

**Berkley School District**

**Financial Statements**

**June 30, 2024**



**YEO & YEO**

**BUSINESS SUCCESS  
PARTNERS**

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**Berkley School District**  
**Members of the Board of Education and Administration**  
**June 30, 2024**

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**Members of the Board of Education**

Roger Blake	President
Mike Tripp	Vice President
Keith Logsdon	Treasurer
Sarah Mountain	Secretary
Jason Deneau	Trustee
Barrie Frankel	Trustee
Ronald Justice	Trustee

**Administration**

Scott Francis	Superintendent
Jenna Romain, CPA	Director of Finance

## Independent Auditors' Report

Management and the Board of Education  
Berkley School District  
Oak Park, Michigan

### Report on the Audit of the Financial Statements

#### Opinions

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

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

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Berkley School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Berkley School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

## Required Supplementary Information

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

## Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Berkley School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, 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 other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024 on our consideration of Berkley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Berkley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berkley School District's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Auburn Hills, Michigan  
October 25, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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# **Berkley School District**

## **Management's Discussion and Analysis**

### **Year Ended June 30, 2024**

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This section of the Berkley School District's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement #34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 2000. The School District has provided certain comparative data between the fiscal years ended June 30, 2024 and 2023, as required by GASB #34.

#### Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Berkley School District financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds, the General Fund, and Community Services Fund, with all other funds presented in one column as Non-major Governmental Funds.

The financial report statements also include *Notes* that further explain some of the more significant information in the statements and provide additional, detailed data. The statements are followed by a section of *Required Supplemental Information* that further explains and supports the financial statements with a comparison of the District's original budget and final budget for the 2023-24 fiscal year. The following schedule shows how the various parts of the annual report are arranged and related to one another

# Berkley School District

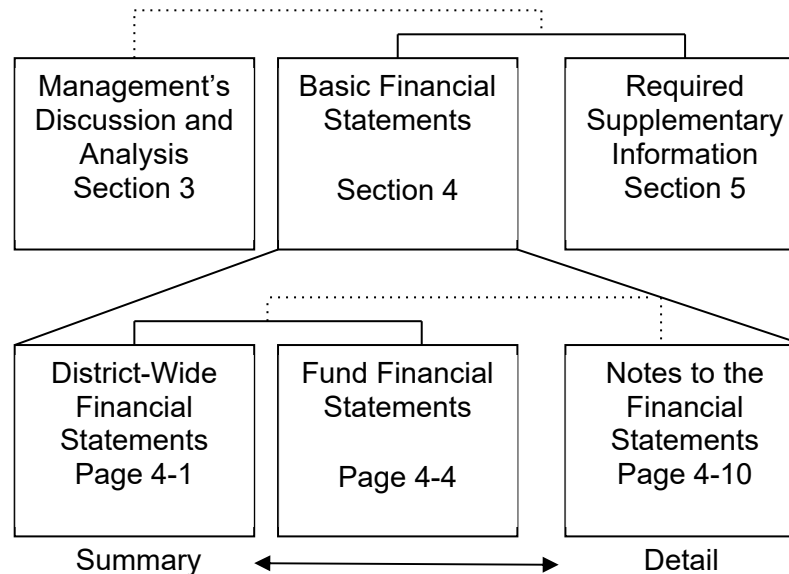
## Management's Discussion and Analysis

### Year Ended June 30, 2024

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This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB). The overall organization of this report is shown in Figure A-1.

**Figure A-1**  
**Berkley School District**  
**Organization of Annual Financial Report**



One of the most important questions asked about the School District is, “Is the School District as a whole better or worse off financially as a result of the year’s activities?” The Statement of Net Position, which appears first in the School District’s financial statements, reports information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include *all* assets and liabilities, using the *full accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District’s *net position* – the difference between assets and liabilities, as reported in the Statement of Net Position – as one way to measure the School District’s financial health, or *financial position*. Over time, *increases or decreases* in the School’s net position – as reported in the Statement of Activities – is one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses is the School District’s *operating results*. However, the School District’s goal is to provide programs and services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the teaching, learning and curriculum provided and the safety of the schools to assess the *overall health* of the School District.

**Berkley School District**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2024**

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The Statement of Net Position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, food services, community services, as well as capital improvement projects and debt service. Property taxes, foundation allowance revenue, and state and federal grants finance most of these activities.

*Reporting the School District's Most Significant Funds – Fund Financial Statements*

The School District's fund financial statements provide detailed information about the most *significant funds* – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to help it control and manage money for particular purposes (e.g. Food Service Fund, Community Services Fund, Student Activities Fund and Other Capital Projects Fund) or to show that it is meeting legal responsibilities for using certain taxes, and other financial resources (such as taxes received from the local taxing entities for the retirement of debt, sinking fund projects and bond capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported as governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are greater or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation.

**Berkley School District**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2024**

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The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's restated net assets as of June 30, 2024 and 2023, respectively:

	Governmental Activities June 30, (in millions)	
	2024	2023
Assets & Deferred Outflows		
Current and other assets	\$ 141.0	\$ 36.1
Capital assets	77.0	73.7
Deferred outflows of resources	43.9	53.3
Total assets and deferred outflows of resources	<u>261.9</u>	<u>163.1</u>
Liabilities		
Current liabilities	\$ 17.4	\$ 12.4
Long-term liabilities	271.2	202.3
Deferred inflows of resources	39.9	26.3
Total liabilities and deferred inflows of resources	<u>328.5</u>	<u>241.0</u>
Net Position		
Net investment in capital assets	27.0	26.4
Restricted for debt retirement	1.5	1.4
Restricted for sinking fund	3.4	3.1
Restricted for food service	0.4	0.3
Restricted for Net OPEB asset	2.1	-
Unrestricted	(101.0)	(109.1)
Total net position	<u>\$ (66.6)</u>	<u>\$ (77.9)</u>

The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was (\$66.6) million on June 30, 2024. Capital assets, net of related debt (net investments in capital assets), totaling \$77.0 million compares the original costs, less depreciation of the School District's capital assets to long-term debt, including accrued interest on capital appreciation bonds used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net positions are reported separately to show legal constraints that prohibit the School District's ability to use those net assets for day-to-day operations. Restricted net assets are for debt service, future sinking fund projects and food service purposes. The remaining (\$101.0 million) of net position was unrestricted. A reconciliation of the difference between changes in net position and changes in fund balance is on page 4-9. In 2023-24 there was an increase in the net position of \$11.3 million.

**Berkley School District**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2024**

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The results of this year's operations for the School District as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for the fiscal year ending June 30, 2024. Comparative numbers for fiscal year ending June 30, 2023, are provided.

TABLE 2	Governmental Activities	
	June 30, (in millions)	
	2024	2023
Revenue		
General revenue:		
Property taxes levied for general purposes	\$ 4.2	\$ 3.8
Property taxes levied for debt services	4.4	4.1
Property taxes levied for sinking fund	3.8	3.6
State aid	50.7	45.0
Other	2.3	1.4
Program revenue:		
Grants and categoricals	25.3	30.9
Charges for services	4.9	4.8
Total revenue	<u>95.6</u>	<u>93.6</u>
Functions/program expenses		
Instruction	49.7	54.8
Supporting services	26.0	26.6
Student and school activities	-	1.1
Food services	1.2	1.0
Community services and other	3.7	4.7
Interest and long-term debt	3.7	1.9
Total expenses	<u>84.3</u>	<u>90.1</u>
Change in Net Position	11.3	3.5
Beginning net position	<u>(77.9)</u>	<u>(81.4)</u>
Ending net position	<u>\$ (66.6)</u>	<u>\$ (77.9)</u>

As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was \$84.3 million (see 4-3). Certain activities were partially funded from those who benefited from the programs in the amount of \$4.9 million or by other governments and organizations that subsidized certain programs with grants and contributions of \$25.3 million. The District paid for the remaining "public benefit" portion of our governmental activities with \$14.6 million in taxes and other income and \$50.7 million from state aid not restricted for specific purposes.

