3,939
Accounts receivable	4,795,037
Due from other governmental units (Note C)	13,501,627
Inventory	3,959
Capital assets not being depreciated (Note E)	5,738,014
Capital assets being depreciated/amortized, net (Note E)	67,713,268
Net OPEB asset (Note H)	1,412,271
Total Assets	131,293,796
Deferred Outflows of Resources	
Deferred pension amounts	30,660,180
Deferred OPEB amounts	7,388,765
Total Deferred Outflows of Resources	38,048,945
Liabilities	
Accounts payable	1,241,330
Construction retainage payable	29,561
Due to other governmental units	1,850,741
Accrued interest payable	180,938
Accrued salaries and related payroll expenses	2,981,842
Unearned revenue	4,464,640
Long-term liabilities (Note F):	
Due within one year	7,803,351
Due in more than one year	28,331,504
Net pension liability (Note G)	76,916,898
Total Liabilities	123,800,805
Deferred Inflows of Resources	
Deferred pension amounts	7,810,369
Deferred OPEB amounts	11,063,286
Total Deferred Inflows of Resources	18,873,655

Continued on next page.

Net Position	
Net investment in capital assets	$ 37,344,756
Restricted for:	
Capital outlay	1,259,155
Debt service	4,895,545
Food service	473,331
Student/school activities	362,708
Unrestricted (deficit)	(17,667,214)
Total Net Position	$ 26,668,281

STATEMENT OF ACTIVITIES

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities				
Instruction	$ 28,582,023	$ 3,873	$ 16,737,398	$ (11,840,752)
Supporting services	34,770,960	53,898	1,176,709	(33,540,353)
Community services	2,604,459	-	-	(2,604,459)
Food service	1,394,986	53,663	1,512,663	171,340
Other	20,745	-	9,152	(11,593)
Interest on long-term debt	1,132,402	-	18,641	(1,113,761)
Depreciation and amortization - unallocated*	5,611,670	-	-	(5,611,670)
Total Governmental Activities	$ 74,117,245	$ 111,434	$ 19,454,563	(54,551,248)
General Revenues				
Taxes:				
Property taxes, levied for general operations				2,498,046
Property taxes, levied for debt service				1,373,586
State school aid, unrestricted				47,185,632
Interest and investment earnings				1,256,546
Other				19,010,385
Total General Revenues				71,324,195
Change in Net Position				16,772,947
Net Position - Beginning of Year				9,895,334
Net Position - End of Year				$ 26,668,281

*This amount excludes direct depreciation expense of the various programs.

BALANCE SHEET
GOVERNMENTAL FUNDS

BERRIEN SPRINGS PUBLIC SCHOOLS
June 30, 2024

	General Fund	Nonmajor	Total
Assets			
Cash	$ 833	$ -	$ 833
Cash equivalents and investments (Note B)	30,851,681	7,273,167	38,124,848
Taxes receivable	3,875	64	3,939
Accounts receivable	4,795,037	-	4,795,037
Due from other funds	105,247	85	105,332
Due from other governmental units	13,452,577	49,050	13,501,627
Inventory	-	3,959	3,959
Total Assets	$ 49,209,250	$ 7,326,325	$ 56,535,575
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 1,235,496	$ 5,834	$ 1,241,330
Construction retainage payable	-	29,561	29,561
Due to other funds	-	105,332	105,332
Due to other governmental units	1,850,741	-	1,850,741
Accrued interest	-	9,826	9,826
Accrued salaries and related payroll expenditures	2,977,009	4,833	2,981,842
Unearned revenue	4,455,552	9,088	4,464,640
Total Liabilities	10,518,798	164,474	10,683,272
Fund Balances			
Nonspendable	-	3,959	3,959
Restricted	-	7,157,892	7,157,892
Assigned for subsequent expenditures	6,851,800	-	6,851,800
Unassigned	31,838,652	-	31,838,652
Total Fund Balances	38,690,452	7,161,851	45,852,303
Total Liabilities and Fund Balances	$ 49,209,250	$ 7,326,325	$ 56,535,575

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

BERRIEN SPRINGS PUBLIC SCHOOLS
June 30, 2024

Total governmental fund balances		$ 45,852,303
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $106,243,962 and accumulated depreciation is $32,792,680.		73,451,282
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (28,167,400)	
Lease liabilities	(5,653,946)	
Bond premium, unamortized	(2,285,180)	
Accumulated vacation pay	(28,329)	(36,134,855)
Accrued interest is not included as a liability in governmental funds.		(171,112)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(76,916,898)	
Deferred outflows of resources	30,660,180	
Deferred inflows of resources	(7,810,369)	(54,067,087)
Net OPEB asset and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB asset	1,412,271	
Deferred outflows of resources	7,388,765	
Deferred inflows of resources	(11,063,286)	(2,262,250)
Total Net Position - Governmental Activities		$ 26,668,281

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

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

	General Fund	Nonmajor	Total
Revenues			
Local sources	$ 21,526,404	$ 1,904,589	$ 23,430,993
State sources	60,442,930	219,297	60,662,227
Federal sources	2,361,938	1,321,159	3,683,097
Interdistrict sources	2,272,975	-	2,272,975
Total Revenues	86,604,247	3,445,045	90,049,292
Expenditures			
Current:			
Instruction	29,743,004	-	29,743,004
Supporting services	36,103,928	284,583	36,388,511
Community services	2,695,694	-	2,695,694
Food service	-	1,507,850	1,507,850
Facilities acquisition, construction, and improvements	5,902,950	3,456,675	9,359,625
Debt service:			
Principal repayment	1,014,328	1,405,600	2,419,928
Interest and fiscal charges	248,909	1,059,451	1,308,360
Total Expenditures	75,708,813	7,714,159	83,422,972
Excess (Deficiency) of Revenues Over Expenditures	10,895,434	(4,269,114)	6,626,320
Other Financing Sources (Uses)			
Inception of leases	39,757	-	39,757
Transfers in	100,000	1,331,493	1,431,493
Transfers out	(1,118,559)	(312,934)	(1,431,493)
Other transactions	840,900	-	840,900
Total Other Financing Sources (Uses)	(137,902)	1,018,559	880,657
Net Change in Fund Balances	10,757,532	(3,250,555)	7,506,977
Fund Balances, Beginning of Year	27,932,920	10,412,406	38,345,326
Fund Balances, End of Year	$ 38,690,452	$ 7,161,851	$ 45,852,303

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

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Net change in fund balances - total governmental funds		$ 7,506,977
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period:		
Capital outlays	$ 9,838,140	
Depreciation/amortization expense	(5,611,670)	4,226,470
In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired.		(37,483)
Bond premium is amortized over the life of the new bond issue in the Statement of Activities.		167,072
Proceeds from the sale of bonds, loans, and leases are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position:		
Inception of leases		(39,757)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities:		
General obligation bonds	1,405,600	
Lease liabilities	1,031,066	2,436,666
Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.		8,886

Continued on next page.

