

**TAX STATUS:** In the opinion of Thrun Law Firm, P.C., Bond Counsel, assuming continued compliance by the School District with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (i) interest on the Bonds is excluded from gross income for federal income tax purposes, as described in the opinion, (ii) the Bonds and interest thereon are exempt from all taxation in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof, and (iii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax to the extent and subject to the conditions described herein. The School District has covenanted to comply with certain requirements of the Code necessary to continue the exclusion of interest on the Bonds from gross income for federal income tax purposes. See "TAX MATTERS" herein.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" AS DESCRIBED IN SECTION 265(b)(3)(B) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.



**\$1,695,000**  
**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**County of Berrien**  
**State of Michigan**  
**2023 Energy Conservation Improvement Bonds**  
**(General Obligation - Limited Tax)**

**PURPOSE AND SECURITY:** The 2023 Energy Conservation Improvement Bonds (General Obligation – Limited Tax)(the "Bonds") were authorized by the Board of Education of the Berrien Springs Public Schools, County of Berrien, State of Michigan (the "School District") by resolutions adopted on March 16, 2023 and expected to be adopted on May 25, 2023, for the purpose of replacing the high school roof and replacing the HVAC system at Mars Elementary School. The Bonds are issued under the provisions of Act 451, Public Acts of Michigan, 1976, as amended. The School District has pledged the limited tax full faith and credit of the School District for the payment of principal and interest on the Bonds. The School District has further pledged to levy sufficient ad valorem taxes within its authorized millage rate annually as a first budget obligation, subordinate only to any first liens on said funds pledged for the payment of state aid notes, lines of credit or tax anticipation notes heretofore or hereafter issued. The School District does not have the power to levy taxes for the payment of the Bonds in excess of its constitutional or statutory tax rate limitations and, if tax collections are insufficient to pay the principal of or interest on the Bonds when due, the School District pledges to use any and all other resources available for the payment of the Bonds. The School District has reserved the right to issue additional bonds of equal standing.

**BOOK-ENTRY-ONLY:** The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

**PAYMENT OF BONDS:** Principal of and interest on the Bonds will be paid by The Huntington National Bank, Grand Rapids, Michigan (the "Paying Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on November 1 and May 1, commencing November 1, 2023, to the Bondholders of record as of the applicable record dates as stated in the Bonds.

**Dated/Delivery:** June 7, 2023

**Principal Due:** May 1, years shown below

(Base CUSIP\$: 085743)

Interest					Interest				
CUSIP\$	Year	Amount	Rate	Yield	CUSIP\$	Year	Amount	Rate	Yield
LK6	2024	\$145,000	4.000%	3.200%	LQ3	2029	\$170,000	4.000%	3.030%
LL4	2025	145,000	4.000	3.100	LR1	2030	180,000	4.000	3.040
LM2	2026	150,000	4.000	3.000	LS9	2031	185,000	4.000	3.050*
LN0	2027	160,000	4.000	3.010	LT7	2032	195,000	4.000	3.060*
LP5	2028	165,000	4.000	3.020	LU4	2033	200,000	4.000	3.070*

**Bernardi Securities, Inc**

**PRIOR REDEMPTION:** Bonds of this issue maturing in years 2031 and thereafter, shall be subject to redemption at the option of the School District prior to maturity as described in "PRIOR REDEMPTION – Optional Redemption" herein.

**BOND COUNSEL:** The Bonds will be offered when, as and if issued by the School District subject to the approving legal opinion of Thrun Law Firm, P.C., East Lansing, Michigan.

This cover page contains information for a quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Additional information relative to this Bond issue may be obtained from:

**PFM Financial Advisors LLC**  
555 Briarwood Circle, Suite 333  
Ann Arbor, MI 48108  
734-994-9700

This Official Statement is dated May 16, 2023

<sup>†</sup> For an explanation of the rating, see "RATING" herein.

<sup>1</sup> As of date of delivery.