# Berkley School District

## Management's Discussion and Analysis

### Year Ended June 30, 2024

The School District experienced an increase in net position of \$11.3 million (see 4-3). The major factor contributing to this change includes, but is not limited to, changes in the net position and OPEB liabilities and bonded debt liability on debt obligations. The increase in net position differs from the change in fund balance and reconciliation appears on page 4-9.

As discussed above, the net costs show the financial obligation that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

In the following table, we have presented the cost of each of the School District's five largest functions – instruction, supporting services, student and school activities, food services and community services, as well as each program's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial obligation that was placed on the School District's taxpayers by each of these functions. Net costs also include costs related to the net pension liability, OPEB liability, long-term debt and capital assets. These costs are not part of the day-to-day operations of the District. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Net Costs of Berkley School District's Governmental Activities  
(In Millions of Dollars)

	Total Cost of Services For the Year Ended,		Percentage Change	Net Cost of Services For the Year Ended,		Percentage Change
	2024	2023	2023-2024	2024	2023	2023-2024
Instruction	\$ 49.7	\$ 54.8	-9%	\$ 28.1	\$ 29.2	-4%
Supporting services	26.0	26.6	-2%	22.3	23.5	-5%
Student and school activities	-	1.1	-100%	-	(0.1)	-100%
Food services	1.2	1.0	20%	(0.2)	-	0%
Community services	3.7	4.7	-21%	0.2	(0.1)	-300%
All others	3.7	1.9	95%	3.7	1.9	95%
Total	<u>\$ 84.3</u>	<u>\$ 90.1</u>	<u>-6%</u>	<u>\$ 54.1</u>	<u>\$ 54.4</u>	<u>-1%</u>

#### The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader to consider whether the School District is being accountable for the resources taxpayers and others provide to it, but may also give you more insight into the School District's overall financial health.

**Berkley School District**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2024**

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As the School District completed this year, our governmental funds reported a combined fund balance of \$122.4 million across all funds, which is an increase of \$98.4 million from last year. This is due mainly to the following changes experienced in the District's major funds:

- The establishment of the 2023 Building and Site Bond Fund which captures the voter approved an \$88 million Building and Site Bond which was funded by Series I for \$10 million and Series II for \$78 million. Additionally included, the District borrowed a \$15 million bond which is being paid with future sinking fund tax revenues. Significant projects of the bonds have and will include: building a new maintenance facility, building an indoor fieldhouse, upgrades to the performing arts center, pool upgrades, science lab upgrades, new furniture in all classrooms, updated technology in all classrooms, a permanent home for our Adult Transition and Robotics programs, multi-purpose additions at each elementary, upgrades to gyms at middle schools, Hurley Field track and turf replacements and addition of baseball and softball fields. The majority of 2023-24 projects related to project design and the maintenance building. In the year of the bond sale, total proceeds are considered an other financing source. In future years the revenue will only be miscellaneous (interest) income and expenses related to capital improvements.
- The General Fund saw an increase in the State foundation allowance of \$458 per pupil resulting in a foundation allowance of \$9,608 per pupil. Enrollment was fairly flat, with an overall decrease of 29 FTE. Additionally, the State increased the categorical amount reimbursed to partially offset special education costs.
- Grants continued to be an ever changing landscape with emphasis on spending down covid-related funds and new State specific categorical allocations. Many of these grants allowed the District to supplement existing services and costs in the District's budget or provide new programs for staff and students.
- Higher than normal interest rates and continuing the strategic plan for investing available funds resulted in sustained increase in interest income across all of the District's funds.
- The Community Services Fund collectively summarizes the financial activity included in the following programs/individual funds: Tuition-based Childcare programs, the Durant/Strategic Fund and the Hurley Field activities. The June 30, 2024 fund balances for the following programs were as follows:

Durant / Strategic Planning	\$ 4,138,449
Hurley Field	(47,086)
Tuition-based Childcare	<u>63,459</u>
Total	<u>\$ 4,154,822</u>

- The Community Service Fund experienced an overall \$222,000 decrease in fund balance. The Durant/Strategic fund balance grew by \$204,000 due to sustained higher interest rates. The Hurley Field fund balance increased by \$5,000 due to normal operations and the Tuition-based Childcare programs decreased fund balance by \$431,000 due to staffing related expenses that outpace the tuition revenue. The District has already made changes going into 2024-25 to help reduce the expenses while still providing quality care. Changes include consolidating the hours of operation by one hour, increasing tuition rates and reorganizing classrooms into different funding structures (more GSRP/Head Start Preschool classrooms). Additional changes will be made in future years if the program cannot better control costs.

**Berkley School District  
Management's Discussion and Analysis  
Year Ended June 30, 2024**

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- The Non-major Governmental Funds include the Food Service Fund, Student/School Activity Fund, Debt Service Fund, Other Capital Projects and the Sinking Fund. The June 30, 2024 fund balance figures for the component funds/programs comprising the general Non-major Governmental Funds were as follows:

Food Service Fund	\$ 434,560
Student/School Activity Fund	727,029
Debt Service Fund	2,500,740
Capital Projects Fund	77,037
Sinking Fund	<u>3,380,569</u>
Total	<u>\$ 7,119,935</u>

- The Food Service Fund realized an operating surplus of \$137,961 due largely to the National School Lunch Program's supply chain assistance funds which smoothed the increase in food costs. Additionally, program participation increased dramatically due to the State of Michigan's "free meals for all" programs.
- The Student/School Activity Fund did not see significant fluctuations. Fund activity is based on activities and fundraising efforts of the various school clubs and athletic teams.
- The Debt Service Fund recorded revenues in excess of expenditures totaling \$763,594 as revenue from an improved taxable value property base outpaced the planned principal and interest payments, as the outstanding bond obligations were being retired. A \$2.7 million transfer from the sinking fund was received to pay for the \$15 million limited bond. This planned build of fund balance was included in the overall millage rate strategy for new bonds.
- The Other Capital Projects (OCP) Fund ended the fiscal year with revenues exceeding expenses by \$19,910. It should be noted the general fund transfer to the OCP fund was increased by \$160,000 this year. The additional funds were used to purchase custodial equipment, a scissor lift, a pavilion and staff devices and office furniture. The importance of the OCP fund is critical as the Sinking Fund cannot purchase most equipment or non-student technology.
- The Sinking Fund revenues exceeded expenditures by \$251,047 during the fiscal year. This can be attributed to increasing property tax values collected less actual projects costs for eligible expenditures. Significant spends included security cameras, student 1 to 1 devices, emergency sewer repairs, significant drainage repairs and renovations to locker rooms and general repairs to District buildings. Additionally, the Sinking Fund transferred \$2,711,265 to the Debt Service fund to pay for the \$15 million limited bond. All activities of the bond must be sinking fund eligible. A planned allocation recognizing a reserve toward future instructional technology devices and infrastructure support costs of \$50,000 in each of the four years of the Sinking Fund (2019-20 through 2022-23) totaling \$200,000 will be considered with future budgets.



**Berkley School District  
Management's Discussion and Analysis  
Year Ended June 30, 2024**

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General Fund Budgetary Highlights

Over the course of the year, the School District revised its budget to reflect material adjustments or unexpected changes in budgeted revenues and expenditures. A schedule (page 5-1) showing the School District's original and final budget amounts compared with amounts actually received and paid is provided in our annual report.

The District's Board of Education adopted two budget amendments during the year. Some of the material revisions made to the 2023-24 General Fund original budget are outlined below.