In the Statement of Net Position, accumulated vacation pay is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of the benefits used/paid exceeded the amounts earned.	$ 50,063
The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	(978,238)
The changes in net OPEB asset and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	3,432,291
Total change in net position - governmental activities	$ 16,772,947

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL – GENERAL FUND

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Local sources	$ 22,610,470	$ 23,054,851	$ 21,526,404	$ (1,528,447)
State sources	54,345,607	59,553,001	60,442,930	889,929
Federal sources	2,465,566	3,011,069	2,361,938	(649,131)
Interdistrict sources	3,597,436	3,036,150	2,272,975	(763,175)
Total Revenues	83,019,079	88,655,071	86,604,247	(2,050,824)
Expenditures				
Current:				
Instruction:				
Basic programs	25,524,737	24,486,465	22,073,351	2,413,114
Added needs	8,212,804	8,545,453	7,607,528	937,925
Adult education	45,918	77,548	62,125	15,423
Supporting services:				
Pupil services	7,212,606	7,267,145	6,166,335	1,100,810
Instructional staff services	13,769,760	14,775,023	11,046,638	3,728,385
General administrative services	1,561,696	1,656,481	1,491,036	165,445
School administrative services	3,155,239	3,436,694	2,593,287	843,407
Business services	1,193,770	1,268,736	1,209,172	59,564
Operation and maintenance services	6,530,301	7,001,583	4,882,865	2,118,718
Pupil transportation services	2,221,614	2,448,922	1,624,499	824,423
Central services	4,728,404	4,822,097	4,220,463	601,634
Other supporting services	2,630,572	2,720,675	2,869,633	(148,958)
Community services	2,341,428	2,799,739	2,695,694	104,045
Facilities acquisition, construction, and improvements	7,842,191	8,715,791	5,902,950	2,812,841
Debt service	1,644,495	1,644,495	1,263,237	381,258
Total Expenditures	88,615,535	91,666,847	75,708,813	15,958,034
Excess (Deficiency) of Revenues Over Expenditures	(5,596,456)	(3,011,776)	10,895,434	13,907,210
Other Financing Sources (Uses)				
Inception of leases	-	-	39,757	39,757
Transfers in	-	-	100,000	100,000
Transfers out	(1,255,343)	(1,254,213)	(1,118,559)	135,654
Other transactions	-	-	840,900	840,900
Total Other Financing Sources (Uses)	(1,255,343)	(1,254,213)	(137,902)	1,116,311
Net Change in Fund Balances	(6,851,799)	(4,265,989)	10,757,532	15,023,521
Fund Balances, Beginning of Year	27,932,920	27,932,920	27,932,920	-
Fund Balances, End of Year	$ 21,081,121	$ 23,666,931	$ 38,690,452	$ 15,023,521

NOTES TO BASIC FINANCIAL STATEMENTS

Note A - Summary of Significant Accounting Policies

Berrien Springs Public Schools (the “District”) was organized under the School Code of the State of Michigan and services a population of approximately 5,194 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resources basis, which recognizes all long-term assets and deferred outflows of resources as well as all long-term debt and obligations and deferred inflows of resources. The District’s net position is reported in three parts: investment in capital assets, net of related debt; restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the District's only major fund. Nonmajor funds are aggregated and presented in a single column.

Fund Financial Statements - Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities, and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided separately.

Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation allowance is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

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

General Fund - The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds - School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Student/School Activity Funds.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases, and school bond loan) principal, interest, and related costs. The District currently maintains seven Debt Service Funds.

Capital Projects Funds - Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished. The District currently maintains three Capital Projects Funds.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan’s School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

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

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Berrien Springs Public Schools has also adopted a budget for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

During the year ended June 30, 2024, the District incurred expenditures in excess of final budgeted appropriations at the function level. Reference page 73 for the Food Service Fund and page 74 for the Student/School Activity Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.

Berrien Springs Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to June 30, the Superintendent of the District submits to the school board a proposed operating budget for the fiscal year commencing July 1 of that year. The operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally enacted through passage of a resolution, and in accordance with Public Act 621 of the State.

- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.

- The District is required under Public Act 621 of 1978 and by accounting principles generally accepted in the United States of America to adopt a budget for the General Fund and any Special Revenue Funds.

- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles and are reported in the financial statements as originally adopted and as amended by the Board of Education.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventories/Prepaid Items

Inventories are valued at cost (first-in, first-out), and are accounted for using the consumption method. Inventories of the General Fund consist of teaching and custodial supplies, while inventories of the Food Service Fund consist of food, and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed (consumption method) rather than when purchased.

8. Capital Assets

Capital assets, which include land, buildings and site improvements, buses and other vehicles, furniture and equipment, leasehold improvements, and intangible right-to-use assets, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed $5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

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

Buildings and site improvements, buses and other vehicles, furniture and equipment, and leasehold improvements are depreciated using the straight-line method over the following estimated useful lives:

Building and site improvements	5 - 50 years
Buses and other vehicles	5 - 10 years
Furniture and equipment	5 - 20 years
Leasehold improvements	3 - 5 years

The right-to-use assets are related to leases of buildings and are amortized over the non-cancellable lease period.

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported as the total amount of bonds issued.

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

10. Accumulated Vacation Pay

Accumulated vacation pay at June 30, 2024 has been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused days. At June 30, 2024, the accumulated liabilities, including salary-related payments, for accumulated vacation pay amounted to $28,329.

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans - pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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

12. Postemployment Benefits Plan Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring other postemployment benefits (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans - OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

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 System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two such items that qualify for reporting in this category: the deferred outflows of resources relating to the recognition of net pension liability on the financial statements and the deferred outflows of resources relating to the recognition of net OPEB asset on the financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as in inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB asset on the financial statements.

14. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

15. Fund Balance

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable - resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).

- Restricted - resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

- Committed - resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.

- Assigned - resources that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.

- Unassigned - unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As of June 30, 2024, Berrien Springs Public Schools had not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, but reserves the right to selectively spend unassigned resources first to defer the use of other classified funds. The Board of Education intends to maintain a fund balance of 15% of the District's General Fund annual operating expenditures.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B - Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2024 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	$ 38,124,848

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. Huntington Bank
2. United Federal Credit Union
3. Honor Credit Union

Cash equivalents consist of bank public funds checking and money market accounts.

June 30, 2024 balances are detailed as follows:

Cash equivalents	$ 9,536,390

Custodial Credit Risk Related to Bank Deposits
Custodial credit risk is the risk that in the event of bank failure, the District's bank deposits may not be returned to the District. Protection of District bank deposits is provided by the Federal Deposit Insurance Corporation and the National Credit Union Administration. At year end, the carrying amount of the District's cash equivalents was $9,536,390 and the bank balance was $10,530,107. Of the bank balance, $5,600,116 was covered by federal depository insurance and $4,929,991 was uninsured and uncollateralized.

