



**BARRY INTERMEDIATE SCHOOL DISTRICT
HASTINGS, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Barry Intermediate School District
Hastings, Michigan

Report on the Audit of the Financial Statements***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of proportionate share of net pension and OPEB liabilities and contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, MI
October 16, 2024

Management's Discussion and Analysis

**Barry Intermediate School District
Management's Discussion and Analysis
June 30, 2024**

This section of the Barry Intermediate School District (the "School"), Michigan's annual financial report presents our discussion and analysis of the School's financial performance during the year ended June 30, 2024. It is to be read in conjunction with the School's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending June 30, 2024.

Financial Highlights

- The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources at the close of this fiscal year by \$3,559,625, shown as a deficit net position. The School had a deficit unrestricted net position of \$(8,804,826).
- Revenues of \$10,445,674 exceeded expenses of \$8,437,140, leading to an increase in net position of \$2,008,534 during the year.
- During the year, the School's fund balances increased by \$1,176,145, for an ending fund balance of \$4,806,491.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$629,086, or 32% of the general fund's total expenditures. Fund balance of the general fund increased by \$276,456 during the year.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements, the statement of net position and the statement of activities, are *district-wide financial statements* that provide both short-term and long-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the district-wide statements.
 - *Governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

The basic financial statements also include the notes to the financial statements that explain the information in the basic financial statements and provide more detailed data. Supplementary information follows consists of a budgetary comparison schedule for the general fund.

District-wide Financial Statements

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

The two district-wide statements report the School's net position, and how they have changed. Net position – the difference between the School's assets, deferred outflows and inflows, and liabilities - is one way to measure the School's financial health or position.

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

To assess the School's overall health, one should consider additional non-financial factors such as changes in the School's property tax-base and the condition of school buildings and other facilities.

In the district-wide financial statements, the School's activities are presented as governmental activities. *Governmental activities* include the School's basic services, such as regular and special education, instructional support, transportation, administration, community services, food service, and athletics. State aid and property taxes finance most of these activities.

Financial Analysis of the School as a Whole

On the following page is a comparative highlight of the current and prior year financial activities.

Barry Intermediate School District's Net Position

ASSETS	2024	2023
<i>Current Assets</i>		
Cash and cash equivalents	\$ 7,612,461	\$ 6,322,079
Accounts receivable	5,712	-
Due from other governmental units	1,736,383	1,813,950
<i>Total Current Assets</i>	9,354,556	8,136,029
<i>Noncurrent Assets</i>		
Capital assets, net	1,067,796	1,049,429
Net OPEB asset	176,825	-
<i>Total Assets</i>	10,599,177	9,185,458
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	3,071,319	3,818,444
OPEB related	715,151	979,007
<i>Total Deferred Outflows of Resources</i>	3,786,470	4,797,451
LIABILITIES		
<i>Current Liabilities</i>		
Accounts payable	1,630,894	1,553,099
Salaries payable	553,000	490,019
Unearned revenue	2,364,171	2,386,451
<i>Total Current Liabilities</i>	4,548,065	4,429,569
<i>Noncurrent Liabilities</i>		
Net pension liability	10,345,315	12,225,974
Net OPEB liability	-	678,778
<i>Total Liabilities</i>	14,893,380	17,334,321
DEFERRED INFLOWS OF RESOURCES		
Pension related	1,497,484	549,991
OPEB related	1,554,408	1,590,642
<i>Total Deferred Inflows of Resources</i>	3,051,892	2,140,633
NET POSITION		
Investment in capital assets	1,067,796	1,049,429
Restricted	4,177,405	3,277,716
Unrestricted	(8,804,826)	(9,819,190)
<i>Total Net Position</i>	\$ (3,559,625)	\$ (5,492,045)

Cash and investments increased \$1,290,382 over the previous year due mostly to the increases in governmental funds fund balance of \$1,176,145. Most other balance sheet accounts had minor fluctuations in comparison to prior year due mostly to timing.

The School's net OPEB (Other Post-employment Benefits) liability shifted from a \$678,778 liability at the end of fiscal 2023 to a \$176,825 asset as of June 30, 2024. This change was primarily due to strong investment returns of 7.94% on MPSERS OPEB plan assets during the most recent

valuation. Similarly, the School's net pension liability decreased from \$12,225,974 as of June 30, 2023, to \$10,345,315. This reduction was largely driven by an 8.29% return on MPSERS pension plan assets during the most recent valuation. Pension and OPEB-related deferred outflows decreased by \$1,010,981, while deferred inflows increased by \$911,259. These changes reflect the amortization of prior year gains and losses and the higher-than-expected investment returns for the year ending September 30, 2023. The excess returns will be spread out over the next four years.