\* Callable Premium Bonds price to May 1, 2030 call date at 100%

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## **Berrien Springs Public Schools**

285 Sylvester Avenue  
P.O. Box 130  
Berrien Springs, MI 49103  
Phone: (269) 471-2891

### **BOARD OF EDUCATION**

Paul Toliver  
*President*

Peg Bormann  
*Vice President*

Patricia DeLong  
*Secretary*

Kimberly Keigley  
*Treasurer*

Dr. Lee Davidson  
*Trustee*

Eric Stoub  
*Trustee*

Michael Shembarger  
*Trustee*

### **ADMINISTRATIVE STAFF**

David Eichberg  
*Superintendent*

Ellen Hasse  
*Business Manager*

### **PROFESSIONAL SERVICES**

Bond Counsel.....Thrun Law Firm, P.C.  
East Lansing, Michigan

Municipal Advisor ..... PFM Financial Advisors LLC  
Ann Arbor, Michigan

Paying Agent.....The Huntington National Bank  
Grand Rapids, Michigan

No dealer, broker, salesperson or other person has been authorized by the School District to give any information or to make any representations, other than those contained in the Official Statement. This Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the School District since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement and any addenda thereto were prepared relying on information of the School District and other sources and are believed to be reliable.

In making an investment decision, investors must rely on their own examination of the School District's financial records, and the terms of the offering, including the merits and risks involved.

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**\$1,695,000**  
**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**County of Berrien**  
**State of Michigan**  
**2023 Energy Conservation Improvement Bonds**  
**(General Obligation - Limited Tax)**

## **INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by Berrien Springs Public Schools, County of Berrien, State of Michigan (the "School District") of its 2023 Energy Conservation Improvement Bonds (General Obligation – Limited Tax)(the "Bonds").

## **INTEREST**

Interest on the Bonds will be payable on November 1, 2023 and semiannually on the 1st day of each May 1 and November 1 thereafter. Interest will be computed on the basis comprised of a 360-day year of twelve 30-day months.

## **PRIOR REDEMPTION**

### **Optional Redemption**

Bonds of this issue maturing in the years 2024 through 2030, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of Bonds in multiples of \$5,000 of this issue maturing in the year 2031 and thereafter shall be subject to redemption prior to maturity, at the option of the School District, in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2030, at par and accrued interest to the date fixed for redemption.

### **Notice of Redemption and Manner of Selection**

Notice of redemption of any Bond shall be given not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption by mail to the Registered Owner at the registered address shown on the registration books kept by the Paying Agent. Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered shall be issued to the Registered Owner thereof. No further interest payment on the Bonds or portions of Bonds called for redemption shall accrue after the date fixed for redemption, whether presented for redemption, provided funds are on hand with the Paying Agent to redeem the same.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Paying Agent, in such manner as the Paying Agent in its discretion may deem proper, in the principal amounts designated by the School District. Upon presentation and surrender of such Bonds at the corporate trust office of the Paying Agent, such Bonds shall be paid and redeemed.

So long as the book-entry-only system remains in effect, in the event of a partial redemption the Paying Agent will give notice to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a holder of the Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion.

## **OFFICIAL NOTICE OF SALE**

See APPENDIX F - "DRAFT OFFICIAL NOTICE OF SALE".

## PURPOSE AND SECURITY

The Bonds were authorized by the Board of Education of the School District by resolutions adopted on March 16, 2023, and expected to be adopted on May 25, 2023 for the purpose of replacing the high school roof and replacing the HVAC system at Mars Elementary School. The Bonds are issued under the provisions of Act 451, Public Acts of Michigan, 1976, as amended. The School District has pledged the limited tax full faith and credit of the School District for the payment of principal and interest on the Bonds. The School District has further pledged to levy sufficient ad valorem taxes within its authorized millage rate annually as a first budget obligation, subordinate only to any first liens on said funds pledged for the payment of state aid notes, lines of credit or tax anticipation notes heretofore or hereafter issued. The School District does not have the power to levy taxes for the payment of the Bonds in excess of its constitutional or statutory tax rate limitations and, if tax collections are insufficient to pay the principal of or interest on the Bonds when due, the School District pledges to use any and all other resources available for the payment of the Bonds. The School District has reserved the right to issue additional bonds of equal standing.