Investments

As of June 30, 2024, the District had the following investments:

Surplus Funds Investment Pool Accounts:	
Michigan Liquid Assets Fund Plus (MILAF+) – Cash Management	$ 16,563
Michigan Liquid Assets Fund Plus (MILAF+) – MAX Class	24,648,906
Michigan CLASS	3,922,989
	$ 28,588,458

The Michigan Liquid Asset Fund Plus (MILAF+) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission. The MILAF+ fund is carried at amortized cost and was rated AAA by Standard & Poor's rating agency.

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

Level 1: Quoted prices in the active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing and investment and would be based on the best information available. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District holds shares in the Michigan CLASS investment pool, where the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of the Michigan public sector investors. It purchases securities that are legally permissible under state statues, and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business. At June 30, 2024, the District had no investments that were subject to custodial credit risk.

Credit Risk Related to Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk but minimizes its credit risk by limiting investments to the types allowed by the State. Mutual fund investments must have a par share value intended to maintain a net asset value of at least $1.00 per share.

Interest Rate Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investments in a single issuer, so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

Foreign Currency Risk

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

Note C - State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a “blended count” of District pupil membership in February 2023 and October 2023. The 2023-2024 "Foundation Allowance" for Berrien Springs Public Schools was $9,608 for 5,169 "Full Time Equivalent" students, generating $62,232,823 in state aid payments to the District of which $11,326,010 was paid to the District in July and August 2024 and is included in “Due From Other Governmental Units” of the General Fund and Food Service Fund at June 30, 2024.

Property taxes for the District are levied July 1 and December 1 (the tax lien date) under a split-levy system by the Townships of Berrien, Oronoko, and Royalton, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The County of Berrien, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 32 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill “Local Enhancement Millage” which must be shared between all local districts in each respective county intermediate district.

As Berrien Springs Public Schools electors had previously (May 2018) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2023.

The District levied 3 mills in 2023 for debt service purposes applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted “Local Enhancement Millage” nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is subject to tax abatements granted by the County of Berrien with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption). PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high-tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2024, the District's property tax revenues were reduced by $883 under these agreements.

Note D - Due From/To Other Funds/Interfund Transfers

Amounts due from (to) other funds, representing interfund receivables and payables for year-end expenditure allocations not reimbursed at June 30, 2024 are detailed as follows:

	Due From	Due To
Major Funds		
General Fund:		
Special Revenue:		
Food Service	$ 102,145	$ -
Student/School Activities	3,102	-
Total Major Funds	105,247	-
Nonmajor Funds		
Special Revenue Funds:		
Food Service:		
General Fund	-	102,145
Student/School Activities	85	
Student/School Activities:		
General Fund	-	3,102
Food Service	-	85
Total Nonmajor Funds	85	105,332
Total All Funds	$ 105,332	$ 105,332

Transfers between the funds during the year ended June 30, 2024 were as follows:

	Transfers In	Transfers Out
Major Fund		
General Fund:		
Special Revenue Funds:		
Food Service	$ 100,000	$ -
Debt Service Funds:		
2021 Debt	-	143,225
2023 Debt	-	206,020
2019 Athletic	-	586,200
2012 QZAB	-	47,716
2009 QSCB	-	66,666
2009 QZAB	-	68,732
Total Major Fund	100,000	1,118,559
Nonmajor Funds		
Special Revenue Fund:		
Food Service Fund:		
General Fund	-	100,000
Debt Service Funds:		
2021 Debt :		
General Fund	143,225	-
2023 Debt:		
General Fund	206,020	-
2019 Athletic:		
General Fund	586,200	-
2012 QZAB:		
General Fund	47,716	-
2009 QSCB:		
General Fund	66,666	-
2009 QZAB:		
General Fund	68,732	-
Building & Site	212,934	-
Capital Projects Funds:		
Building and Site Sinking:		
2009 QZAB	-	212,934
Total Nonmajor Funds	1,331,493	312,934
Total All Funds	$ 1,431,493	$ 1,431,493

Interfund transfers represent reimbursement from the Food Service Fund for indirect costs incurred by the General Fund and supplementing Debt Service Funds for payments on general obligation bonds.

Note E - Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balances July 1, 2023	Additions	Deductions	Balances June 30, 2024
Capital assets not being depreciated:				
Land	$ 3,089,385	$ -	$ -	$ 3,089,385
Construction in progress	3,016,868	8,644,178	9,012,417	2,648,629
Total capital assets not being depreciated	6,106,253	$ 8,644,178	$ 9,012,417	5,738,014
Capital assets being depreciated and amortized:				
Building and site improvements	70,609,955	$ 9,012,417	$ 99,749	79,522,623
Buses and other vehicles	2,656,926	180,736	233,810	2,603,852
Furniture and equipment	2,753,853	799,590	85,756	3,467,687
Leasehold improvements	6,696,329	173,879	-	6,870,208
Intangible right-to-use assets:				
Leased buildings	8,244,103	39,757	242,282	8,041,578
Total capital assets being depreciated and amortized	90,961,166	$ 10,206,379	$ 661,597	100,505,948
Less accumulated depreciation for:				
Building and site improvements	20,550,643	$ 2,841,759	$ 85,242	23,307,160
Buses and other vehicles	2,022,468	153,813	233,810	1,942,471
Furniture and equipment	1,691,037	314,825	79,163	1,926,699
Leasehold improvements	1,669,366	1,145,797	-	2,815,163
Less accumulated amortization for:				
Intangible right-to-use assets:				
Leased buildings	1,871,610	1,155,476	225,899	2,801,187
Total accumulated depreciation and amortization	27,805,124	$ 5,611,670	$ 624,114	32,792,680
Total capital assets being depreciated and amortized, net	63,156,042			67,713,268
Net Capital Assets	$ 69,262,295			$ 73,451,282

Total depreciation and amortization for fiscal year ended June 30, 2024 amounted to $5,611,670. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Note F - Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2024 are summarized as follows:

	Debt Outstanding July 1, 2023	Debt Added	Debt Retired	Debt Outstanding June 30, 2024
General obligation bonds:				
July 23, 2009	$ 4,225,000	$ -	$ -	$ 4,225,000
October 1, 2009	1,000,000	-	-	1,000,000
August 1, 2012	578,000	-	115,600	462,400
February 19, 2019	6,530,000	-	325,000	6,205,000
February 26, 2019	14,435,000	-	690,000	13,745,000
March 9, 2021	1,110,000	-	130,000	980,000
June 7, 2023	1,695,000	-	145,000	1,550,000
Bond premium	2,452,252	-	167,072	2,285,180
Lease liabilities	6,645,255	39,757	1,031,066	5,653,946
Accumulated vacation pay	78,392	-	50,063	28,329
	$ 38,748,899	$ 39,757	$ 2,653,801	$ 36,134,855