**Budgeted Revenues and Other Financial Sources** were increased by \$3,975,823 from the original budget to the final budget primarily due to the following significant changes:

- Adjustments to State Aid Revenues:
  - Enrollment, Foundation Allowance, including Special Ed - \$1,000,000
  - MPSERS/Retirement related categoricals - \$1,000,000
  - 31aa Mental Health & Section 97c School Safety Grant allocation and carryover - \$617,000
  - New state aid categoricals related to general compensation and transportation - \$410,000
- Recognition of Federal Funding (ESSER III/11T/98c, Titles, IDEA & others) true up budgets to actual, carryover, and current year allocations which are unknown at time of original budget - \$300,000
- Increase in interdistrict revenue from the LSD - County-wide Special Education millage, Medicaid revenue and miscellaneous grants - \$190,000
- Additional interest revenues due to sustained interest rates - \$200,000
- Remove the planned allocation of indirect cost revenue from tuition based programs - (\$100,000)

**Budgeted Expenditures and Other Financial Uses** were increased \$2,981,397 due primarily to the following significant changes:

- Increase in MPSERS 147c(1) pass-through funds - \$640,000
- Increase salary/benefit costs associated with additional staff to support students - \$260,000
- Increase in grants and related carryover including payroll and supplies - \$1,290,000
- Increase in special education related costs - \$305,000
- Placeholder for planned spend down of "Equitable Learning Fund" resources derived from previously supplanted pandemic funding for future student support uses - \$250,000
- Professional fees relating to the issuance and planning for bond related projects that were charged to the general fund - \$170,000
- Increased transfer to the OCP Fund - \$185,000
- Additionally, there are routine adjustments to true up/right sizing costs including salaries, benefits, supplies, utilities, maintenance, transportation, athletics and others based on the most accurate information, estimates and projections at the time of amendment.

**Berkley School District**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2024**

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Community Services Fund Budgetary Highlights

Over the course of the year, the School District reviews and revises its budget to reflect material adjustments or unexpected changes in budgeted revenues and expenditures. Revisions to the Community Services Fund in June were only formally revised for grants and certain high level items that otherwise if left unadjusted would cause a potential overage/negative budget variance. A schedule (page 5-2) showing the School District's original and final budget amounts compared with amounts actually received and paid is provided in this audited annual report.

Some of the material revisions made to the 2023-24 Community Services Fund original budget are outlined below.

**Budgeted revenues and Other Financing Sources** were increased by \$67,100 from the original budget to the final budget primarily due to:

- Early Childhood program and Latchkey revenues increase - \$7,000
- Hurley Field rental income - \$10,000
- Increase in interest revenue - \$50,000

**Budgeted expenditures and Other Financial Uses** were increased by \$4,489 from the original budget to the final budget primarily due to:

- Reduction of a \$99,000 planned indirect cost transfer to the general fund. The indirect cost was not charged due to performance of tuition based programs.
- Increases to expenses related to the Early Childhood program and Latchkey program expenses, mainly support for salaries and benefits.

Capital Asset and Debt Administration

*Capital Assets* - The District's net investments in capital assets increased during the year by \$3,308,377.

Capital Assets		
Year Ended June 30,		
	2024	2023
Land	\$ 1,595,388	\$ 279,140
Construction in progress	4,060,071	-
Building and site improvements	69,140,342	72,791,220
Furniture and equipment	2,002,382	505,340
Vehicles	160,763	74,869
Net capital assets	<u>\$ 76,958,946</u>	<u>\$ 73,650,569</u>

Changes to net Capital Assets mainly involved new construction costs related to the various bond projects and normal depreciation and disposal of assets that were replaced via capital projects, primarily funded by the sinking fund and other capital projects fund. Capital assets will significantly increase as various bond construction projects are completed and furniture and equipment are received and placed in school buildings.

**Berkley School District**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2024**

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*Debt* - At the end of the 2023-24 fiscal year, the School District had \$136.4 million in bonds outstanding compared to \$45.6 million last fiscal year. Significant additions include the \$88 million voted bond and the \$15 million "sinking fund pullahead" bond. Reductions were due to normal scheduled payments (see Note 7 for additional components of debt).

	Outstanding Debt Year Ended June 30,	
	2024	2023
General obligation bonds	<u>\$ 136,435,000</u>	<u>\$ 45,575,000</u>

The state limits the amount of general obligation debt that schools can issue to 15 percent of the state equalized value of all taxable property within the School District's boundaries. All district debt is state qualified bonds and accordingly, exempt from this provision.

Other obligations include accrued compensated absences and earned severance commitments. There is additional information about the District's long-term liabilities in the Notes to the Financial Statements (see Note 7 and 8 in Section 4 of these statements).

Other Key Information, Economic Factors and Next Year's (2024-25) Budget Notes:

At the time these financial statements were prepared and audited, the District was aware of pending matters that *may* or *likely will* influence the financial health of the District. Key items of information are offered as well:

- The State foundation allowance increase of \$217 per pupil was projected heading into fiscal year 2024-25, however the State legislature did a last minute pivot when the budget was approved and the foundation allowance increase was \$0. However, reduction in pension requirements will afford an increase to District revenues. While the overall retirement rates are permanently reduced for 2025-26, the actual net change that District's will see is still to be determined.
- The budget assumed a \$431,000 increase to property tax revenues due to an increase in District-wide taxable values. A corresponding decrease in State Aid revenue was also recorded to offset the increase in taxes, consistent with the per student funding formula.
- The 2023-24 budget as adopted assumed full time equivalent students totaling 5,536. In-District enrollment was projected to be flat and Shared Time program enrollment was projected to be a loss of 150 FTE due to the loss of 2 partner programs. Early school year reports appear to indicate that In-District enrollment will be increased over the prior year. The results of the official count date (October 2, 2024) will provide more insight into this key revenue variable.
- The District had 3 major collective bargaining agreements not ratified at the time of budget adoption. A modest placeholder was put in the original budget, however early projections are that true increases are higher than budget. All contracts were approved by the beginning of the school year and include a new 'smoothed' scale which will provide even increases between steps. This will allow staff and the District to plan what future increases may be.

## **Berkley School District Management's Discussion and Analysis Year Ended June 30, 2024**

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- The District revenues rely in a significant way on its “Shared-Time” program with a continued focus on generating revenues, with partnership support from the District’s 41 non-public schools, heading into the 2024-25 school year. The District will continue to advocate at the state level for the continuation of this key program for all of Berkley School District’s students.
- The District continues to monitor grant opportunities. In the past 5 years there was an explosion of specific grants and State categoricals aimed at addressing learning loss and our unique special populations (special education, at-risk, literacy, etc.)
- The District continues to work within a third party administrator arrangement to provide substitute teachers, teacher assistants, support staff substitutes, coaching staff and lunch aide services, saving significant dollars.
- Significant time and effort is directed to capital planning and creating a plan to maximize various capital related funding opportunities - \$88 million and \$15 million bonds, the sinking fund, the other capital projects fund and grant support. As project plans are finalized and competitive bids are awarded, the District believes we will be able to fund additional projects to improve our District facilities for the students, staff and community.

Our Board of Education members and administration monitor the budget very closely and take steps to balance revenues and expenditures to meet the fiscal responsibilities for their taxpayers, citizens, investors, and creditors. The Board Finance Committee and Cabinet will convene throughout the school year to monitor developments that occur which impact District finances. Significant changes in the financial picture will be reflected in the District’s moving three-year projection to gauge the overall impact on the District’s budget. This close scrutiny has resulted in year over year increases to our fund balance among other positive results.