## ESTIMATED SOURCES AND USES OF FUNDS

### Sources of Funds:

Par Amount of Bonds	\$1,695,000.00
Premium	73,802.30
<b>TOTAL SOURCES</b>	<b><u>\$1,768,802.30</u></b>

### Uses of Funds:

Capital Projects Fund	\$1,703,838.85
Underwriter's Discount	15,255.00
Costs of Issuance	49,708.45
<b>TOTAL USES</b>	<b><u>\$1,768,802.30</u></b>

## TAX PROCEDURES

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, and increased by the lesser of the inflation rate or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local board of review, to the Michigan Tax Tribunal and ultimately to the Michigan courts.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the respective county's department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in the Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, amended, is recorded on a separate tax roll while subject to tax abatement. The valuation of tax-abated property is based upon SEV but is not included in either the SEV or Taxable Value data in the Official Statement except as noted. Under limited circumstances, other state laws permit the partial abatement of certain taxes for other types of property for periods of up to 12 years.

## **LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDER'S REMEDIES**

The School District has pledged its limited tax full faith and credit for the payment of the Bonds and the interest thereon. The Bonds are a general obligation of the School District and will be payable as a first budget obligation from the general fund of the School District, and from ad valorem taxes which may be levied against all taxable property in the School District, subject to applicable constitutional and statutory limitations, subordinate only to any first liens on said funds pledged for the payment of state aid notes, lines of credit, and tax anticipation notes heretofore or hereafter issued.

Registered owners of the Bonds may attempt to obtain a money judgment against the School District for the principal amount of the Bonds or interest not paid when due and may periodically attempt to enforce the collection of the money judgment by requiring the tax assessing officers for the School District to place the amount of such judgment on the next tax rolls of the School District. The rights of the holders of the Bonds and the enforceability thereof are subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

## **SOURCES OF SCHOOL OPERATING REVENUE**

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts. The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. The Legislature appropriated funds to establish a target foundation allowance in 2022/23 of \$9,150 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property<sup>1</sup>, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties<sup>2</sup> in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2022/23 calculates to an amount in excess of \$9,150 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property<sup>3</sup> as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2022/23 per pupil foundation allowance does not exceed \$9,150, and the School District does not levy such additional millage.

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<sup>1</sup> "Taxable property" in this context does not include industrial personal property.

<sup>2</sup> "Non-homestead property" includes all taxable property other than principal residence, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy, and industrial personal property. Commercial personal property, to the extent not otherwise exempt, is exempt from the first 12 mills of not more than 18 mills levied by school districts.

<sup>3</sup> "Homestead property," in this context, means principal residence, qualified to the extent not otherwise exempt agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy, certain industrial personal property and certain commercial personal property to the extent not otherwise exempt.

State aid appropriations and the payment schedule for State school aid may be changed by the Legislature at any time. If the amount appropriated from the State School Aid Fund exceeds the amount available for expenditure for a fiscal year, in the absence of overriding legislative action by the Legislature, the School Aid Act subjects most state aid payable to school districts for that fiscal year to an automatic proration on a per pupil basis in an amount necessary to eliminate the portion of the overage attributable to the appropriation to all school districts. See “STATE AID PAYMENTS” in APPENDIX A.

PA 48 amended the State School Aid Act for the 2021/22 fiscal year, increasing the School District’s foundation allowance to \$8,700 per pupil.

PA 144 amended the State School Aid Act for the 2022/23 fiscal year increasing the School District’s foundation allowance to \$9,150 per pupil.

Pursuant to PA 144, the School District may be eligible to receive various categorical grants for specific purposes, such as special education, "at-risk" students, meal programs, early education, career and technical education programs, and other instructional and non-instructional programs. The annual amendments to the State School Aid Act determine the type and amount of those categorical funds. For further information regarding the School District's receipt of categorical funds for the 2021/22 fiscal year, see the School District's audited financial statements in APPENDIX B.