The results of operations for the School as a whole are reported in the Change in Net Position table below. The table illustrates the changes in net position for the current year compared to the previous:

Barry Intermediate School District's Changes in Net Position

Revenues	2024	2023
Program Revenues		
Charges for services	\$ 540,182	\$ 502,522
Operating grants and contributions	6,292,772	5,765,913
<i>Total Program Revenues</i>	6,832,954	6,268,435
General Revenues		
Unrestricted state aid	190,786	181,702
Property taxes	3,109,814	2,894,966
Interest income	312,120	167,953
<i>Total General Revenues</i>	3,612,720	3,244,621
<i>Total Revenues</i>	10,445,674	9,513,056
Expenses		
Instruction	1,746,402	1,667,049
Supporting services	4,892,796	4,486,932
Community services	101,957	86,363
Transfers to other schools	1,612,630	1,511,536
Depreciation (unallocated)	83,355	77,698
<i>Total Expenses</i>	8,437,140	7,829,578
<i>Change in Net Position</i>	2,008,534	1,683,478
<i>Net Position at Beginning of Period</i>	<i>(5,568,159)</i>	<i>(7,175,523)</i>
<i>Net Position at End of Period</i>	\$ (3,559,625)	\$ (5,492,045)

Operating grants and contributions increased \$526,859 compared to the previous year as there was a significant increase in state and federal funding in the current year due to increased activities. Property taxes increased by \$214,848 is due to taxable value increases of property within the School's district. Investments held in the School's name performed exceptionally well during the year leading to an increase of \$144,167 in investment income compared to the previous year. Supporting services and instruction both increased due to increased operating activities, coupled with inflation, while transfer to other schools increased by \$101,094.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's funds, focusing on its most significant or "major" funds - not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs.

The School utilizes governmental funds:

- *Governmental funds*: Most of the School's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Since the district-wide financial statements and the fund financial statements use different methods of accounting to report the School's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

Financial Analysis of the School's Funds

The School uses funds to record and analyze financial information. The School has two major funds, its general and special education funds.

The *general fund* is the School's primary operating fund. The general fund ended the year with a \$276,456 increase in fund balance for a total fund balance of \$629,086 as of June 30, 2024. The general fund earned significantly more in both state and federal sources as a result of increased availability of grant dollars for early literacy, mental health support, and recruitment and retention grants; because the majority of the increases to grants were reimbursement-based grants, this also explains the majority of increases in expenditures.

The *special education fund*, a major fund, had an increase in fund balance of \$899,689 for a total fund balance of \$4,177,405 as of year-end. In addition to local sources property tax revenues, the special education fund receives a significant portion of its funding through state and federal reimbursement grants. The most significant increase in revenues to note is in state sources where more funding was available in the current year allowing for increases in expenditures for services provided.

General Fund Budgetary Highlights

During the year the School revised its budget to attempt to match changes in the school funding environment and current needs of students and faculty. State law requires that budgets be amended during the year so actual expenditures do not exceed appropriations. The initial budget for the year ended June 30, 2024, was adopted by the Board of Education in June 2023, with the final amendments made in June 2024.

Original budget compared to final budget. The original budget was amended during the year as actual results needed adjusting from the original budgeted estimates. There were no significant amendments to the original estimated revenues or the original budgeted appropriations during the fiscal year.

Final budget compared to actual results. The School had the following expenditures in excess of the amounts appropriated during the year ended June 30, 2024:

Fund/Function	Final Budget	Actual Amount	Negative Variance
General fund			
Pupil	\$ 230,424	\$ 278,303	\$ (47,879)
Instructional staff	403,143	435,952	(32,809)
Administration	229,315	230,803	(1,488)
Central Services	52,987	57,903	(4,916)

Capital Asset and Debt Administration

Capital Assets

At June 30, 2024, the School had \$1,067,796 invested in capital assets. This included a net increase during the fiscal year of \$18,367 consisting of depreciation charges of \$83,355 being exceeded by capital asset purchases of \$101,722.

More detailed information about the School’s capital assets can be found in the notes to the financial statements section of this document.

Long-term Debt

At year-end, the School had no long-term debt outstanding.

Economic Factors and Next Year’s Budget and Rates

The School estimates a similar amount of revenue will be available for appropriation in the general fund in the upcoming budget. The School continues to review all budget line items for opportunities to reduce expenditures when possible while providing an excellent education to the district it serves. The budget will be monitored during the year to identify any necessary amendments.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact:

Barry Intermediate School District
Office of the Superintendent
535 West Woodlawn
Hastings, MI 49058-1038

Or by phone at (269) 945-9545

Basic Financial Statements

Barry Intermediate School District
Statement of Net Position
June 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$	7,612,461
Accounts receivable		5,712
Due from other governmental units		1,736,383
Total Current Assets		9,354,556

Noncurrent Assets

Capital assets being depreciated		1,067,796
Net OPEB asset		176,825
Total Assets		10,599,177

DEFERRED OUTFLOWS OF RESOURCES

Pension		3,071,319
OPEB		715,151
Total Deferred Outflows of Resources		3,786,470

LIABILITIES

Current Liabilities

Accounts payable		1,552,287
Accrued expenditures		78,607
Salaries payable		553,000
Unearned revenue		2,364,171
Total Current Liabilities		4,548,065

Noncurrent Liabilities

Net pension liability		10,345,315
Total Liabilities		14,893,380

DEFERRED INFLOWS OF RESOURCES

Pension		1,497,484
OPEB		1,554,408
Total Deferred Inflows of Resources		3,051,892

NET POSITION

Investment in capital assets		1,067,796
<i>Restricted for:</i>		
Special Education		4,177,405
<i>Unrestricted</i>		(8,804,826)
Total Net Position		\$ (3,559,625)