### Instructional Program and Other Highlights

The District is very proud of the outstanding educational programs offered to our students. The following are just some of our highlights:

- 22 combined Advanced Placement courses offered to Berkley High School students
- 78% of the Class of 2024 took at least one AP course while at BHS
- 13% of BHS juniors and seniors are enrolled in vocational classes
- Center for the Advanced Studies and the Arts (CASA) for Berkley High School students
- International Academy (IA) participating district
- The District has reached a ratio of 1:1 students to computer devices
- Professional Learning Communities/District “Thinc” Teams for improving student achievement by grade and content area
- Content resources and Common Core State Standards aligned curriculum in all core areas
- Data analysis software for student assessments (Illuminate)
- All day Kindergarten for all, and Transitional Kindergarten
- Presentation technology placed throughout the District’s classrooms and media centers; carts for visually impaired, interactive whiteboards, document cameras

**Berkley School District  
Management's Discussion and Analysis  
Year Ended June 30, 2024**

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- Online credit opportunities for Berkley High School students
- Full workshop model for reading and writing (K-8)
- Best High Schools list as noted by U.S. News and World Report
- Connected Math Project (CMP3) all middle school grades; Algebra I equivalent for 8th graders
- 71% of the class of 2024 graduated with academic distinction
- The Class of 2024 performed over 5,500 volunteer hours
- Summer Drama Camp offered to grades 6-12
- Saturdays for Success academic support for TK-12 students
- Sources of Strength program supports social and emotional needs of our Berkley High students, first in Michigan to adopt, now a class
- Full TK-5 Multi-Tiered Systems of Support (MTSS) for social/emotional and academic support
- Robotics classes in middle school
- Lego Robotics clubs in elementary schools
- Named a Best Community for Music Education 2012 through 2024
- Community passed Bond Initiative in 2015, Sinking Fund initiative in 2019 and this August passed the 2023 Bond Issue, all to support and enhance District teaching and learning, facilities, technology and infrastructure
- Berkley School District ranked #26 in Best Districts in the State of Michigan by Niche
- Berkley High School named a College Success Award winner for the 7th year in a row (2024)
- Both AMS and BHS are now Heart Smart Schools

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it receives. If you have any questions about this report or need additional information, contact Jenna Romain, CPA, Director of Finance for the Berkley School District, 14501 Talbot St., Oak Park, MI 48237.

## BASIC FINANCIAL STATEMENTS

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**Berkley School District**  
**Statement of Net Position**  
**June 30, 2024**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 56,611,167
Taxes receivable	24,161
Accounts receivable	210,860
Due from other governmental units	13,636,191
Interest receivable	306,460
Inventory	21,181
Investments	66,550,147
Prepaid items	1,543,571
Capital assets not being depreciated	5,655,459
Capital assets - net of accumulated depreciation	71,303,487
Net OPEB asset	<u>2,087,692</u>
 Total assets	 <u>217,950,376</u>
 <b>Deferred Outflows of Resources</b>	
Deferred amount relating to the net pension liability	35,990,934
Deferred amount relating to the net OPEB asset	<u>7,966,667</u>
 Total deferred outflows of resources	 <u>43,957,601</u>

See Accompanying Notes to the Financial Statements

**Berkley School District**  
**Statement of Net Position**  
**June 30, 2024**

	<u>Governmental Activities</u>
<b>Liabilities</b>	
Accounts payable	\$ 4,257,449
Due to other governmental units	4,531,036
Payroll deductions and withholdings	240,059
Accrued expenditures	951,027
Accrued salaries payable	5,880,474
Unearned revenue	1,588,494
Long-term liabilities	
Net pension liability	123,065,274
Due within one year	5,226,321
Due in more than one year	<u>142,885,526</u>
 Total liabilities	 <u>288,625,660</u>
 <b>Deferred Inflows of Resources</b>	
Deferred amount relating to the net pension liability	22,089,512
Deferred amount relating to the net OPEB asset	<u>17,817,582</u>
 Total deferred inflows of resources	 <u>39,907,094</u>
 <b>Net Position</b>	
Net investment in capital assets	26,880,983
Restricted for:	
Food service	434,560
Debt service	1,549,713
Sinking fund	3,380,569
Net OPEB asset	2,087,692
Unrestricted	<u>(100,958,294)</u>
 Total net position	 <u>\$ (66,624,777)</u>

See Accompanying Notes to the Financial Statements



**Berkley School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>					
Governmental activities					
Instruction	\$ 49,704,288	\$ 24,965	\$ 21,569,722	\$ -	\$ (28,109,601)
Supporting services	25,934,664	1,175,163	2,490,070	-	(22,269,431)
Food services	1,202,844	134,571	1,233,651	-	165,378
Community services	3,728,096	3,532,221	-	-	(195,875)
Interest and fiscal charges on long-term debt	3,691,983	-	-	-	(3,691,983)
Total governmental activities	<u>\$ 84,261,875</u>	<u>\$ 4,866,920</u>	<u>\$ 25,293,443</u>	<u>\$ -</u>	<u>(54,101,512)</u>
General revenues					
Property taxes, levied for general purposes					4,198,414
Property taxes, levied for debt service					4,361,669
Property taxes, levied for sinking fund					3,846,322
State aid - unrestricted					50,711,851
Interest and investment earnings					1,968,993
Other					<u>310,429</u>
Total general revenues					<u>65,397,678</u>
Change in net position					11,296,166
Net position - beginning					<u>(77,920,943)</u>
Net position - ending					<u>\$ (66,624,777)</u>

See Accompanying Notes to the Financial Statements

**Berkley School District**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	General Fund	Community Services Fund	2023 Building and Site Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 333,764	\$ -	\$ 56,084,897	\$ 192,506	\$ 56,611,167
Taxes receivable	16,307	-	-	7,854	24,161
Accounts receivable	210,860	-	-	-	210,860
Due from other governmental units	13,615,890	-	-	20,301	13,636,191
Interest receivable	219,641	84,559	2,260	-	306,460
Inventory	-	-	-	21,181	21,181
Investments	13,245,655	4,124,600	42,065,778	7,114,114	66,550,147
Prepaid items	53,187	-	1,490,384	-	1,543,571
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 27,695,304</u>	<u>\$ 4,209,159</u>	<u>\$ 99,643,319</u>	<u>\$ 7,355,956</u>	<u>\$ 138,903,738</u>
<b>Liabilities</b>					
Accounts payable	\$ 617,595	\$ 11,919	\$ 3,432,494	\$ 195,441	\$ 4,257,449
Due to other governmental units	4,528,255	2,781	-	-	4,531,036
Payroll deductions and withholdings	240,059	-	-	-	240,059
Accrued salaries payable	5,840,837	39,637	-	-	5,880,474
Unearned revenue	1,547,914	-	-	40,580	1,588,494
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>12,774,660</u>	<u>54,337</u>	<u>3,432,494</u>	<u>236,021</u>	<u>16,497,512</u>

See Accompanying Notes to the Financial Statements

**Berkley School District**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	General Fund	Community Services Fund	2023 Building and Site Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>					
Non-spendable					
Inventory	\$ -	\$ -	\$ -	\$ 21,181	\$ 21,181
Prepaid items	53,187	-	1,490,384	-	1,543,571
Restricted for				-	
Food service	-	-	-	413,379	413,379
Debt service	-	-	-	2,500,740	2,500,740
Capital projects	-	-	94,720,441	3,380,569	98,101,010
Committed					
Community services	-	4,154,822	-	-	4,154,822
Student/school activities	-	-	-	727,029	727,029
Per pupil carryover budget	82,192	-	-	-	82,192
Fund balance sharing	38,000	-	-	-	38,000
Shared time supported programs	5,323,769	-	-	-	5,323,769
Assigned					
Capital projects	-	-	-	77,037	77,037
Equitable learning opportunities	1,063,626	-	-	-	1,063,626
Unassigned	8,359,870	-	-	-	8,359,870
 Total fund balances	<u>14,920,644</u>	<u>4,154,822</u>	<u>96,210,825</u>	<u>7,119,935</u>	<u>122,406,226</u>
 Total liabilities and fund balances	<u>\$ 27,695,304</u>	<u>\$ 4,209,159</u>	<u>\$ 99,643,319</u>	<u>\$ 7,355,956</u>	<u>\$ 138,903,738</u>

See Accompanying Notes to the Financial Statements

**Berkley School District**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2024**

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<b>Total fund balances for governmental funds</b>	\$ 122,406,226
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	5,655,459
Capital assets - net of accumulated depreciation	71,303,487
Net OPEB asset is not recorded as an asset in the governmental funds	2,087,692
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	35,990,934
Deferred outflows of resources resulting from the net OPEB liability asset	7,966,667
Deferred inflows of resources resulting from the net pension liability	(22,089,512)
Deferred inflows of resources resulting from the net OPEB liability asset	(17,817,582)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(951,027)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(123,065,274)
Compensated absences	(1,823,059)
Bonds payable	<u>(146,288,788)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (66,624,777)</u></b>