In 2020 and 2021 the U.S. Congress passed three stimulus bills providing financial support to public schools through the Elementary and Secondary Emergency Relief Fund (“ESSER Funds”). Based on the three separate federal stimulus bills, the ESSER funding is generally referred to as “ESSER I Funds,” “ESSER II Funds,” and “ESSER III Funds,” respectively.

As required under Michigan law, available ESSER Funds have been appropriated and allocated to qualifying school districts. The School District has been awarded \$370,085 of the ESSER I Funds and \$1,352,980 of the ESSER II Funds and approximately \$3,040,763 of the ESSER III Funds. ESSER funds already received by the School District are incorporated into the information in Appendices B and C. The School District may have received additional payments related to the ESSER Funds.

## **MICHIGAN PROPERTY TAX REFORM**

On November 5, 2013, March 28, 2014, and April 1, 2014, a package of bills amended and replaced legislation enacted in 2012 to phase-out most personal property taxation in Michigan. The bills were contingent on Michigan voters approving a ballot question authorizing a new municipal entity, the Local Community Stabilization Authority (“LCSA”), to levy a local component of the statewide use tax and distribute that revenue to local units of government to offset their revenue losses resulting from the personal property tax reform. On August 5, 2014, voters approved that ballot question.

The bill package, together with the original 2012 legislation, created two new exemptions from the personal property tax. Under the “small taxpayer exemption,” the commercial and industrial personal property of each owner with a combined true cash value in a local tax collecting unit of less than \$80,000 is exempt from ad valorem taxes in that collecting unit beginning in 2014. For businesses that do not qualify for the “small taxpayer exemption,” all “eligible manufacturing personal property” (personal property used more than 50% of the time in industrial processing or direct integrated support) purchased and placed into service before 2006 or during or after 2013 becomes exempt beginning in 2016. Taxation on “eligible manufacturing personal property” placed into service after 2006 but before 2013 will be phased-out over time; with the exemption taking effect after the property has been in service for the immediately preceding 10 years. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise.

Pursuant to voter approval in August 2014, the legislation also includes a formula to reimburse school districts for 100% of their lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduces the state share of the use tax and authorizes the LCSA to levy a local component of the use tax and distribute that revenue to qualifying local units. However, the reimbursement for the school district’s operating millage will come from the State use tax component, which is deposited into the school state aid fund.<sup>1</sup>

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<sup>1</sup> Because much of the foregone revenue is deposited into and disbursed to the State Aid Fund, in the future the legislature may choose to change the funding formulas in the State School Aid Act of 1979 (Act 94) or appropriate funds therein for other purposes.



## DESCRIPTION AND FORM OF THE BONDS

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of and bear interest from the date of issuance. Interest on the Bonds shall be payable semiannually each November 1 and May 1 to maturity or early redemption, commencing November 1, 2023. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of The Huntington National Bank, Grand Rapids, Michigan or its successor will serve as the paying agent (the "Paying Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. In the event the Bonds cease to be held in the book-entry only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. See "Transfer Outside Book-Entry-Only System" below.

## BOOK-ENTRY-ONLY SYSTEM

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the School District or the Paying Agent as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the School District or the Paying Agent to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the School District nor the Paying Agent will have any responsibility or obligation to DTC Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Paying Agent, or School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the School District or Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the School District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

## **TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM**

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolutions, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the School District and Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolutions. No transfer or exchange made other than as described above and in the Resolutions shall be valid or effective for any purposes under the Resolutions.

## **PAYING AGENT AND BOND REGISTRATION**

Principal and interest shall be payable and the Bonds shall be registered and transferred as described under the heading "BOOK-ENTRY-ONLY SYSTEM" above until the book-entry only system is discontinued. The School District has appointed the Paying Agent shown on the cover. In the event the book-entry only system is discontinued, the Paying Agent will also act as bond registrar and transfer agent.