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 1,746,402	\$ --	\$ 3,458,829	\$ --	\$ 1,712,427
Supporting services	4,892,796	39	2,802,677	--	(2,090,080)
Community services	101,957	792	3,000	--	(98,165)
Transfers to other schools	1,612,630	539,351	28,266	--	(1,045,013)
Depreciation (unallocated)	83,355	--	--	--	(83,355)
Total	\$ 8,437,140	\$ 540,182	\$ 6,292,772	\$ --	(1,604,186)
General Purpose Revenues:					
Unrestricted State aid					190,786
Property taxes levied for general purposes					158,482
Property taxes levied for special education					2,951,332
Interest income					312,120
Total General Revenues					3,612,720
Change in Net Position					2,008,534
<i>Net Position at Beginning of Period (restated, note 11)</i>					<i>(5,568,159)</i>
Net Position at End of Period					\$ (3,559,625)

**Barry Intermediate School District
Balance Sheet
Governmental Funds
June 30, 2024**

	<u>General</u>	<u>Special Revenue</u> <u>Special Education</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,968,456	\$ 4,644,005	\$ 7,612,461
Accounts receivable	2,373	3,339	5,712
Due from other governmental units	518,809	1,217,574	1,736,383
Due from other funds	36,706	--	36,706
<i>Total Assets</i>	<u>\$ 3,526,344</u>	<u>\$ 5,864,918</u>	<u>\$ 9,391,262</u>
LIABILITIES			
Accounts payable	\$ 631,392	\$ 920,895	\$ 1,552,287
Accrued expenditures	--	78,607	78,607
Salaries payable	31,501	521,499	553,000
Unearned revenue	2,234,365	129,806	2,364,171
Due to other funds	--	36,706	36,706
<i>Total Liabilities</i>	<u>2,897,258</u>	<u>1,687,513</u>	<u>4,584,771</u>
FUND BALANCE			
Restricted	--	4,177,405	4,177,405
Unassigned	629,086	--	629,086
<i>Total Fund Balance</i>	<u>629,086</u>	<u>4,177,405</u>	<u>4,806,491</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 3,526,344</u>	<u>\$ 5,864,918</u>	<u>\$ 9,391,262</u>

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

Total Fund Balance - Governmental Funds	\$ 4,806,491
General government capital assets of \$2,770,204, net of accumulated depreciation of \$1,702,408, are not financial resources and, accordingly, are not reported in the funds.	1,067,796
Net pension liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.	(8,771,480)
Other post employment benefit liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.	(662,432)
Total Net Position - Governmental Activities	\$ <u>(3,559,625)</u>

Barry Intermediate School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	<u>Special Revenue</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Special Education</u>	
Revenues			
Local sources	\$ 306,861	\$ 3,589,571	\$ 3,896,432
State sources	1,505,835	3,124,185	4,630,020
Federal sources	304,175	1,532,943	1,837,118
Other sources	81,735	369	82,104
Total Revenues	<u>2,198,606</u>	<u>8,247,068</u>	<u>10,445,674</u>
Expenditures			
Instruction	--	2,100,875	2,100,875
Supporting services	1,117,572	4,333,805	5,451,377
Community services	54,163	50,484	104,647
Transfers to other schools	804,215	808,415	1,612,630
Total Expenditures	<u>1,975,950</u>	<u>7,293,579</u>	<u>9,269,529</u>
Excess of Revenues Over (Under) Expenditures	<u>222,656</u>	<u>953,489</u>	<u>1,176,145</u>
Other Financing Sources (Uses)			
Transfers in	53,800	--	53,800
Transfers out	--	(53,800)	(53,800)
Net Other Financing Sources (Uses)	<u>53,800</u>	<u>(53,800)</u>	<u>--</u>
Net Change in Fund Balance	<u>276,456</u>	<u>899,689</u>	<u>1,176,145</u>
<i>Fund Balance at Beginning of Period (restated, note 11)</i>	352,630	3,277,716	3,630,346
Fund Balance at End of Period	<u>\$ 629,086</u>	<u>\$ 4,177,405</u>	<u>\$ 4,806,491</u>

**Barry Intermediate School District
 Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
 Changes in Fund Balance with Statement of Activities
 For the Year Ended June 30, 2024**

Total Net Change in Fund Balances - Governmental Funds	\$	1,176,145
<p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and expensed. This represents the amount by which depreciation expense of \$83,355 is exceeded by capital outlay of \$101,722.</p>		
		18,367
<p>The statement of activities reports changes to net pension liability and pension related deferrals as pension expense; however, the expenditures recorded on the governmental funds equals actual pension contributions.</p>		
		186,041
<p>The statement of activities reports changes to net OPEB liability and OPEB related deferrals as OPEB expense; however, the expenditures recorded in the governmental funds equals actual OPEB contributions.</p>		
		627,981
Changes in Net Position - Governmental Activities	\$	<u>2,008,534</u>

Notes to the Financial Statements

Barry Intermediate School District

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Barry Intermediate School District (the “School” or “government”) conform to generally accepted accounting principles as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School’s significant accounting policies are described below:

Reporting Entity

The School is governed by an elected 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 Schools' reporting entity, and which organizations are legally separate, component units of the School. Based on the application of the criteria, the School does not contain any component units.

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. The School’s activities are reports as *governmental activities*, which are normally supported by taxes and intergovernmental revenues.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

Barry Intermediate School District

Notes to the Financial Statements

recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

Revenues susceptible to accrual are property taxes, state aid, federal and inter-district revenues, and interest income and, accordingly, have been recognized as revenues of the current fiscal year. Other revenues are recognized when received.

The School reports the following major funds:

The ***General Fund*** is the general operating fund of the School. It is used to account for all financial resources, except those required to be accounted for in another fund.