See Accompanying Notes to the Financial Statements

**Berkley School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	General Fund	Community Services Fund	2023 Building and Site Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local sources	\$ 5,193,820	\$ 3,638,287	\$ 716,826	\$ 10,005,266	\$ 19,554,199
State sources	67,495,588	-	-	712,291	68,207,879
Federal sources	2,490,070	-	-	521,360	3,011,430
Interdistrict sources	4,784,533	-	-	-	4,784,533
Total revenues	79,964,011	3,638,287	716,826	11,238,917	95,558,041
<b>Expenditures</b>					
Current					
Education					
Instruction	51,951,515	-	-	-	51,951,515
Supporting services	25,911,732	-	-	1,182,792	27,094,524
Food services	-	-	-	1,239,090	1,239,090
Community services	48,880	3,860,446	-	-	3,909,326
Facilities acquisition	-	-	2,324,325	-	2,324,325
Capital outlay	549,167	-	4,718,503	1,392,331	6,660,001
Debt service					
Principal	-	-	-	4,235,000	4,235,000
Interest and other expenditures	-	-	804,541	2,504,495	3,309,036
Total expenditures	78,461,294	3,860,446	7,847,369	10,553,708	100,722,817
Excess (deficiency) of revenues over expenditures	1,502,717	(222,159)	(7,130,543)	685,209	(5,164,776)

See Accompanying Notes to the Financial Statements

**Berkley School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	General Fund	Community Services Fund	2023 Building and Site Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 103,546,042	\$ -	\$ 103,546,042
Transfers in	-	-	-	3,190,939	3,190,939
Transfers out	<u>(275,000)</u>	<u>-</u>	<u>(204,674)</u>	<u>(2,711,265)</u>	<u>(3,190,939)</u>
Total other financing sources (uses)	<u>(275,000)</u>	<u>-</u>	<u>103,341,368</u>	<u>479,674</u>	<u>103,546,042</u>
Net change in fund balances	1,227,717	(222,159)	96,210,825	1,164,883	98,381,266
Fund balances - beginning	<u>13,692,927</u>	<u>4,376,981</u>	<u>-</u>	<u>5,955,052</u>	<u>24,024,960</u>
Fund balances - ending	<u>\$ 14,920,644</u>	<u>\$ 4,154,822</u>	<u>\$ 96,210,825</u>	<u>\$ 7,119,935</u>	<u>\$ 122,406,226</u>

See Accompanying Notes to the Financial Statements

**Berkley School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2024**

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<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 98,381,266</b>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation and amortization expense	(4,327,226)
Capital outlay	7,635,910
Sale of capital assets (net book value)	(307)

Expenses are recorded when incurred in the statement of activities.

Interest	(630,882)
Compensated absences	46,114

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	21,897,106
Net change in deferrals of resources related to the net pension liability	(18,967,202)

The statement of net position reports the net OPEB liability asset and deferred outflows of resources and deferred inflows related to the net OPEB liability asset and OPEB expense changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB liability asset	10,301,281
Net change in deferrals of resources related to the net OPEB liability asset	(3,976,787)

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Debt issued	(103,546,042)
Repayments of long-term debt	4,235,000
Amortization of premiums	<u>247,935</u>

<b>Change in net position of governmental activities</b>	<b>\$ <u>11,296,166</u></b>
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**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Berkley School District (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide Financial Statements**

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

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross

expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

**Fund Financial Statements**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.



**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

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The School District reports the following major governmental funds:

**General Fund** - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

**Community Services Fund** - The Community Services Fund is used to record all transactions associated with Berkley Building Blocks, Latchkey, and Hurley Field. The Community Services Fund also contains the Durant / Strategic Planning Fund.

**Capital Projects Fund** - The 2023 Building and Site Bond, 2023 Building and Site Bond Series I and 2024 Building and Site Bond (2023 Building and Site Bond Fund), is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

**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. The School District's Special Revenue Funds include the Food Service Fund and Student/School Activity Fund.

**Debt Service Funds** - Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

**Sinking Fund** - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

**Other Capital Projects Fund** - The Fund is used to record the revenues and expenditures for capital projects specified by the

district. The district funds these projects through transfers from the general fund.

**Assets, Liabilities and Net Position or Equity**

**Cash** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2024, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	3.20000
Sinking Fund	2.80980

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. All of the School District's tax roll lies within Oakland County.

**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

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The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by Oakland County and remitted to the School District by May 15.

**Investments** - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed, although significant amounts of inventory are capitalized at year end.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

**Capital Assets** - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Site improvements	10 - 20 years
Equipment and furniture	5 - 20 years
Buses and other vehicles	8 - 10 years

**Deferred Outflows of Resources** - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are

included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

**Compensated Absences** - The District's compensated absences include unused sick days, severance pay and special termination benefits. Compensated absences are reported as liabilities in the district-wide statement of net position.

**Long-term Obligations** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

**Pension** - 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

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

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability (asset), 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported

**Berkley School District**  
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amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

**Adoption of New Accounting Standards**

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

**Upcoming Accounting and Reporting Changes**

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization’s vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization’s accountability while also addressing certain application issues. This statement includes changes to management’s discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

The School District is evaluating the impact that the above GASBs will have on its financial reporting.

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

**Berkley School District**  
**Notes to the Financial Statements**  
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**Excess of Expenditures over Appropriations**

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
School administration	\$ 3,095,692	\$ 3,104,170	\$ 8,478
Pupil transportation services	1,016,976	1,039,315	22,339
Capital outlay	459,025	549,167	90,142
Community Services Fund			
Community services	3,717,440	3,860,446	143,006

**Compliance - Bond Proceeds**

The 2023 Building and Site Bond Fund includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

The 2024 Building and Site Bond, Series I Fund includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

The 2024 Building and Site Bond, Series II Fund includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

**Compliance - Sinking Funds**

The School District's Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provisions of Section 1212 of the Revised School Code.

**Note 3 - Deposits and Investments**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	\$ 56,611,167
Investments	<u>66,550,147</u>
	<u>\$ 123,161,314</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 57,156,983
Investments in securities, mutual funds, and similar vehicles	<u>66,004,331</u>
Total	<u>\$ 123,161,314</u>

**Berkley School District**  
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As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	\$ 8,884,183	< 60 days	AAAm	S&P
MAX Class	23,179,293	< 60 days	AAAm	S&P
Michigan Term	12,430,114	< 60 days	AAAf	Kroll
Commercial Paper	9,626,540	0 - 9 months	A-1	S&P
US Treasury Bond	4,165,503	11 months	AA+	S&P
US Treasury Bill	329,222	4 months	AA+	S&P
Agency Bonds	<u>7,389,476</u>	9 - 11 months	AA+	S&P
	<u>\$ 66,004,331</u>			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2024, the net asset value of the School District's investment in MILAF + Portfolio was \$32,063,476. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

As of June 30, 2024, the net asset value of the School District's investment in the MILAF Term Series was \$12,430,114. Participation in the investment pool has not resulted in any unfunded commitments. Shares are purchased to mature upon pre-determined maturity dates upon initiation of the investment. Districts may prematurely redeem shares, providing they give a minimum of seven days' notice, but may incur an early redemption penalty. The NAV per share for each series of the Michigan Term Series is calculated as of the close of business each business day, for purpose of computing fees, by dividing the total value of investments and other assets less any liabilities by the total outstanding shares. The value of an investors share redemption in a Michigan Term Series will be determined as of the close of business on any day when a share redemption occurs and is equal to the original purchase price for such share, plus dividends thereon at the projected yield, less losses incurred by the series allocable to such share, if any. It is the Trust's intent to manage each series of the Michigan Term Series in a manner that produces a NAV of \$1.00 per share on each planned redemption date, however, there is no assurance that this objective will be achieved.