## **LITIGATION**

The School District has not been served with any litigation, administrative action or proceeding, and to the knowledge of the appropriate officials of the School District no litigation or administrative action or proceeding has been threatened against it, seeking to restrain or enjoin the issuance and delivery of the Bonds, or questioning or contesting the validity of the Bonds or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered or that would materially impact the School District finances or their ability to meet the debt service obligations on the Bonds. A certificate to such effect will be delivered to the Purchaser at the time of the original delivery of the Bonds.

## **TAX MATTERS**

### **State**

In the opinion of Thrun Law Firm, P.C., East Lansing, Michigan ("Bond Counsel"), based on its examination of the documents described in its opinion, under existing State of Michigan statutes, regulations, rulings and court decisions, the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

### **Federal**

In the opinion of Bond Counsel, based upon its examination of the documents described in its opinion, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an "applicable corporation" (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on an applicable corporation for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel will express no opinion regarding other federal tax consequences with respect to the Bonds.

There are additional federal tax consequences relative to the Bonds and the interest thereon. The following is a general description of some of these consequences but is not intended to be complete or exhaustive and investors should consult with their tax advisors with respect to these matters. Prospective purchasers of the Bonds should be aware that (i) interest on the Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Bonds may be subject to a tax on excess net passive income of certain S Corporations imposed by Section 1375 of the Code, (iii) interest on the Bonds is included in the calculation of modified adjusted gross income for purposes of determining the taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Bonds by life insurance companies may affect the federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Bonds, (vi) holders of the Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Bonds, and (vii) commercial banks, thrift institutions and other financial institutions may deduct their costs of carrying certain obligations such as the Bonds.

### **Original Issue Premium**

For federal income tax purposes, the initial offering prices to the public (excluding bond houses and brokers) of certain Bonds, may be greater than the stated redemption prices at maturity (the "Premium Bonds"), and constitutes for the original purchasers of the Premium Bonds an amortizable bond premium. Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of a taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Premium Bonds.

### **Future Developments**

No assurance can be given that any future legislation or clarifications or amendments to the Code, if enacted into law, will not contain proposals which could cause the interest on the Bonds to be subject directly or indirectly to federal or state income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

Furthermore, no assurance can be given that the impact of any future court decisions will not cause the interest on the Bonds to be subject directly or indirectly to federal or state income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE TREATMENT OF ORIGINAL ISSUE PREMIUM.

### **MUNICIPAL FINANCE QUALIFYING STATEMENT**

The Michigan Department of Treasury has determined that the School District is in material compliance with the criteria identified in the Revised Municipal Finance Act, Act 34 of the Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore proceed to issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

### **BOND COUNSEL'S RESPONSIBILITY**

Bond Counsel has reviewed the statements made in this Official Statement under the headings "Interest," "Prior Redemption," "Purpose and Security," "Transfer Outside Book-Entry-Only System," "Tax Matters," "Municipal Finance Qualifying Statement," "Bond Counsel's Responsibility," and "Continuing Disclosure" (first two paragraphs only). Except as otherwise disclosed on pages herein, Bond Counsel has not been retained to review and has not reviewed any other portion of this Official Statement for accuracy or completeness, and has not made inquiry of any official or employee of the School District or any other person and has not made independent verification of such other portions hereof, and further has not expressed and will not express an opinion as to the portions hereof.

Except as stated in the immediately preceding paragraph and to the extent necessary to render its approving opinion respecting the validity of the Bonds and the exemption of the Bonds and the interest thereon from taxation, Bond Counsel has not been retained to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in the connection with the authorization, marketing or issuance of the Bonds, and, therefore, will not express an opinion with respect to the accuracy or completeness of any such documents, statements or other materials.

The fees of Bond Counsel for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds.