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

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
$4,225K 2009 QZAB:				
Principal maturity of $4,225,000	July 23, 2024	-	$ 4,225,000	$ 4,225,000
$1,000K 2009 QSCB:				
Principal maturity of $1,000,000	October 1, 2024	-	1,000,000	1,000,000
$1,734K 2012 QZAB:				
Annual maturities of $115,600	August 1, 2027	4.25%	462,400	115,600
$7,655K 2019 Athletic Facilities Improvement:				
Annual maturities of $340K to $555K	May 1, 2038	4.00	6,205,000	340,000
$17,215K 2019 School Building & Site:				
Annual maturities of $725K to $1,230K	May 1, 2038	5.00	13,745,000	725,000
$1,360K 2021 Energy Conservation Improvement:				
Annual maturities of $130K to $150K	May 1, 2031	1.00 - 1.25	980,000	130,000
$1,695K 2023 Energy Conservation Improvement:				
Annual maturities of $145K to $200K	May 1, 2033	4.00	1,550,000	145,000
Bond premium			2,285,180	167,072
Lease Liabilities				
$144,693 Building Lease, April 1, 2022:				
Annual maturity of $10,354	September 1, 2024	3.29	$ 10,354	$ 10,354
$443,601 Building Lease, September 1, 2022:				
Annual maturities of $28,654 to $51,007	February 1, 2033	4.75	376,367	36,603

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
Lease Liabilities (Continued)				
$88,316 Building Lease, January 15, 2023: Annual maturities of $9,764 to $18,848	January 15, 2028	4.75%	$ 63,730	$ 17,143
$178,115 Building Lease, July 1, 2021: Annual maturity of $19,078	November 1, 2024	3.29	19,078	19,078
$74,721 Building Lease, December 1, 2022: Annual maturities of $5,529 to $16,073	November 1, 2027	4.75	51,550	14,619
$898,189 Building Lease, July 8, 2021: Annual maturities of $81,482 to $110,649	June 8, 2031	3.29	680,957	81,482
$130,934 Building Lease, July 1, 2021: Annual maturities of $25,970 to $27,454	June 1, 2026	3.29	53,424	27,454
$97,504 Building Lease, December 1, 2022: Annual maturities of $20,877 to $22,612	June 1, 2027	4.75	65,840	20,877
$54,556 Building Lease, July 1, 2021: Annual maturities of $10,822 to $11,439	June 1, 2026	3.29	22,261	11,439
$300,378 Building Lease, January 1, 2023: Annual maturities of $29,475 to $67,551	December 1, 2027	4.75	217,019	57,577
$57,967 Building Lease, January 1, 2023: Annual maturities of $5,352 to $12,420	December 1, 2027	4.75	40,913	11,296
$39,757 Building Lease, September 1, 2023: Annual maturity of $1,752 to $20,443	August 1, 2025	4.75	22,195	20,443
$74,935 Building Lease, October 1, 2022: Annual maturities of $2,783 to $16,247	September 1, 2027	4.75	49,302	14,777
$592,249 Building Lease, February 1, 2023: Annual maturities of $70,067 to $133,057	January 1, 2028	4.75	438,259	112,566
$517,323 Building Lease, November 1, 2022: Annual maturities of $18,518 to $71,380	October 1, 2032	4.75	454,342	39,530
$486,689 Building Lease, August 1, 2022: Annual maturities of $42,687 to $59,452	July 1, 2032	4.75	405,280	42,663
$830,344 Building Lease, July 1, 2021: Annual maturities of $68,431 to $90,083	June 1, 2032	3.29	641,179	68,431
$284,224 Building Lease, July 1, 2021: Annual maturities of $13,259 to $51,678	October 1, 2027	3.29	160,057	46,217
$777,098 Building Lease, July 1, 2021: Annual maturities of $62,488 to $88,083	July 1, 2032	3.29	606,649	62,488
$166,005 Building Lease, July 1, 2021: Annual maturities of $26,007 to $33,391	April 1, 2027	3.29	91,710	32,312
$313,816 Building Lease, July 1, 2021: Annual maturities of $13,042 to $38,024	November 1, 2031	3.29	240,234	27,255
$218,818 Building Lease, July 1, 2021: Annual maturities of $26,148 to $51,026	January 1, 2026	3.29	77,174	51,026
$301,303 Building Lease, December 1, 2022: Annual maturities of $23,630 to $67,456	November 1, 2027	4.75	211,770	58,087

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
Lease Liabilities (Continued)				
$819,624 Building Lease, July 1, 2021:				
Annual maturities of $59,803 to $87,285	March 1, 2033	3.29%	$ 654,302	$ 61,962
Other Obligations				
Accumulated vacation pay			28,329	10,000
			$ 36,134,855	$ 7,803,351

The annual requirements to pay principal and interest on long-term bonds and leases outstanding are as follows:

	General Obligation Bonds		Lease Liabilities	
Years Ending June 30	Principal	Interest	Principal	Interest
2025	$ 6,680,600	$ 1,004,564	$ 945,679	$ 208,701
2026	1,515,600	942,701	919,240	169,777
2027	1,580,600	877,901	895,555	131,375
2028	1,640,600	810,100	661,931	96,043
2029	1,590,000	744,600	533,583	74,849
2030	1,655,000	676,238	559,250	54,632
2031	1,725,000	604,875	576,266	33,405
2032	1,640,000	540,000	455,467	13,570
2033	1,695,000	474,400	106,975	1,316
2034	1,560,000	396,300	-	-
2035	1,630,000	323,100	-	-
2036	1,700,000	246,600	-	-
2037	1,770,000	166,800	-	-
2038	1,785,000	83,700	-	-
	$ 28,167,400	$ 7,891,878	$ 5,653,946	$ 783,668

Note G – Retirement Plan

Plan Description

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

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The age and service requirements range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by .50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age. The System also provides disability and survivor benefits to DB plan members.

Certain employees have the option to participate in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Benefit terms provide for annual cost of living adjustments to each employee’s retirement allowance subsequent to the employee’s retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

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

Contributions and Funded Status

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 period beginning October 1, 2022 and ending September 30, 2038.

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

	Pension Contribution Rates:		
Plan Name	**Plan Status**	**Member**	**District**
Basic	Closed	0.0 – 4.0 %	20.16%
Member Investment Plan (MIP)	Closed	3.0 – 7.0%	20.16%
Pension Plus	Closed	3.0 – 6.4 %	17.24%
Pension Plus 2	Open	6.2%	19.95%
Defined Contribution	Open	0.0%	13.75%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2024 inclusive of the MSPERS UAAL Stabilization, totaled $10,476,601.