The ***Special Education Fund*** is used to account for financial resources to be used specifically for providing special education services to students within the School.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level. State law requires the School to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year.

Property Taxes

For the Barry Intermediate School District taxpayers, properties are assessed as of December 31 and the related property taxes are levied and become a lien on the following December 1 for 100% of the taxes which are due by March 1st. Taxes are considered delinquent on March 1st, at which time penalties and interest are assessed and the total obligation is added to the county tax rolls. Property taxes become available for expenditure and are thus recognized as revenue in the fiscal

Barry Intermediate School District

Notes to the Financial Statements

year they are levied. The School has adopted a policy of writing off uncollected delinquent taxes after three years. The state taxable value of all real and personal property for the fiscal year ended June 30, 2024 was \$1,390,617,916. The millage rate for general operations was 0.1138 mills and 2.1063 mills for special education.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Cash and Cash Equivalents

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and School policy authorize the School to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by the surplus funds investment pool act, Act. No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

Investments

Investments are stated at fair market value. Investments are exposed to various risks, such as significant external events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the

Barry Intermediate School District

Notes to the Financial Statements

fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as “due to/from other funds” (i.e., the current portion of interfund loans).

All receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectable during the current year.

Capital Assets

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

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

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

	<u>Years</u>
Buildings and improvements	20-50
Buses and other vehicles	5-10
Furniture and equipment	5 - 20

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 (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.

Barry Intermediate School District

Notes to the Financial Statements

Postemployment Benefits Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (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 Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School has two items that qualify for reporting in this category. They are the pension and other postemployment benefits related items reporting in the district-wide statement of net position. These amounts are expensed in the fiscal year in which they apply.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has two items that qualify for reporting in this category. These items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the School who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for the employee health insurance premiums for the months of July and August. The School pays these insurances for this period as part of the compensation for services rendered in the preceding school year.

Barry Intermediate School District

Notes to the Financial Statements

Compensated Absences

School employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation time and sick leave accumulate from year to year at varying rates, depending on the employees' applicable rate of pay and/or employment category. The liability for compensated absences includes salary-related payments.

In the fund and district-wide financial statements, only the matured liability for compensated absences is reported.

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are recorded as a period expense. Bonds payable are reported at the total amount of bonds issued.

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

Net Position Flow Assumption

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the School's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same

Barry Intermediate School District

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purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The School itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Unassigned fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Board of Education.

Use of Estimates

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

Barry Intermediate School District

Notes to the Financial Statements

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Compliance

The School had the following expenditures in excess of the amounts appropriated during the year ended June 30, 2024:

Fund/Function	Final Budget	Actual Amount	Negative Variance
General fund			
Pupil	\$ 230,424	\$ 278,303	\$ (47,879)
Instructional staff	403,143	435,952	(32,809)
Administration	229,315	230,803	(1,488)
Central services	52,987	57,903	(4,916)
Special Education fund			
Business services	275,681	280,915	(5,234)
Community services	23,900	50,484	(26,584)
Transfers to other schools	751,710	808,415	(56,705)

District-wide Net Position Deficits

The School had an unrestricted net position deficit and a total net position deficit for district-wide activities in the amount of \$(8,804,826) and \$(3,559,625), respectively, as of June 30, 2024.

Note 3 - Cash and Investments

The School maintains pooled and individual fund demand deposits, certificates of deposit, and short-term investment accounts. Following is a reconciliation of deposit and investment balances as of June 30, 2024:

Statement of net position	
Cash and cash equivalents	<u>\$ 7,612,461</u>
Deposits and investments	
Checking accounts	\$ 127,462
Investments - Michigan Liquid Asset Fund (MILAF)	7,484,794
Cash on hand	<u>205</u>
<i>Total deposits and investments</i>	<u>\$ 7,612,461</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits might not be returned. State law does not require, and the School does not have a policy for deposit custodial credit risk. As of year-end, \$152,159 of the School's bank balance of \$402,159 was exposed to custodial credit risk because it was uninsured and

Barry Intermediate School District

Notes to the Financial Statements

uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the School believes it is impractical to insure all bank deposits. As a result, the School evaluates each financial institution with which it deposits School funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to minimize this risk, School policy limits the types of investments and pre-qualifies financial institutions. As of June 30, 2024, none of the School's investments were exposed to risk since the securities are held in the School's name by the counterparty.

Credit Risk. State law limits investments to specific government securities, certificates of deposits, and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The School's investment policy does not have specific limits in excess of state law on investment credit risk. The School had \$7,484,794 invested with the Michigan Liquid Asset Fund that had an AAAM rating from Standard and Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The School's investment policy does not limit investments in a single financial institution of a single security type (with the exception of U.S. treasuries and agencies and authorized pools) to a percentage of the total investment portfolio. All investments held at year end are reported above.

Fair Value Measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs.

There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Barry Intermediate School District

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Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The School had \$7,484,794, invested with the Michigan Liquid Asset Fund, of level 2 recurring fair value measurements as of June 30, 2024.

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2024 consisted of fund receivables and payables listed below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Education	\$ 36,706

Interfund balances resulted primarily from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The following schedule summarizes the operating transfer during the year ended June 30, 2024:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Special Education	\$ 53,800

Transfers to and/or from the special education fund were to reimburse expenditures associated with general administration.