## **MUNICIPAL ADVISOR**

The School District has retained PFM Financial Advisors LLC, of Ann Arbor, Michigan as municipal financial advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In assisting to prepare the Official Statement, the Municipal Advisor has relied upon governmental officials and other sources which have access to relevant data, to provide accurate information for the Official Statement and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. To the best of the Municipal Advisor's knowledge and belief, the information contained in the Official Statement which it assisted in preparing, while it may be summarized, is complete and accurate. The Municipal Advisor is not a public accounting firm and has not been engaged by the School District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds. PFM Financial Advisors LLC is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor.

Requests for information concerning the School District should be addressed to PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108, telephone: (734) 994-9700.

## **CONTINUING DISCLOSURE**

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure Agreement (the "Agreement") for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. "Beneficial Owner" means, under this caption only, any person, which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and other terms of the Agreement are set forth in Appendix E - "FORM OF CONTINUING DISCLOSURE AGREEMENT" to this Official Statement. Additionally, the School District shall, to the extent not already provided in the School District's annual audit filing pursuant to the Agreement, provide certain annual financial information and operating data generally consistent with the information contained in APPENDIX A within the tables under the headings "ENROLLMENT - Historical Enrollment", "STATE AID PAYMENTS", "PROPERTY VALUATIONS - History of Valuations," "MAJOR TAXPAYERS," "SCHOOL DISTRICT TAX RATES - (Per \$1,000 of Valuation)," "TAX LEVIES AND COLLECTIONS," "RETIREMENT PLAN - Contribution to MPSERS," "LABOR RELATIONS," "DEBT STATEMENT - DIRECT DEBT," and in APPENDIX C - General Fund Budget Summary herein.

A failure by the School District to comply with the Agreement will not constitute an event of default under the Resolution and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Agreement. A failure by the School District to comply with the Agreement must be reported by the School District in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The School District has not in the previous five years, failed to comply, in all material respects, with any previous continuing disclosure agreements executed by the School District pursuant to the Rule.

## **UNDERWRITER**

The 2023 Energy Conservation Improvement Bonds were purchased at a competitive sale on May 16, 2023, by Bernardi Securities, Inc. (the “Underwriter”). The Underwriter has agreed to purchase the 2023 Energy Conservation Improvement Bonds at a price of \$1,753,547.30, which represents the par amount of the 2023 Energy Conservation Improvement Bonds, \$1,695,000.00, less underwriter’s discount of \$15,255.00, and plus original issue premium in the amount of \$73,802.30. The Underwriter may offer and sell the 2023 Energy Conservation Improvement Bonds to certain dealers and others at prices lower than the public offering price stated on the inside cover page hereof. The initial public offering price may be changed from time to time by the Underwriter.

## **RATING**

S&P Global Ratings, acting through Standard & Poor’s Financial Services, LLC. (“S&P”), will assign, as of the date of delivery of the Bonds, its municipal bond rating of “A+”, to the Bonds.

No application has been made to any other ratings service for a rating on the Bonds. The School District furnished to S&P certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse affect on the market price of the Bonds. Any ratings assigned represent only the views of S&P. Further information is available upon request from S&P Global Ratings, 55 Water Street, New York, NY 10014, telephone: (212) 438-1000.

## **OTHER MATTERS**

All information contained in this Official Statement, in all respects, is subject to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The School District certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the School District and its economic and financial condition, is true and correct as of the date of this Official Statement, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading.

BERRIEN SPRINGS PUBLIC SCHOOLS  
COUNTY OF BERRIEN  
STATE OF MICHIGAN

By: /s/ David Eichberg  
Its: Superintendent

## APPENDIX A\*

### BERRIEN SPRINGS PUBLIC SCHOOLS

#### GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

##### LOCATION AND AREA

Berrien Springs Public Schools (the "School District") encompasses an area of approximately 58.1 square miles. The School District includes all of the Village of Berrien Springs and portions of the Townships of Berrien, Oronoko and Royalton in Berrien County.