Interest rate risk - The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Custodial credit risk - deposits** - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$72,086 of the School District's bank balance of \$1,072,086 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial credit risk - investments** - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

**Note 4 - Fair Value Measurements**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2024:

- U.S. Treasury securities of \$4,494,725 are valued using quoted market prices (Level 1 inputs)
- Corporate bonds of \$7,389,476 are valued using a matrix pricing model (Level 2 inputs).
- Amounts invested in Commercial Paper of \$9,626,540. Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the assets (Level 2 inputs).

**Note 5 - Capital Assets**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 279,140	\$ 1,316,248	\$ -	\$ 1,595,388
Construction-in-progress	-	4,060,071	-	4,060,071
Total capital assets not being depreciated	279,140	5,376,319	-	5,655,459
Capital assets being depreciated				
Buildings and additions	122,263,641	597,681	-	122,861,322
Equipment and furniture	1,074,967	1,557,151	30,689	2,601,429
Buses and other vehicles	179,569	104,759	-	284,328
Total capital assets being depreciated	123,518,177	2,259,591	30,689	125,747,079
Less accumulated depreciation for				
Buildings and additions	49,472,421	4,248,559	-	53,720,980
Equipment and furniture	569,627	59,802	30,382	599,047
Buses and other vehicles	104,700	18,865	-	123,565
Total accumulated depreciation	50,146,748	4,327,226	30,382	54,443,592
Net capital assets being depreciated	73,371,429	(2,067,635)	307	71,303,487
Net capital assets	\$ 73,650,569	\$ 3,308,684	\$ 307	\$ 76,958,946

**Berkley School District**  
**Notes to the Financial Statements**  
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Depreciation expense of capital assets were charged to activities of the School District as follows:

**Governmental activities**

Instruction	\$ 2,682,881
Supporting services	1,384,712
Food services	43,272
Community services	<u>216,361</u>
 Total governmental activities	 <u>\$ 4,327,226</u>

**Construction Contracts**

As of year end, the School District had the following construction contracts in progress:

Project	Total Construction Contract	Remaining Construction Commitment at Year End
Hurley Field	\$ 2,004,906	\$ 353,916
Maintenance Building	2,788,309	2,641,691
Burton Elementary	539,000	539,000
Pattengill Elementary	525,000	525,000
Berkley High School	1,267,000	1,267,000
BEAR Complex	<u>1,964,000</u>	<u>1,964,000</u>
 Total	 <u>\$ 9,088,215</u>	 <u>\$ 7,290,607</u>

**Note 6 - Interfund Transfers**

Interfund transfers consist of the following:

	Transfers Out			Total
	General Fund	2024 Building and Site Bond Fund	Nonmajor Governmental Funds	
Transfers in				
Nonmajor governmental funds	<u>\$ 275,000</u>	<u>\$ 204,674</u>	<u>\$ 2,711,265</u>	<u>\$ 3,190,939</u>

The transfer from the Sinking Fund to the Debt Service Fund was to make principal payments on bonds which were passed as an advance of the anticipated future earnings of the sinking fund. The transfer from the General Fund to the Other Capital Projects Fund was to fund capital projects. The transfer from the 2023 Building and Site Bond Fund to the Debt Service Fund was to make principal payments for the bond.

**Note 7 - Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 1,542,718
Summer school prepaid accounts	5,196
Food service prepaid accounts	<u>40,580</u>
 Total	 <u>\$ 1,588,494</u>

**Note 8 - Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and



**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

credit of the School District. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 45,575,000	\$ 95,095,000	\$ 4,235,000	\$136,435,000	\$ 4,740,000
Premium on bonds	<u>1,650,681</u>	<u>8,451,042</u>	<u>247,935</u>	<u>9,853,788</u>	<u>301,281</u>
Total bonds payable	47,225,681	103,546,042	4,482,935	146,288,788	5,041,281
Other liabilities					
Compensated absences	<u>1,869,173</u>	<u>267,894</u>	<u>314,008</u>	<u>1,823,059</u>	<u>185,040</u>
Total	<u>\$ 49,094,854</u>	<u>\$103,813,936</u>	<u>\$ 4,796,943</u>	<u>\$148,111,847</u>	<u>\$ 5,226,321</u>

For governmental activities, compensated absences are primarily liquidated by the General Fund.

General obligation bonds payable at year end, consist of the following:

2015 serial bond due in annual installments of \$1,950,000 to \$3,655,000 through May 2040, interest at 3.13 - 5.00%	\$ 43,715,000
2023 serial bond due in annual installments of \$2,140,000 to \$2,760,000 through May 2029, interest at 5.00%	12,210,000
2024 serial bond, series I due in annual installments of \$100,000 to \$880,000 through May 2048, interest at 5.00 - 5.25%	9,820,000
2024 serial bond, series II due in annual installments of \$650,000 to \$5,855,000 through May 2049, interest at 5.00%	<u>70,690,000</u>
Total general obligation bonded debt	<u>\$ 136,435,000</u>

Future principal and interest requirements for bonded debt and direct borrowings and direct placements are as follows:

Year Ending June 30,	Bonds	
	Principal	Interest
2025	\$ 4,740,000	\$ 6,176,599
2026	5,385,000	6,283,231
2027	5,700,000	6,052,417
2028	6,060,000	5,807,075
2029	6,505,000	5,504,075
2030-2034	22,875,000	23,818,749
2035-2039	28,805,000	17,954,275
2040-2044	26,430,000	11,375,112
2045-2049	<u>29,935,000</u>	<u>4,566,699</u>
Total	<u>\$ 136,435,000</u>	<u>\$ 87,538,232</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$2,500,740 to pay this debt. Future debt and interest will be payable from future tax levies.

**Compensated Absences**

Accrued compensated absences at year end, consist of accrued sick and severance. There was \$282,940 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year. The School District has various contractual severance obligations with its employees. The calculations are based on years of service and salary at the time of retirement. As of June 30, 2024 the anticipated severance amounted to \$1,540,119.

**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note 9 - Risk Management**

The School District is exposed to various risks of loss related to theft of, damage to, and destruction of assets, injuries to employees and natural disasters. For its general property and liability insurance coverage, the School District is a participant in the Metropolitan Association for Improved School Legislation Joint Risk Management Trust (MAISL), a public entity risk pool for the benefit of various school districts located in the metropolitan area. The School District pays an annual premium to MAISL for this liability coverage. MAISL is considered a self-sustaining risk pool that will provide coverage for its members for up to \$600,000 per insured event. MAISL obtains unlimited independent coverage for insured events in excess of the \$600,000 limit. For its workers' compensation insurance coverage, the School District is a participant in the MAISL Worker's Compensation Fund, a public entity risk pool for the benefit of various school districts located in the metropolitan area. The School District pays an annual premium to MAISL and coverage is provided for up to \$600,000 per insured event. MAISL obtains unlimited independent coverage for insured events in excess of the \$600,000 limit.

**Note 10 - Pension Plan**

**Plan Description**

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

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

the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://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 System also provides disability and survivor benefits to DB plan members.

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**

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.

**Berkley School District**  
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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 plan year ended September 30, 2023.

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

Required contributions to the pension plan from the School District were \$13,703,888 for the year ending September 30, 2023.

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

At June 30, 2024, the School District reported a liability of \$123,065,274 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable

employers during the measurement period. At September 30, 2023, the School District's proportion was 0.3802 percent, which was a decrease of 0.0052 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized pension expense of \$15,310,762 for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total pension contribution expense of \$15,256,158.

At June 30, 2024, the School 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	Total
Difference between expected and actual experience	\$ 3,884,795	\$ (188,516)	\$ 3,696,279
Changes of assumptions	16,675,905	(9,614,948)	7,060,957
Net difference between projected and actual earnings on pension plan investments	-	(2,518,314)	(2,518,314)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,108,440	(2,462,887)	(1,354,447)
Total to be recognized in future	21,669,140	(14,784,665)	6,884,475
School District contributions subsequent to the measurement date	14,321,794	(7,304,847)	7,016,947
Total	\$ 35,990,934	\$ (22,089,512)	\$ 13,901,422

# Berkley School District

## Notes to the Financial Statements

### June 30, 2024

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The District will offset the contribution expense in the year ended June 30, 2025 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year  
(To Be Recognized in Future Pension Expenses)

2024	\$ 2,114,408
2025	1,617,748
2026	5,119,897
2027	<u>(1,967,578)</u>
	<u>\$ 6,884,475</u>

#### 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: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Employee Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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 is 4.4406 years.