Note 5 - State of Michigan School Aid

The School reports State of Michigan school aid in the fiscal year in which the School is entitled to the revenue as provided by State of Michigan School aid appropriation acts. State funding provided approximately 44.3% of the total revenues to the School during the June 30, 2024 fiscal year.

Barry Intermediate School District

Notes to the Financial Statements

Note 6 - Capital Assets

Capital asset activity of the School was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	\$ 1,582,336	\$ 92,173	\$ -	\$ 1,674,509
Buses and other vehicles	506,828	-	-	506,828
Furniture and equipment	579,318	9,549	-	588,867
<i>Subtotal</i>	<u>2,668,482</u>	<u>101,722</u>	<u>-</u>	<u>2,770,204</u>
Less accumulated depreciation:				
Buildings and improvements	822,141	39,176	-	861,317
Buses and other vehicles	328,780	29,166	-	357,946
Furniture and equipment	468,133	15,013	-	483,146
<i>Subtotal</i>	<u>1,619,053</u>	<u>83,355</u>	<u>-</u>	<u>1,702,408</u>
Capital assets, net	<u>\$ 1,049,429</u>	<u>\$ 18,367</u>	<u>\$ -</u>	<u>\$ 1,067,796</u>

Depreciation expense for the fiscal year amounted to \$83,355. The School determined that it was impractical to allocate depreciation expense to the various government activities as the capital assets serve multiple functions.

Note 7 - MPSERS Pension Plan

Plan Description

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

The System's 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.

Barry Intermediate School District

Notes to the Financial Statements

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

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 Sept. 30, 2022, valuation will be amortized over a 16-year period beginning Oct. 1, 2022 and ending Sept. 30, 2038.

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

<u>Benefit Structure</u>	<u>Member</u>	<u>Non-Universities</u>
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%

Barry Intermediate School District

Notes to the Financial Statements

Required contributions to the pension plan from the School were \$1,151,999 for the year ended Sept. 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 reported a liability of \$10,345,315 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of Sept. 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'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 Sept. 30, 2023, the School's proportion was .003196 percent, which was a decrease of .000054 percent from its proportion measured as of Sept. 30, 2022.

For the year ending June 30, 2024, the School recognized pension expense of \$1,105,511. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 326,570	\$ 15,847
Changes of assumptions	1,401,837	808,267
Net difference between projected and actual earnings on pension plan investments	-	211,699
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,582	461,671
Employer contributions subsequent to the measurement date	1,321,330	-
Total	\$ 3,071,319	\$ 1,497,484

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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ended	
September 30	Amount:
2024	\$ 27,073
2025	4,757
2026	387,826
2027	(167,151)

Barry Intermediate School District

Notes to the Financial Statements

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

Notes:

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

Barry Intermediate School District

Notes to the Financial Statements

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4406 for non-university employers.

Recognition period for assets in years is 5.0000.

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

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a buildingblock 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 Sept. 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 pools	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
<i>Total</i>	100.0%	

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

Rate of Return

For the fiscal year ended Sept. 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.

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Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine 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’s proportionate share of the net pension liability to changes in the discount rate

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

1% Decrease (Non-Hybrid/Hybrid)	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)	1% Increase (Non-Hybrid/Hybrid)
5.0%	6.0%	7.0%
\$13,976,490	\$10,345,315	\$7,322,230

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 ACFR, available on the ORS website at Michigan.gov/ORSSchools.

Note 7 - Postemployment Benefits Other Than Pensions (OPEB)

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 and a fiduciary component unit of the State of Michigan (“State”) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board’s authority to promulgate or amend the provisions of the System. The board consists of twelve members- eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

Barry Intermediate School District

Notes to the Financial Statements

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 Michigan.gov/ORSSchools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning Jan. 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 Sept 3, 2012 or were on an approved professional services or military leave of absence on Sept. 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 Feb. 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%

Barry Intermediate School District

Notes to the Financial Statements

contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

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

Employer 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 Sept. 30, 2022, valuation will be amortized over a 16-year period beginning Oct. 1, 2022 and ending Sept. 30, 2038.

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

<u>Benefit Structure</u>	<u>Member</u>	<u>Non-Universities</u>
Premium Subsidy	3.00%	8.07%
Personal Healthcare Fund (PHF)	0.00%	7.21%

Required contributions to the OPEB plan from the School were \$243,497 for the year ended Sept. 30, 2023.

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

At June 30, 2024, the School reported an asset of \$176,825 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of Sept. 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The School'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 Sept. 30, 2023, the School's proportion was .003126 percent, which was an increase of .00079 percent from its proportion measured as of Oct. 1, 2022.

Barry Intermediate School District

Notes to the Financial Statements

For the year ending June 30, 2024, the School recognized OPEB expense of negative \$(354,830). At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 1,336,181
Changes of assumptions	393,644	47,402
Net difference between projected and actual earnings on pension plan investments	539	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,363	170,825
Employer contributions subsequent to the measurement date	285,605	-
<i>Totals</i>	\$ 715,151	\$ 1,554,408

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB 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:

Plan Year Ended September 30	Amount:
2024	\$ (351,635)
2025	(348,774)
2026	(162,228)
2027	(122,083)
2028	(92,632)
Thereafter	(47,510)

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.