The School District is located the following distances from these commercial and industrial areas:

15 miles southeast of Benton Harbor  
20 miles north of South Bend, Indiana  
175 miles west of Toledo, Ohio  
198 miles southwest of Detroit

##### POPULATION

The U.S. Census reported population for the School District and the Township of Oronoko are as follows:

	<u>School District</u>	<u>Township of Oronoko</u>
2020 U.S. Census	12,993	9,226
2010 U.S. Census	13,305 <sup>1</sup>	9,193
2000 U.S. Census	13,749 <sup>1</sup>	9,843

<sup>1</sup>Based upon an extrapolation of the figures of the local units within the School District.

Source: U.S. Census Bureau via [data.census.gov](https://data.census.gov) website

##### BOARD OF EDUCATION

The Board of Education (the "Board") consists of seven members who are elected at large and serve overlapping terms. The Board annually elects a President, Vice President, Treasurer and Secretary. The Board is responsible for the selection and appointment of the Superintendent of Schools. The Board meets as a single body to set or amend policy, develop long-range educational goals and act upon recommendations of the Superintendent of Schools. The Board is also responsible for adopting and periodically amending the operating budget and evaluating school programs in accordance with governing laws.

##### ENROLLMENT

###### Historical Enrollment

Historical fall enrollment for the School District is as follows:

<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>	<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>
2023	4,677	15.42%	2018	4,230	5.25%
2022	4,052	0.35	2017	4,019	8.30
2021	4,038	-6.53	2016	3,711	17.21
2020	4,320	-1.66	2015	3,166	12.03
2019	4,393	3.85	2014	2,826	--

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\* Information included in Appendix A of this Official Statement was obtained from the School District unless otherwise noted.

### 2022/2023 Fall Count

Pre-K (Spec. Ed. Only)	20	8 <sup>th</sup>	126
Kindergarten	132	9 <sup>th</sup>	126
1 <sup>st</sup>	110	10 <sup>th</sup>	145
2 <sup>nd</sup>	110	11 <sup>th</sup>	118
3 <sup>rd</sup>	124	12 <sup>th</sup>	143
4 <sup>th</sup>	110	Sub Total	1,625
5 <sup>th</sup>	118	Special Ed. (K - 12)	88
6 <sup>th</sup>	117	Alt Ed. (Virtual)	2,964*
7 <sup>th</sup>	126	Total	4,677

\*The School District offers alternative education programs throughout the State under agreements with other school districts pursuant to the State School Aid Act, MCL 388.1601 et seq.

Source: School District and Michigan Department of Education via website [www.michigan.gov](http://www.michigan.gov)

## **SCHOOL DISTRICT FACILITIES**

The following is a table showing the existing School District facilities.

Facility	Grades Served	Year Built	Last Remodel/Addition	Type of Construction
<i>Elementary Schools:</i>				
Mars	Pre K - 2	1953	2022	Masonry
Sylvester	3 - 5	1966	2010	Masonry
<i>Middle School:</i>				
Berrien Springs	6 - 8	1975	2021	Masonry
<i>High School:</i>				
Berrien Springs	9 - 12	1960	2012	Masonry
<i>Additional Facilities:</i>				
Virtual Academy	--	2010	--	Masonry
Discovery Academy	--	2002	2021	Wood
STEM Central/District Office	--	1972	2014	Masonry
Bus Garage	--	1952	2011	Pole
Holt Technology Building	--	1989	2023	Wood
Transportation/Bus Garage Complex	--	1972	2023	Pole

## **OTHER SCHOOLS**

The following are the private, charter, or parochial schools located within the School District's boundaries:

Name of School	Grades Served	Approximate Enrollment
Trinity Lutheran School	P - 8	116
Berrien Springs Village SDA School	K - 8	149
Ruth Murdoch SDA Elementary School	K - 8	217
Andrews Academy	9 - 12	267
		749

Source: 2023 Michigan Education Directory



## STATE AID PAYMENTS

The School District's primary source of funding for operating costs is the State School Aid per pupil foundation allowance. The target foundation allowance has been set at \$9,150 per pupil for fiscal year 2022/2023.