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

As of June 30, 2024, the District reported a liability of $76,916,898 for its proportionate share of the 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 the pension contributions required from all applicable employers during the measurement period. As of September 30, 2023 the District's proportion was 0.23764673%, which was an increase from 0.21817824% at September 30, 2022.

For the year ended June 30, 2024 the District recognized pension expense of $13,710,740. As of 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
Difference between expected and actual experience	$ 2,428,032	$ 117,824
Changes of assumptions	10,422,590	6,009,428
Net difference between projected and actual earnings on pension plan investments	—	1,573,969
Changes in proportion and differences between District contributions and proportionate share of contributions	7,946,696	109,148
District contributions subsequent to the measurement date*	9,862,862	—
Total	$ 30,660,180	$ 7,810,369

* This amount, reported as deferred outflows of resources related to pensions resulting from District 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 reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2025	$ 4,890,539
2026	3,616,612
2027	5,012,261
2028	(532,463)

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:	
MIP and Basic Plans (Non-Hybrid):	6.00% net of investment expenses
Pension Plus Plan (Hybrid):	6.00% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living 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 Tables scaled by 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

- Assumption changes as a result of an experience study for the 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: 5.0000.

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

Long-Term Expected Rate of Return on Investments

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:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
Private Equity 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 pension plan investments, 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 , 6.00% for the Pension Plus 2 Plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus Plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 5.00%	Current Discount Rate Assumption 6.00%	1% Increase 7.00%
District's proportionate share of the net pension liability	$103,914,504	$76,916,898	$54,440,415

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 Michigan Public School Employees' Retirement System September 30, 2023 Annual Comprehensive Financial Report, available here: (www.michigan.gov/orsschools).

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

Payables to the pension plan totaling $1,395,104 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources. The payables are included in the "Due to Other Governmental Units" at June 30, 2024.

Note H – Other Postemployment Benefits

Plan Description

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

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

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

The System's financial statements are available on the ORS website at 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 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.

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 and Funded Status

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	District
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0 %	7.21%

Required contributions to the OPEB plan from the District were $2,211,048 for the year ended June 30, 2024.

OPEB Assets, OPEB Credit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2024, the District reported an asset of $1,412,271 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB liability (asset) used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. As of September 30, 2023 the District's proportion was 0.24965087% which was an increase from 0.22598115% at September 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB credit of $1,450,266. 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
Difference between expected and actual experience	$ –	$ 10,671,845
Changes of assumptions	3,143,962	378,592
Net difference between projected and actual earnings on OPEB plan investments	4,306	–
Changes in proportion and differences between District contributions and proportionate share of contributions	2,294,279	12,849
District contributions subsequent to the measurement date*	1,946,218	–
Total	$ 7,388,765	$ 11,063,286

* This amount, reported as deferred outflows of resources related to OPEB resulting from District 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 as follows:

Years Ending June 30	Amount
2025	$ (1,840,480)
2026	(1,838,627)
2027	(584,173)
2028	(575,859)
2029	(504,720)
Thereafter	(276,880)

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
Asset Valuation Method:	Fair Value
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.50% Year 1 graded to 3.5% Year 15 Post-65 – 6.25% 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 Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability (asset) 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: 5.0000.

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

Long-Term Expected Rate of Return on Investments

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:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
Private Equity 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 investments, 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.

Discount Rate

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

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

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

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
District's proportionate share of the net OPEB liability (asset)	$1,464,101	$(1,412,271)	$(3,884,230)

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	$(3,890,394)	$(1,412,271)	$1,269,870

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

Payables to the OPEB plan totaling $192,869 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources. The payables are included in the "Due to Other Governmental Units" at June 30, 2024.

Note I - Risk Management and Employee Benefits

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in fiscal 2023-24, and as of year ended June 30, 2024, there were no material pending claims against the District.

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The pool does not maintain separate funds for members and consequently the District's share of total assets and total equity is unknown.

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of $17,667,214 as of June 30, 2024. This deficit results primarily from the net pension liability of $54,067,087 and net OPEB liability of $2,262,250 (net of deferred outflows and inflows of resources).

Note K - Commitments

On June 7, 2023, the District issued $1,695,000 of general obligation Energy Conservation Improvement bonds, whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2024, unspent balances committed to these construction projects totaled $56,069.

Note L - Joint Venture

The District has joined Berrien County in re-establishing a Truancy Academy. The Academy provides educational services in an effort to increase the youths' skills and keep them from future involvement with the court system, including potential out-of-home placements.

The District does not expect to receive residual equity from the above joint venture. The District is unaware of any indication that the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the District in the near future.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY MPSERS COST-SHARING MULTIPLE -EMPLOYER PLAN

	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
District's proportion of the net pension liability	0.23764673%	0.21817824%	0.20585989%
District's proportionate share of the net pension liability	$ 76,916,898	$ 82,054,042	$ 48,738,178
District's covered-employee payroll	$ 26,893,540	$ 25,843,958	$ 19,189,798
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	286.01%	317.50%	253.98%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
0.19662233%	0.18249104%	0.16598751%	0.15397781%	0.13883048%	0.12728261%	0.11518860%
$ 67,541,909	$ 60,434,897	$ 49,898,842	$ 39,902,196	$ 34,637,069	$ 31,088,812	$ 25,372,023
$ 19,093,660	$ 17,429,878	$ 15,802,298	$ 14,051,544	$ 13,054,515	$ 11,645,242	$ 9,887,039
353.74%	346.73%	315.77%	283.97%	265.33%	266.97%	256.62%
59.72%	60.08%	62.12%	63.96%	63.27%	63.17%	66.20%

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) MPSERS COST-SHARING MULTIPLE -EMPLOYER PLAN

BERRIEN SPRINGS PUBLIC SCHOOLS
June 30, 2024

	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
District's proportion of the net OPEB liability (asset)	0.24965087%	0.22598115%	0.20847724%
District's proportionate share of the net OPEB liability (asset)	$ (1,412,271)	$ 4,786,422	$ 3,182,150
District's covered-employee payroll	$ 26,893,540	$ 25,843,958	$ 19,189,798
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(5.25%)	18.52%	16.58%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	105.04%	83.09%	87.33%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
0.20559186%	0.19023969%	0.17555384%	0.15443446%
$ 11,014,105	$ 13,654,926	$ 13,954,690	$ 13,675,899
$ 19,093,660	$ 17,429,878	$ 15,802,298	$ 14,051,544
57.68%	78.34%	88.31%	97.33%
59.44%	48.67%	43.10%	36.53%

SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
MPSERS COST-SHARING MULTIPLE -EMPLOYER PLAN

	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
Contractually required contribution	$ 10,476,601	$ 8,592,897	$ 7,363,261
Contributions in relation to the contractually required contribution	10,476,601	8,592,897	7,363,261
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 27,091,840	$ 26,458,830	$ 22,696,693
Contributions as a percentage covered employee payroll	38.67%	32.48%	32.44%

Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
$ 6,001,204	$ 5,420,560	$ 4,862,821	$ 3,865,920	$ 3,117,510	$ 2,455,447	$ 2,287,763
6,001,204	5,420,560	4,862,821	3,865,920	3,117,510	2,455,447	2,287,763
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 18,885,515	$ 19,002,562	$ 17,247,046	$ 15,794,293	$ 13,054,515	$ 11,645,242	$ 10,579,437
31.78%	28.53%	28.20%	24.48%	23.88%	21.09%	21.62%

SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS
MPSERS COST-SHARING MULTIPLE -EMPLOYER PLAN

BERRIEN SPRINGS PUBLIC SCHOOLS
June 30, 2024

	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
Contractually required contribution	$ 2,211,048	$ 2,172,294	$ 1,851,355
Contributions in relation to the contractually required contribution	2,211,048	2,172,294	1,851,355
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 27,091,840	$ 26,458,830	$ 22,696,693
Contributions as a percentage of covered employee payroll	8.16%	8.21%	8.16%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
$ 1,594,415	$ 1,518,969	$ 1,328,922	$ 1,143,581
1,594,415	1,518,969	1,328,922	1,143,581
$ -	$ -	$ -	$ -
$ 18,885,515	$ 19,002,562	$ 17,247,046	$ 15,794,293
8.44%	7.99%	7.71%	7.24%

Note A - Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2023-24.

Changes of assumptions: There were no changes of benefit assumptions in 2023-24.

Note B - Net OPEB Liability (Asset) and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2023-24.

Changes of assumptions: There were no changes of benefit assumptions in 2023-24.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

BERRIEN SPRINGS PUBLIC SCHOOLS
June 30, 2024

	Special Revenue		Debt Service
	Food Service	Student/School Activity	2009 QZAB
Assets			
Cash equivalents and investments	$ 547,359	$ 368,524	$ 3,943,333
Taxes receivable	-	-	-
Due from other funds	85	-	-
Due from other governmental units	39,784	-	-
Inventory	3,959	-	-
Total Assets	$ 591,187	$ 368,524	$ 3,943,333
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 1,790	$ 2,629	$ -
Construction retainage payable	-	-	-
Due to other funds	102,145	3,187	-
Accrued interest	-	-	-
Salaries payable	4,833	-	-
Unearned revenue	9,088	-	-
Total Liabilities	117,856	5,816	-
Fund Balances			
Nonspendable	3,959	-	-
Restricted	469,372	362,708	3,943,333
Total Fund Balances	473,331	362,708	3,943,333
Total Liabilities and Fund Balances	$ 591,187	$ 368,524	$ 3,943,333

Debt Service					
2009 QSCB	2012 QZAB	2019 Athletic	2019 Debt	2021 Debt	2023 Debt
$ 933,333	$ 13,001	$ 1,954	$ 171,965	$ 2,971	$ 596
-	-	-	64	-	-
-	-	-	-	-	-
-	9,266	-	-	-	-
-	-	-	-	-	-
$ 933,333	$ 22,267	$ 1,954	$ 172,029	$ 2,971	$ 596
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	9,826	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,826	-	-	-	-
-	-	-	-	-	-
933,333	12,441	1,954	172,029	2,971	596
933,333	12,441	1,954	172,029	2,971	596
$ 933,333	$ 22,267	$ 1,954	$ 172,029	$ 2,971	$ 596

	Capital Projects			
	Building and Site Sinking	Public Improvement	2023 Energy Conservation	Total
Assets				
Cash equivalents and investments	$ 371,657	$ 852,844	$ 65,630	$ 7,273,167
Taxes receivable	-	-	-	64
Due from other funds	-	-	-	85
Due from other governmental units	-	-	-	49,050
Inventory	-	-	-	3,959
Total Assets	$ 371,657	$ 852,844	$ 65,630	$ 7,326,325
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ 1,415	$ -	$ 5,834
Construction retainage payable	-	20,000	9,561	29,561
Due to other funds	-	-	-	105,332
Accrued interest	-	-	-	9,826
Salaries payable	-	-	-	4,833
Unearned revenue	-	-	-	9,088
Total Liabilities	-	21,415	9,561	164,474
Fund Balances				
Nonspendable	-	-	-	3,959
Restricted	371,657	831,429	56,069	7,157,892
Total Fund Balances	371,657	831,429	56,069	7,161,851
Total Liabilities and Fund Balances	$ 371,657	$ 852,844	$ 65,630	$ 7,326,325

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COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

	Special Revenue		Debt Service
	Food Service	Student/School Activity	2009 QZAB
Revenues			
Local sources:			
Property taxes	$ -	$ -	$ -
Interest earnings	8,632	-	-
Food sales	53,663	-	-
Other local sources	-	306,253	-
Total local sources	62,295	306,253	-
State sources	210,145	-	-
Federal sources	1,302,518	-	-
Total Revenues	1,574,958	306,253	-
Expenditures			
Current:			
Supporting services	-	284,583	-
Food service	1,507,850	-	-
Facilities acquisition, construction, and improvements	-	-	-
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1,507,850	284,583	-
Excess (Deficiency) of Revenues Over Expenditures	67,108	21,670	-
Other Financing Sources (Uses)			
Transfers in	-	-	281,666
Transfers out	(100,000)	-	-
Total Other Financing Sources (Uses)	(100,000)	-	281,666
Net Change in Fund Balances	(32,892)	21,670	281,666
Fund Balances, Beginning of Year	506,223	341,038	3,661,667
Fund Balances, End of Year	$ 473,331	$ 362,708	$ 3,943,333

Debt Service					
2009 QSCB	2012 QZAB	2019 Athletic	2019 Debt	2021 Debt	2023 Debt
$ -	$ -	$ -	$ 1,373,586	$ -	$ -
-	-	-	31,056	-	219
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,404,642	-	219
-	-	-	9,152	-	-
-	18,641	-	-	-	-
-	18,641	-	1,413,794	-	219
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	115,600	325,000	690,000	130,000	145,000
-	19,663	261,714	702,714	13,725	61,635
-	135,263	586,714	1,392,714	143,725	206,635
-	(116,622)	(586,714)	21,080	(143,725)	(206,416)
66,666	47,716	586,200	-	143,225	206,020
-	-	-	-	-	-
66,666	47,716	586,200	-	143,225	206,020
66,666	(68,906)	(514)	21,080	(500)	(396)
866,667	81,347	2,468	150,949	3,471	992
$ 933,333	$ 12,441	$ 1,954	$ 172,029	$ 2,971	$ 596