Barry Intermediate School District

Notes to the Financial Statements

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.50% Year 1 graded to 3.50% Year 15 Post-65: 6.25% Year 1 graded to 3.50% Year 15
Mortality:	
Retirees:	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Annuitant Mortality 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 coverage continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents

Notes:

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

Barry Intermediate School District

Notes to the Financial Statements

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.5099 for non-university employers.
- Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at 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 buildingblock 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 Sept. 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic equity pools	25.0%	5.8%
Private equity pools	16.0	9.6
International equity pools	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
<i>Total</i>	100.0%	

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

Rate of Return

For the fiscal year ended Sept. 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.

Barry Intermediate School District

Notes to the Financial Statements

Discount Rate

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

Sensitivity of the School's proportionate share of the net OPEB asset to changes in the discount rate

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

1% Decrease	Current Discount Rate	1% Increase
5.0%	6.0%	7.0%
\$183,315	(\$176,825)	(\$486,330)

Sensitivity of the School's proportionate share of the net OPEB asset to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
(\$487,101)	(\$176,825)	\$158,996

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

Note 9 - Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction

Barry Intermediate School District

Notes to the Financial Statements

of assets; errors and omissions; and natural disasters for which the School carries commercial insurance and participates in the SET/SEG (risk pool) for claims relating to workers' compensation and property/casualty. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

Note 10 - Subsequent Events

The Administration and Board of Education have evaluated subsequent events as of October 16, 2024, the date this report was available to be issued, and is not aware of any subsequent events that would have a significant impact on the financial condition of the School.

Note 11 - Prior Period Adjustment

The ISD restated beginning fund balance and governmental activities to properly account for certain revenues that should have been reflected in prior years as seen below:

	<u>Governmental Activities</u>	<u>General</u>
Fund Balance/Net Position at June 30, 2023, as reported	\$ (5,492,045)	\$ 428,744
<i>Adjustments to:</i>		
Unearned revenue	(76,114)	(76,114)
<i>Fund Balance/Net Position at June 30, 2023, as restated</i>	<u>\$ (5,568,159)</u>	<u>\$ 352,630</u>

Required Supplementary Information

Barry Intermediate School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable) Final to Actual
Revenues				
Local sources	\$ 220,235	\$ 301,262	\$ 306,861	\$ 5,599
State sources	973,884	1,445,847	1,505,835	59,988
Federal sources	230,798	229,900	304,175	74,275
Other sources	75,000	75,000	81,735	6,735
Total Revenues	1,499,917	2,052,009	2,198,606	146,597
Other Financing Sources				
Transfers in	54,000	54,000	53,800	(200)
Total Revenues and Other Financing Sources	1,553,917	2,106,009	2,252,406	146,397
Expenditures				
Supporting services				
Pupil	230,125	230,424	278,303	(47,879)
Instructional staff	400,971	403,143	435,952	(32,809)
Administration	241,012	229,315	230,803	(1,488)
Business services	106,100	100,732	90,158	10,574
Operation and maintenance	28,640	30,101	24,453	5,648
Central services	53,026	52,987	57,903	(4,916)
Total Supporting Services	1,059,874	1,046,702	1,117,572	(70,870)
Community services	58,442	58,682	54,163	4,519
Transfers to other schools	419,039	856,885	804,215	52,670
Total Expenditures	1,537,355	1,962,269	1,975,950	(13,681)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	16,562	143,740	276,456	132,716
Net Change in Fund Balance	16,562	143,740	276,456	132,716
<i>Fund Balance at Beginning of Period (restated, note 11)</i>	352,630	352,630	352,630	--
Fund Balance at End of Period	\$ 369,192	\$ 496,370	\$ 629,086	\$ 132,716

Barry Intermediate School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Special Education
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable) Favorable Final to Actual
Revenues				
Local sources	\$ 3,389,515	\$ 3,553,194	\$ 3,589,571	\$ 36,377
State sources	2,451,705	3,125,587	3,124,185	(1,402)
Federal sources	1,370,058	1,517,375	1,532,943	15,568
Other sources	--	--	369	369
Total Revenues	<u>7,211,278</u>	<u>8,196,156</u>	<u>8,247,068</u>	<u>50,912</u>
Expenditures				
Instruction	2,069,689	2,197,249	2,100,875	96,374
Supporting services				
Pupil	3,144,521	2,932,221	2,821,983	110,238
Instructional staff	711,883	648,646	587,521	61,125
Administration	43,368	32,581	24,324	8,257
Business services	273,053	275,681	280,915	(5,234)
Operation and maintenance	242,772	190,334	126,229	64,105
Transportation	530,214	437,388	395,921	41,467
Central services	92,357	107,553	96,912	10,641
Total Supporting services	<u>5,038,168</u>	<u>4,624,404</u>	<u>4,333,805</u>	<u>290,599</u>
Community services	16,608	23,900	50,484	(26,584)
Transfers to other schools	776,500	751,710	808,415	(56,705)
Total Expenditures	<u>7,900,965</u>	<u>7,597,263</u>	<u>7,293,579</u>	<u>303,684</u>
Other Financing Uses				
Transfers out	54,000	54,000	53,800	200
Total Expenditures and Other Financing Uses	<u>7,954,965</u>	<u>7,651,263</u>	<u>7,347,379</u>	<u>303,884</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(743,687)</u>	<u>544,893</u>	<u>899,689</u>	<u>354,796</u>
Net Change in Fund Balance	<u>(743,687)</u>	<u>544,893</u>	<u>899,689</u>	<u>354,796</u>
<i>Fund Balance at Beginning of Period</i>	3,277,716	3,277,716	3,277,716	--
Fund Balance at End of Period	<u>\$ 2,534,029</u>	<u>\$ 3,822,609</u>	<u>\$ 4,177,405</u>	<u>\$ 354,796</u>