Recognition period for assets is 5 years.

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

**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Long-Term Expected Return on Plan Assets**

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
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%
	<u>100.0%</u>	

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

**Rate of Return**

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

**Discount Rate**

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

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

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

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
<u>\$ 166,260,824</u>	<u>\$ 123,065,274</u>	<u>\$ 87,103,416</u>

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

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

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

**Note 11 - Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

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

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

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://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 with fiscal year 2013,

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

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

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

**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

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date, and their prior contributions were deposited into their 401(k) account.

**Contributions**

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

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

The schedule below summarizes OPEB contribution rates in effect for plan year 2023.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0%	7.21%

Required contributions to the OPEB plan from the School District were \$2,874,858 for the year ended September 30, 2023.

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

At June 30, 2024, the School District reported an asset of \$2,087,692 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 used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The School 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. At September 30, 2023 the School District's proportion was 0.3690 percent, which was a decrease of 0.0187 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized OPEB expense of \$(3,441,347) for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total OPEB contribution expense of \$2,993,041.

**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

At June 30, 2024, the School 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	Total
Difference between expected and actual experience	\$ -	\$(15,775,671)	\$(15,775,671)
Changes of assumptions	4,647,566	(559,655)	4,087,911
Net difference between projected and actual earnings on OPEB plan investments	6,365	-	6,365
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>707,648</u>	<u>(1,482,256)</u>	<u>(774,608)</u>
Total to be recognized in future	5,361,579	(17,817,582)	(12,456,003)
School District contributions subsequent to the measurement date	<u>2,605,088</u>	<u>-</u>	<u>2,605,088</u>
Total	<u>\$ 7,966,667</u>	<u>\$(17,817,582)</u>	<u>\$ (9,850,915)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset 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 during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2024	\$ (3,919,164)
2025	(3,846,288)
2026	(1,541,855)
2027	(1,391,848)
2028	(1,155,276)
Thereafter	<u>(601,572)</u>
	<u>\$ (12,456,003)</u>

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions:**

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses



**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

- 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 Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Employee Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

*Other Assumptions:*

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

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 6.5099 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

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

Asset Class	Long Term Expected Real	
	Target Allocation	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%
	<u>100.0%</u>	

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

**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Rate of Return**

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

**Discount Rate**

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. 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.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.95%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease	Current	1% Increase
5.00%	Discount Rate	7.00%
6.00%		
\$ 2,164,310	\$ (2,087,692)	\$ (5,741,870)

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate**

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or 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	1% Increase
	Cost Trend Rate	
\$ (5,750,981)	\$ (2,087,692)	\$ 1,877,188

**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](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

**Note 12 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2024.

**Berkley School District**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note 13 - Tax Abatements**

The School District receives reduced property tax revenues as a result of Brownfield Redevelopment Agreements granted by the City of Oak Park. Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2024, the School District's property taxable values were reduced by \$325,040 under this program.

## REQUIRED SUPPLEMENTARY INFORMATION

**Berkley School District**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$ 5,300,471	\$ 5,201,475	\$ 5,193,820	(7,655)
State sources	65,321,965	68,991,800	67,495,588	(1,496,212)
Federal sources	2,574,219	2,887,946	2,490,070	(397,876)
Interdistrict sources	4,618,473	4,808,787	4,784,533	(24,254)
<b>Total revenues</b>	<b>77,815,128</b>	<b>81,890,008</b>	<b>79,964,011</b>	<b>(1,925,997)</b>
<b>Expenditures</b>				
Instruction				
Basic programs	42,302,908	42,236,007	42,140,284	(95,723)
Added needs	9,700,653	10,138,322	9,811,231	(327,091)
Supporting services				
Pupil	6,209,966	7,694,322	6,919,287	(775,035)
Instructional staff	4,627,523	4,854,980	4,262,973	(592,007)
General administration	1,009,896	1,141,040	1,040,123	(100,917)
School administration	3,268,612	3,095,692	3,104,170	8,478
Business	1,103,504	1,229,606	1,151,029	(78,577)
Operations and maintenance	4,353,912	5,058,979	4,950,640	(108,339)
Pupil transportation services	1,000,107	1,016,976	1,039,315	22,339
Central	2,572,595	2,645,279	2,572,887	(72,392)
Athletic activities	846,593	918,825	871,308	(47,517)
Community services	97,617	115,989	48,880	(67,109)
Capital outlay	714,759	459,025	549,167	90,142
<b>Total expenditures</b>	<b>77,808,645</b>	<b>80,605,042</b>	<b>78,461,294</b>	<b>(2,143,748)</b>
<b>Excess of revenues over expenditures</b>	<b>6,483</b>	<b>1,284,966</b>	<b>1,502,717</b>	<b>217,751</b>
<b>Other Financing Uses</b>				
Transfers in	99,057	-	-	-
Transfers out	(90,000)	(275,000)	(275,000)	-
<b>Total other financing uses</b>	<b>9,057</b>	<b>(275,000)</b>	<b>(275,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>15,540</b>	<b>1,009,966</b>	<b>1,227,717</b>	<b>217,751</b>
<b>Fund balance - beginning</b>	<b>13,692,927</b>	<b>13,692,927</b>	<b>13,692,927</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 13,708,467</b>	<b>\$ 14,702,893</b>	<b>\$ 14,920,644</b>	<b>\$ 217,751</b>

**Berkley School District**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - Community Services Fund**  
**For the Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Local sources	\$ 3,479,400	\$ 3,546,500	\$ 3,638,287	\$ 91,787
<b>Expenditures</b>				
Current				
Education				
Community services	<u>3,613,894</u>	<u>3,717,440</u>	<u>3,860,446</u>	<u>143,006</u>
Deficiency of revenues over expenditures	(134,494)	(170,940)	(222,159)	(51,219)
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(99,057)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(233,551)	(170,940)	(222,159)	(51,219)
Fund balance - beginning	<u>4,376,981</u>	<u>4,376,981</u>	<u>4,376,981</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,143,430</u>	<u>\$ 4,206,041</u>	<u>\$ 4,154,822</u>	<u>\$ (51,219)</u>

**Berkley School District**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net pension liability (%)	0.38%	0.39%	0.38%	0.39%	0.39%	0.37%	0.36%	0.34%	0.33%	0.32%
B. School District's proportionate share of the net pension liability	\$ 123,065,274	\$ 144,962,380	\$ 89,691,511	\$ 133,204,151	\$ 127,935,576	\$ 110,903,822	\$ 92,246,548	\$ 85,048,552	\$ 80,756,722	\$ 70,315,232
C. School District's covered payroll	\$ 36,923,506	\$ 37,763,826	\$ 34,004,757	\$ 34,094,542	\$ 34,494,417	\$ 32,182,866	\$ 30,209,359	\$ 29,130,488	\$ 27,609,235	\$ 27,341,910
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	333.30%	383.87%	263.76%	390.69%	370.89%	344.61%	305.36%	291.96%	292.50%	257.17%
E. Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

**Berkley School District**  
**Required Supplementary Information**  
**Schedule of the School District's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 15,256,158	\$ 13,700,194	\$ 12,827,477	\$ 12,774,993	\$ 10,640,539	\$ 10,262,380	\$ 9,336,299	\$ 5,680,991	\$ 6,471,382	\$ 5,971,430
B. Contributions in relation to statutorily required contributions	<u>15,256,158</u>	<u>13,700,194</u>	<u>12,827,477</u>	<u>12,774,993</u>	<u>10,640,539</u>	<u>10,262,380</u>	<u>9,336,299</u>	<u>5,680,991</u>	<u>6,471,382</u>	<u>5,971,430</u>
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School District's covered payroll	\$ 37,080,213	\$ 36,755,196	\$ 35,909,805	\$ 33,811,353	\$ 34,159,083	\$ 34,033,110	\$ 31,731,764	\$ 31,071,431	\$ 28,734,283	\$ 27,745,633
E. Contributions as a percentage of covered payroll	41.14%	37.27%	35.72%	37.78%	31.15%	30.15%	29.42%	18.28%	22.52%	21.52%