(Continued)

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (Continued)

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

	Capital Projects			
	Building and Site Sinking	Public Improvement	2023 Energy Conservation	Total
Revenues				
Local sources:				
Property taxes	$ -	$ -	$ -	$ 1,373,586
Interest earnings	16,640	111,583	2,957	171,087
Food sales	-	-	-	53,663
Other local sources	-	-	-	306,253
Total local sources	16,640	111,583	2,957	1,904,589
State sources	-	-	-	219,297
Federal sources	-	-	-	1,321,159
Total Revenues	16,640	111,583	2,957	3,445,045
Expenditures				
Current:				
Supporting services	-	-	-	284,583
Food service	-	-	-	1,507,850
Facilities acquisition, construction, and improvements	305	2,611,130	845,240	3,456,675
Debt service:				
Principal repayment	-	-	-	1,405,600
Interest and fiscal charges	-	-	-	1,059,451
Total Expenditures	305	2,611,130	845,240	7,714,159
Excess (Deficiency) of Revenues Over Expenditures	16,335	(2,499,547)	(842,283)	(4,269,114)
Other Financing Sources (Uses)				
Transfers in	-	-	-	1,331,493
Transfers out	(212,934)	-	-	(312,934)
Total Other Financing Sources (Uses)	(212,934)	-	-	1,018,559
Net Change in Fund Balances	(196,599)	(2,499,547)	(842,283)	(3,250,555)
Fund Balances, Beginning of Year	568,256	3,330,976	898,352	10,412,406
Fund Balances, End of Year	$ 371,657	$ 831,429	$ 56,069	$ 7,161,851

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – FOOD SERVICE SPECIAL REVENUE FUND

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

	Budget	Actual	Variance
Revenues			
Local sources	$ 159,000	$ 62,295	$ (96,705)
State sources	28,000	210,145	182,145
Federal sources	1,003,500	1,302,518	299,018
Total Revenues	1,190,500	1,574,958	384,458
Expenditures			
Current:			
Food service	1,375,558	1,507,850	(132,292)
Excess (Deficiency) of Revenues Over Expenditures	(185,058)	67,108	252,166
Other Financing Sources (Uses)			
Transfers out	-	(100,000)	(100,000)
Net Change in Fund Balances	(185,058)	(32,892)	152,166
Fund Balances, Beginning of Year	506,223	506,223	-
Fund Balances, End of Year	$ 321,165	$ 473,331	$ 152,166

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL – STUDENT/SCHOOL ACTIVITY SPECIAL REVENUE FUND

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

	Budget	Actual	Variance
Revenues			
Local sources	$ 105,000	$ 306,253	$ 201,253
Expenditures			
Supporting services:			
Other student/school activity	115,000	284,583	(169,583)
Net Change in Fund Balance	(10,000)	21,670	31,670
Fund Balance, Beginning of Year	341,038	341,038	-
Fund Balance, End of Year	$ 331,038	$ 362,708	$ 31,670

BERRIEN SPRINGS PUBLIC SCHOOLS

Berrien County, Michigan

Additional Reports Required by the Uniform Guidance

For the year ended June 30, 2024

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BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

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

October 28, 2024

The Board of Education
Berrien Springs Public Schools
Berrien County, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Berrien Springs Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Berrien Springs Public Schools' basic financial statements, and have issued our report thereon dated October 28, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berrien Springs Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Hungerford

Certified Public Accountants
Grand Rapids, Michigan

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

October 28, 2024

The Board of Education
Berrien Springs Public Schools
Berrien County, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Berrien Springs Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program 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 Berrien Springs Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Berrien Springs Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 Berrien Springs Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Berrien Springs Public Schools' compliance with the requirements of the 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 Berrien Springs Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Berrien Springs Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Berrien Springs Public Schools' 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Berrien Springs Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Berrien Springs Public Schools' basic financial statements. We issued our report thereon dated October 28, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hungerford

Certified Public Accountants
Grand Rapids, Michigan

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BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Approved Grant Award Amount
U. S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I, Part A:	84.010	
231530 2223		$ 468,812
241530 2324		484,172
Total Title I, Part A		952,984
Title I, Part C:	84.011	
231890 2223		56,478
241890 2324		33,329
Total Title I, Part C		89,807
Title III, Part A:	84.365	
230580 2223		50,411
240570 2324		31,875
240580 2324		55,396
Total Title III, Part A		137,682
Title II, Part A:	84.367	
230520 2223		79,841
240520 2324		68,502
Total Title II, Part A		148,343
Title IV, Part A:	84.424	
230750 2223		31,839
240750 2324		41,768
Total Title IV, Part A		73,607

Accrued (Deferred) Revenue At July 1, 2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2024
$ 214,196	$ 433,377	$ -	$ 214,196	$ -
-	-	377,822	318,095	59,727
214,196	433,377	377,822	532,291	59,727
30,901	47,920	-	30,901	-
-	-	11,180	9,362	1,818
30,901	47,920	11,180	40,263	1,818
26,448	50,411	-	26,448	-
-	-	29,511	-	29,511
-	-	53,847	43,065	10,782
26,448	50,411	83,358	69,513	40,293
41,160	77,553	-	41,160	-
-	-	51,666	46,825	4,841
41,160	77,553	51,666	87,985	4,841
12,892	24,851	-	12,892	-
-	-	33,241	33,241	-
12,892	24,851	33,241	46,133	-

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Approved Grant Award Amount
Education Stabilization Fund:	84.425	
213712 20-21 ESSER Formula Funds II	84.425D	$ 1,352,980
213713 2122 ARP/ESSER III	84.425U	2,988,881
213723 2122 11t Equalization	84.425U	1,608,662
211012 2122 MV ARP Homeless II	84.425W	45,291
Total Education Stabilization Fund		5,995,814
Passed through Berrien Regional Education Service Agency (RESA):		
Special Education Cluster:		
I.D.E.A. Grants to States:	84.027	
230450 2223		271,808
240450 2324		289,782
Total I.D.E.A. Grants to States		561,590
I.D.E.A. Preschool:	84.173	
230460 2223		40,787
Total Special Education Cluster		602,377
Career and Technical Education - Basic Grants to States:	84.048	
2024 Perkins		17,073
Total U.S. Department of Education		8,017,687
U.S. Department of Health and Human Services		
Passed through Berrien RESA:		
Medicaid Cluster:		
Medical Assistance Program:	93.778	
Medicaid Outreach 2024		55,149
Total U.S. Department of Health and Human Services		55,149