Barry Intermediate School District
Schedule of School District's Proportionate Share of Net Pension Liability
Michigan Public School Employee Retirement Plan
Last Ten Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Portion of Net Pension Liability (%)	0.03196%	0.03251%	0.03340%	0.03514%	0.03442%	0.03474%	0.03594%	0.03404%	0.03181%	0.03024%
School District's Proportionate Share of Net Pension Liability	\$ 10,345,315	\$ 12,225,974	\$ 7,908,613	\$ 12,069,471	\$ 11,398,820	\$ 10,443,050	\$ 9,313,209	\$ 8,493,450	\$ 7,768,680	\$ 6,661,207
School District's Covered Payroll	\$ 3,141,438	\$ 3,117,167	\$ 2,877,674	\$ 3,113,987	\$ 3,091,536	\$ 2,866,067	\$ 3,081,478	\$ 2,989,591	\$ 2,704,609	\$ 2,627,660
School District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	329.32%	392.21%	274.83%	387.59%	368.71%	364.37%	302.23%	284.10%	287.24%	253.50%
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%

Barry Intermediate School District
Schedule of School District's Pension Contributions
Michigan Public School Employee Retirement Plan
Last Ten School District Fiscal Years (Amounts determined as of June 30 of each year)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily Required Contributions	\$ 1,151,999	\$ 1,106,450	\$ 1,003,006	\$ 982,530	\$ 957,447	\$ 911,630	\$ 850,508	\$ 854,929	\$ 741,917	\$ 579,739
Contributions in Relation to Statutorily Required Contributions	<u>1,151,999</u>	<u>1,106,450</u>	<u>1,003,006</u>	<u>982,530</u>	<u>957,447</u>	<u>911,630</u>	<u>850,508</u>	<u>854,929</u>	<u>741,917</u>	<u>579,739</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 3,544,281	\$ 3,169,504	\$ 3,014,177	\$ 2,851,311	\$ 3,120,982	\$ 3,073,243	\$ 2,849,238	\$ 3,202,834	\$ 2,923,591	\$ 2,712,249
Contributions as a Percentage of Covered Payroll	32.50%	34.91%	33.28%	34.46%	30.68%	29.66%	29.85%	26.69%	25.38%	21.37%

Barry Intermediate School District
Schedule of School District's Proportionate Share of Net OPEB Liability (Asset)
Michigan Public School Employee Retirement Plan
Last Seven Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Portion of Net OPEB Liability (%)	0.031258%	0.032047%	0.03167%	0.03499%	0.03521%	0.03356%	0.03618%
School District's Proportionate Share of Net OPEB Liability (Asset)	\$ (176,825)	\$ 678,778	\$ 483,471	\$ 1,874,279	\$ 2,527,015	\$ 2,667,881	\$ 3,204,113
School District's Covered Payroll	\$ 3,141,438	\$ 3,117,167	\$ 2,877,674	\$ 3,113,987	\$ 3,091,536	\$ 2,866,067	\$ 3,081,478
School District's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	-5.63%	21.78%	16.80%	60.19%	81.74%	93.09%	103.98%
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Barry Intermediate School District
Schedule of School District's OPEB Contributions
Michigan Public School Employee Retirement Plan
Last Seven School District Fiscal Years (Amounts determined as of June 30 of each year)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily Required Contributions	\$ 243,497	\$ 244,114	\$ 235,133	\$ 232,654	\$ 247,265	\$ 239,075	\$ 218,421
Contributions in Relation to Statutorily Required Contributions	243,497	244,114	235,133	232,654	247,265	239,075	218,421
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 3,544,281	\$ 3,169,504	\$ 3,014,177	\$ 2,851,311	\$ 3,120,982	\$ 3,073,243	\$ 2,849,238
Contributions as a Percentage of Covered Payroll	6.87%	7.70%	7.80%	8.16%	7.92%	7.78%	7.67%



**BARRY INTERMEDIATE SCHOOL DISTRICT
HASTINGS, MICHIGAN
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED JUNE 30, 2024**

Barry Intermediate School District
Schedule of Expenditures of Federal Awards
June 30, 2024