**Berkley School District**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net OPEB liability (asset) (%)	0.37%	0.39%	0.38%	0.38%	0.38%	0.38%	0.35%			
B. School District's proportionate share of the net OPEB liability (asset)	\$ (2,087,692)	\$ 8,213,589	\$ 5,727,095	\$ 20,567,879	\$ 28,273,078	\$ 30,040,072	\$ 31,421,649			
C. School District's covered payroll	\$ 36,923,506	\$ 37,763,826	\$ 34,004,757	\$ 34,094,542	\$ 34,494,417	\$ 32,182,866	\$ 32,182,866			
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.65%	21.75%	16.84%	60.33%	81.96%	93.34%	97.63%			
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%			

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

**Berkley School District**  
**Required Supplementary Information**  
**Schedule of the School District's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 2,993,041	\$ 2,869,272	\$ 2,847,594	\$ 2,777,503	\$ 2,707,211	\$ 2,690,884	\$ 2,371,701			
B. Contributions in relation to statutorily required contributions	<u>2,993,041</u>	<u>2,869,272</u>	<u>2,847,594</u>	<u>2,777,503</u>	<u>2,707,211</u>	<u>2,690,884</u>	<u>2,371,701</u>			
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
D. School District's covered payroll	\$ 37,080,213	\$ 36,755,196	\$ 35,909,805	\$ 33,811,353	\$ 34,159,083	\$ 34,033,110	\$ 31,731,764			
E. Contributions as a percentage of covered payroll	8.07%	7.81%	7.93%	8.21%	7.93%	7.91%	7.47%			

## OTHER SUPPLEMENTARY INFORMATION

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**Berkley School District**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2024**

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Student/School Activity Fund	Debt Service Fund	Other Capital Project Funds	Sinking Fund	
<b>Assets</b>						
Cash	\$ 192,506	\$ -	\$ -	\$ -	\$ -	\$ 192,506
Taxes receivable	-	-	4,559	-	3,295	7,854
Due from other governmental units	20,301	-	-	-	-	20,301
Inventory	21,181	-	-	-	-	21,181
Investments	<u>317,992</u>	<u>751,982</u>	<u>2,496,181</u>	<u>119,971</u>	<u>3,427,988</u>	<u>7,114,114</u>
Total assets	<u>\$ 551,980</u>	<u>\$ 751,982</u>	<u>\$ 2,500,740</u>	<u>\$ 119,971</u>	<u>\$ 3,431,283</u>	<u>\$ 7,355,956</u>
<b>Liabilities</b>						
Accounts payable	\$ 76,840	\$ 24,953	\$ -	\$ 42,934	\$ 50,714	\$ 195,441
Unearned revenue	<u>40,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,580</u>
Total liabilities	<u>117,420</u>	<u>24,953</u>	<u>-</u>	<u>42,934</u>	<u>50,714</u>	<u>236,021</u>
<b>Fund Balances</b>						
Non-spendable						
Inventory	21,181	-	-	-	-	21,181
Restricted for						
Food service	413,379	-	-	-	-	413,379
Debt service	-	-	2,500,740	-	-	2,500,740
Capital projects	-	-	-	-	3,380,569	3,380,569
Committed	-	727,029	-	-	-	727,029
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,037</u>	<u>-</u>	<u>77,037</u>
Total fund balances	<u>434,560</u>	<u>727,029</u>	<u>2,500,740</u>	<u>77,037</u>	<u>3,380,569</u>	<u>7,119,935</u>
Total liabilities and fund balances	<u>\$ 551,980</u>	<u>\$ 751,982</u>	<u>\$ 2,500,740</u>	<u>\$ 119,971</u>	<u>\$ 3,431,283</u>	<u>\$ 7,355,956</u>

**Berkley School District**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Student/School Activity Fund	Debt Service Fund	Other Capital Project Funds	Sinking Fund	
<b>Revenues</b>						
Local sources	\$ 143,400	\$ 1,175,163	\$ 4,587,150	\$ -	\$ 4,099,553	\$ 10,005,266
State sources	712,291	-	-	-	-	712,291
Federal sources	521,360	-	-	-	-	521,360
Total revenues	1,377,051	1,175,163	4,587,150	-	4,099,553	11,238,917
<b>Expenditures</b>						
Current						
Education						
Supporting services	-	1,182,792	-	-	-	1,182,792
Food services	1,239,090	-	-	-	-	1,239,090
Capital outlay	-	-	-	255,090	1,137,241	1,392,331
Debt service						
Principal	-	-	4,235,000	-	-	4,235,000
Interest and other expenditures	-	-	2,504,495	-	-	2,504,495
Total expenditures	1,239,090	1,182,792	6,739,495	255,090	1,137,241	10,553,708
Excess (deficiency) of revenues over expenditures	137,961	(7,629)	(2,152,345)	(255,090)	2,962,312	685,209
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	2,915,939	275,000	-	3,190,939
Transfers out	-	-	-	-	(2,711,265)	(2,711,265)
Total other financing sources (uses)	-	-	2,915,939	275,000	(2,711,265)	479,674
Net change in fund balances	137,961	(7,629)	763,594	19,910	251,047	1,164,883
Fund balances - beginning	296,599	734,658	1,737,146	57,127	3,129,522	5,955,052
Fund balances - ending	\$ 434,560	\$ 727,029	\$ 2,500,740	\$ 77,037	\$ 3,380,569	\$ 7,119,935

**Berkley School District**  
**Other Supplementary Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2024**

Year Ending June 30,	2015 Bond Series	2023 Bond Series	2024 Bond Series I	2024 Bond Series II	Total
2025	\$ 1,950,000	\$ 2,140,000	\$ -	\$ 650,000	\$ 4,740,000
2026	2,050,000	2,285,000	100,000	950,000	5,385,000
2027	2,115,000	2,435,000	100,000	1,050,000	5,700,000
2028	2,180,000	2,590,000	100,000	1,190,000	6,060,000
2029	2,290,000	2,760,000	125,000	1,330,000	6,505,000
2030	2,405,000	-	160,000	1,490,000	4,055,000
2031	2,525,000	-	205,000	1,710,000	4,440,000
2032	2,650,000	-	235,000	1,710,000	4,595,000
2033	2,750,000	-	255,000	1,785,000	4,790,000
2034	2,850,000	-	270,000	1,875,000	4,995,000
2035	2,990,000	-	295,000	1,960,000	5,245,000
2036	3,135,000	-	320,000	2,055,000	5,510,000
2037	3,260,000	-	345,000	2,150,000	5,755,000
2038	3,390,000	-	370,000	2,255,000	6,015,000
2039	3,520,000	-	395,000	2,365,000	6,280,000
2040	3,655,000	-	420,000	2,485,000	6,560,000
2041	-	-	655,000	3,960,000	4,615,000
2042	-	-	685,000	4,160,000	4,845,000
2043	-	-	715,000	4,365,000	5,080,000
2044	-	-	745,000	4,585,000	5,330,000
2045	-	-	780,000	4,815,000	5,595,000
2046	-	-	815,000	5,055,000	5,870,000
2047	-	-	850,000	5,310,000	6,160,000
2048	-	-	880,000	5,575,000	6,455,000
2049	-	-	-	5,855,000	5,855,000
Total	<u>\$ 43,715,000</u>	<u>\$ 12,210,000</u>	<u>\$ 9,820,000</u>	<u>\$ 70,690,000</u>	<u>\$ 136,435,000</u>
Principal payments due the first day of	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	
Interest rate	3.13% - 5.00%	5.00%	5.00% - 5.25%	5.00%	
Original issue	<u>\$ 55,965,000</u>	<u>\$ 14,585,000</u>	<u>\$ 9,820,000</u>	<u>\$ 70,690,000</u>	