Accrued (Deferred) Revenue At July 1, 2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2024
$ 402,702	$ 781,542	$ -	$ 402,702	$ -
565,552	1,126,933	457,503	885,260	137,795
602,005	688,759	559,530	1,094,468	67,067
7,498	7,498	18,680	22,749	3,429
1,577,757	2,604,732	1,035,713	2,405,179	208,291
166,203	271,808	-	166,203	-
-	-	289,782	120,880	168,902
166,203	271,808	289,782	287,083	168,902
30,853	40,787	-	30,853	-
197,056	312,595	289,782	317,936	168,902
-	-	17,073	17,073	-
2,100,410	3,551,439	1,899,835	3,516,373	483,872
-	-	55,149	55,149	-
-	-	55,149	55,149	-

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Approved Grant Award Amount
Federal Communications Commision		
Passed through Universal Service Administrative Company (USAC):		
Emergency Connectivity Fund Program:	32.009	
ECF202202068		$ 444,690
Total Federal Communications Commision		444,690
U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE):		
Child Nutrition Cluster:		
Non-Cash Assistance (USDA Commodities):	10.555	
Entitlement Commodities		73,401
Cash Assistance:		
School Breakfast Program:	10.553	
231970		266,410
241970		293,127
Total School Breakfast Program		559,537
National School Lunch Program:	10.555	
231960		702,730
231980		6,028
240910		47,996
241960		722,754
241980		4,110
Total National School Lunch Program		1,483,618
Fresh Fruit and Vegetable Program:	10.582	
230950		22,425
Total Cash Assistance		2,065,580
Total Child Nutrition Cluster		2,138,981

Accrued (Deferred) Revenue At July 1, 2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2024
$ 401,890	$ 444,690	$ -	$ 401,890	$ -
401,890	444,690	-	401,890	-
-	-	73,401	73,401	-
8,002	224,193	42,217	50,219	-
-	-	293,127	284,698	8,429
8,002	224,193	335,344	334,917	8,429
15,339	588,441	114,289	129,628	-
-	5,574	454	454	-
-	-	47,996	47,996	-
-	-	722,754	708,368	14,386
-	-	4,110	4,110	-
15,339	594,015	889,603	890,556	14,386
5,139	7,535	-	5,139	-
28,480	825,743	1,224,947	1,230,612	22,815
28,480	825,743	1,298,348	1,304,013	22,815

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Approved Grant Award Amount
Child Nutrition Discretionary Grants:	10.579	
School Breakfast Expansion:		
221995		$ 10,000
221997		6,500
Total Child Nutrition Discretionary Grants		16,500
Total U.S. Department of Agriculture		2,155,481
Total Federal Financial Assistance		$ 10,673,007

Accrued (Deferred) Revenue At July 1, 2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2024
$ 8,667	$ 8,667	$ -	$ 8,667	$ -
-	-	4,170	4,170	-
8,667	8,667	4,170	12,837	-
37,147	834,410	1,302,518	1,316,850	22,815
$ 2,539,447	$ 4,830,539	$ 3,257,502	$ 5,290,262	$ 506,687

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Note A - Basis of Presentation

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

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rate

Berrien Springs Public Schools has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note D - Grant Section Auditor Report

Management has utilized the MDE NexSys Grant, Application and Cash Management system, and Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.

Note E - Non-Cash Assistance

The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with the schedule for USDA donated food and bonus commodities.

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Note F - Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference	
Title I, Part A	$ 377,822	$ 377,822	$ -	
Title I, Part C	11,180	11,180	-	
Title III, Part A	83,358	83,358	-	
Title II, Part A	51,666	51,666	-	
Title IV, Part A	33,241	33,241	-	
Education Stabilization Fund	1,035,713	1,035,713	-	
Special Education Cluster	289,782	289,782	-	
Career and Technical Education - Basic Grants to States	17,073	17,073	-	
Medicaid Cluster	55,149	55,149	-	
Emergency Connectivity Fund Program	-	401,890	(401,890)	**
Child Nutrition Cluster	1,298,348	1,298,348	-	
Child Nutrition Discretionary Grants	4,170	4,170	-	
US Treasury - Refund Excise Tax	-	5,064	(5,064)	***
Qualified Bond Interest Subsidy	-	18,641	(18,641)	*
	$ 3,257,502	$ 3,683,097	$ (425,595)	

*Federal interest subsidy, received for the District's 2012 QZAB bond, is recorded as Federal revenue in the financial statements but excluded from the Schedule of Expenditures of Federal Awards.

**The difference in Federal expenditures to Federal revenue per the financial statements is due to deferred revenue recorded in the prior year for requests received in excess of 60 days after the 2023 fiscal year-end.

***US Treasury refund excise tax is recorded as Federal revenue in the financial statements but excluded from the Schedule of Expenditures of Federal Awards.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*Unmodified*	
Internal control over financial reporting:		
· Material weakness(es) identified?	____ Yes	X No
· Significant deficiency(ies) identified?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
· Material weakness(es) identified?	____ Yes	X No
· Significant deficiency(ies) identified?	____ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes	X No
Identification of major programs audited:	84.425 - Education Stabilization Fund	
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as a low-risk auditee?	X Yes	____ No

BERRIEN SPRINGS PUBLIC SCHOOLS
For the year ended June 30, 2024

Section II - Financial Statements Audit Findings

There were no findings that are required to be reported under *Government Auditing Standards*.

Section III – Major Federal Award Programs Findings and Questioned Costs

There were no findings that are required to be reported under *Government Auditing Standards*.

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October 28, 2024

The Board of Education
Berrien Springs Public Schools
Berrien County, Michigan

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Berrien Springs Public Schools for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and 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 April 17, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Berrien Springs Public Schools are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimate of the liability of the payout for the employee compensated absences upon their retirement is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the lives of capital assets. We evaluated the key factors and assumptions used to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. Certain amounts included in capital assets have been estimated by appraisers based on historical information for assets placed in service prior to implementation of GASB Statement No. 34.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were related to the District's share of the net pension and net OPEB liabilities related to GASB Statements No. 68 and 75.

> The disclosure of the net pension liability and the net OPEB liability in the Notes to the financial statements were recorded as of June 30, 2024 based on information received from the Michigan Office of Retirement Services. We evaluated the key factors and assumptions used to develop these liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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. There were no significant adjustments derived from the audit process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 28, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matter, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit'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 Management's Discussion and Analysis and Schedules related to the Proportionate Share and Contributions of the District's Net Pension and Net OPEB Liabilities, 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.

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

Other Comments

The District General Fund balance increased by $10,757,532 to $38,690,452 at June 30, 2024. This balance represents approximately 43.63 percent of the District's 2024-25 expenditure budget. Maintaining a fund balance of at least 10 to 20 percent of the ensuing year's expenditure budget is advisable for Berrien Springs Public Schools, as recommended by the Michigan Department of Education.

Restriction on Use

This communication is intended solely for the information and use of the Berrien Springs Public Schools' Board of Education and management and is not intended to be, and should not be, used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Departments of Education as an enclosure with the audited financial statements as required by the State of Michigan.

Hungerford

Certified Public Accountants