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Approved Award Amount</u>	<u>Accrued (or Deferred) Revenue at July 01, 2023</u>	<u>(Memo only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts Cash Basis</u>	<u>Accrued (or Deferred) Revenue at June 30, 2024</u>
U.S. DEPARTMENT OF THE TREASURY							
<i>Passed through the Michigan Department of Education</i>							
31p Trails							
COVID-19 - Project number 232425	21.027	\$ 892,857	\$ 267,857	\$ 267,857	\$ -	\$ 267,857	\$ -
TOTAL U.S. DEPARTMENT OF THE TREASURY		892,857	267,857	267,857	-	267,857	-
U.S. DEPARTMENT OF EDUCATION							
<i>Passed through the Michigan Department of Education</i>							
Special Education Cluster							
Special Education: Flowthrough							
Project number 220450	84.027	1,044,773	3,961	11,608	-	3,961	-
Project number 230450	84.027	1,040,382	319,021	1,024,642	15,740	319,021	15,740
Project number 240450	84.027	1,140,560	-	-	1,120,378	690,155	430,223
Project number 221280 - ARP	84.027X	210,980	106,071	151,366	59,614	165,685	-
Project number 230493 General Supervision	84.027	137,900	21,504	137,900	-	21,504	-
Project number 240493 General Supervision	84.027	151,700	-	-	151,700	93,859	57,841
Total Special Education: Flowthrough		3,726,295	450,557	1,325,516	1,347,432	1,294,185	503,804
Special Education: Preschool							
Project number 230460	84.173	35,458	15,022	34,836	-	15,022	-
Project number 240460	84.173	36,766	-	-	36,766	17,900	18,866
Total Special Education: Preschool		72,224	15,022	34,836	36,766	32,922	18,866
Total Special Education Cluster		3,798,519	465,579	1,360,352	1,384,198	1,327,107	522,670
Infants and Toddlers: Early on Federal							
Project number 231340	84.181	63,917	63,917	63,917	-	63,917	-
Project number 241340	84.181	66,484	-	-	66,484	40,134	26,350
Project number 221283 - ARP	84.181X	29,190	(7,592)	1,424	27,766	20,174	-
Total Infants and Toddlers: Early On Michigan		159,591	56,325	65,341	94,250	124,225	26,350
<i>Passed through Calhoun Area Career Center</i>							
Carl Perkins							
Career and Technical Education - Basic Grants to States	84.048A	92,291	-	-	92,291	22,002	70,289
Total Carl Perkins		92,291	-	-	92,291	22,002	70,289
TOTAL U.S. DEPARTMENT OF EDUCATION		\$ 4,943,258	\$ 789,761	\$ 1,693,550	\$ 1,570,739	\$ 1,741,191	\$ 619,309

Continued...

See Notes to the Schedule of Expenditures of Federal Awards

Barry Intermediate School District
Schedule of Expenditures of Federal Awards
June 30, 2024

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Approved Award Amount</u>	<u>Accrued (or Deferred) Revenue at July 01, 2023</u>	<u>(Memo only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts Cash Basis</u>	<u>Accrued (or Deferred) Revenue at June 30, 2024</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES							
<i>Passed through the Michigan Department of Education</i>							
Healthcare Resource Advocates							
Project number 232810-HRA2023	93.323	\$ 224,000	\$ 88,104	\$ 169,598	\$ -	\$ 88,104	\$ -
Project number 242810-HRA2024	93.323	268,000	-	-	207,432	71,674	135,758
Total Healthcare Resource Advocates		492,000	88,104	169,598	207,432	159,778	135,758
<i>Passed through Berrien ISD</i>							
Medicaid Outreach							
Project number 2023 - 2024 (Medicaid Cluster)	93.778	41,139	-	-	41,139	41,139	-
Total Medicaid Outreach		41,139	-	-	41,139	41,139	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		533,139	88,104	169,598	248,571	200,917	135,758
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 5,476,397	\$ 877,865	\$ 1,863,148	\$ 1,819,310	\$ 1,942,108	\$ 755,067

Concluded.

See Notes to the Schedule of Expenditures of Federal Awards

Barry Intermediate School District

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been included and all grant requirements have been met. The Schedule has been arranged to provide information on both the actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue, and accounts payable items at both the beginning and the end of the fiscal year have been reported. Expenditures are in agreement with amounts reported in the financial statements and the grant financial reports. The amounts on the Grant Auditor Report reconcile with this Schedule.

The School has elected not to use the 10-percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The grantee received no noncash assistance during the year ended June 30, 2024 that is not included on the schedule of expenditures of federal awards.

Barry Intermediate School District

Notes to the Schedule of Expenditures of Federal Awards

Note 4 - Reconciliation to the Schedule of Expenditures of Federal Awards

The federal sources revenues reported in the fund financial statements of \$1,837,118 is different from the federal expenditures reported in the schedule of expenditures of federal awards. The following schedule reconciles the difference between the fund financial statements and the schedule of expenditures of federal awards:

Total Federal Revenues per Governmental Fund Statements	\$ 1,837,118
ERATE funds not subject to Single Audit	<u>(17,808)</u>
<i>Total Federal Assistance per SEFA</i>	<u>\$ 1,819,310</u>

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

To the Board of Education
Barry Intermediate School District
Hastings, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Barry Intermediate School District (the "School"), as of and for the years ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 16, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, MI
October 16, 2024

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

To the Board of Education
Barry Intermediate School District
Hastings, Michigan

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Barry Intermediate School District's (the "School"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, MI
October 16, 2024

**Barry Intermediate School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal controls over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No (none reported)
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing Number
Special Education Cluster	84.027 and 84.173

Dollar threshold used to distinguish between Type A and B programs?	\$750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

No prior year matters were reported.

October 16, 2024

To the Board of Education
Barry Intermediate School District
Hastings, Michigan

We have audited the financial statements of the governmental activities and each major fund of the Barry Intermediate School District (the "School") for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 5, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 1 to the financial statements. There were no new accounting policies adopted during the fiscal year ended June 30, 2024. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability.
- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

As required by the OMB Uniform Guidance, we have also completed an audit of the federal programs administered by the School. The results of that audit are provided to the Board of Education in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with the OMB Uniform Guidance dated October 16, 2024.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the pension and OPEB schedules, and the budgetary comparison schedules, which are required supplementary

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

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

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, MI