In future years, this allowance may be adjusted by an index based upon the change in revenues to the state school aid fund and the change in the total number of pupils statewide. The State may reduce State School Aid appropriations at any time if the State's revenues do not meet budget expectations. See "SOURCES OF SCHOOL OPERATING REVENUE" herein for additional information.

The following table shows a five year history and a current estimate of the School District's total state aid revenues, including categoricals and other amounts, and the per pupil state aid foundation allowance (including the 2022/23 allowance), which reflects the changes in sources of school operating revenue described herein:

Fiscal Year End 30-Jun	Foundation Allowance per Pupil	Total State Aid Payments	Blended Pupil Count	Amount Received per Pupil <sup>1</sup>
2023	\$9,150 <sup>2</sup>	\$52,522,327 <sup>3</sup>	4,713.90 <sup>3</sup>	\$11,142 <sup>3</sup>
2022	8,700	40,305,573	4,042.20	9,971
2021	8,111	39,610,738 <sup>4</sup>	4,253.82	9,312 <sup>4</sup>
2020	8,111	39,585,462 <sup>5</sup>	4,318.99	9,165 <sup>5</sup>
2019	7,871	37,860,701	4,387.47	8,629
2018	7,631	35,573,428	4,289.55	8,293

<sup>1</sup>Represents the "Total State Aid Payments" divided by the "Blended Pupil Count".

<sup>2</sup>Public Act 144 of 2022 increased the foundation allowance to \$9,150 per pupil in 2022/23. See "SOURCES OF SCHOOL OPERATING REVENUE" herein.

<sup>3</sup>Preliminary estimate, subject to change. Fiscal year 2023 State Aid Payments include \$2,301,805 of non-recurring revenue that, upon receipt, will be paid to the Michigan Public School Employees Retirement System toward the pension system's unfunded accrued liability

<sup>4</sup>Public Act 165 of 2020 restored the State school aid reductions contained in Public Act 146 of 2020 for the 2020/21 fiscal year, added a onetime \$65 per pupil payment and added other appropriations for qualifying school districts.

<sup>5</sup>Public Act 146 of 2020 provided for a prorated reduction in State school aid payments to the School District, but also provided for additional funds from the federal Coronavirus Aid, Relief, and Economic Security Act to offset the state aid loss and provided additional funds to school districts.

Source: Michigan Department of Education via website [www.michigan.gov](http://www.michigan.gov)

## PROPERTY VALUATIONS

In accordance with Act No. 539, Public Acts of Michigan, 1982, and Article IX, Section 3 of the Michigan Constitution, the ad valorem State Equalized Valuation (SEV) represents 50% of true cash value. SEV does not include any value of tax exempt property (e.g. churches, governmental property) or property granted tax abatements under Act No. 198, Public Acts of Michigan, 1974, as amended. **Since 1994, ad valorem property taxes are assessed on the basis of Taxable Value, which is subject to assessment caps. SEV is used in the calculation of debt margin and true cash value.** See "TAX PROCEDURES" herein for further information.

Taxable property in the School District is assessed by the local municipal assessor, and is subject to review by the County Equalization Department.

## History of Valuations

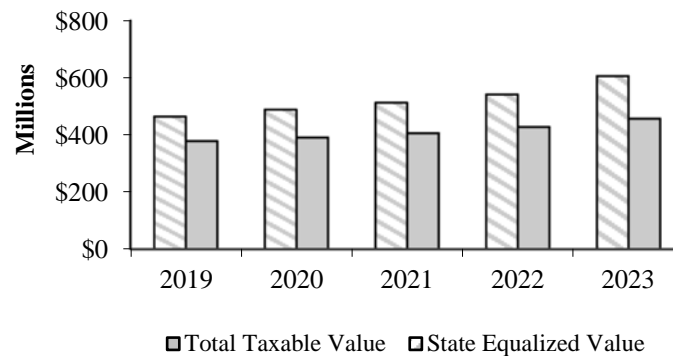
A history of the property valuations in the School District is shown below:

Year	Principal Residence <sup>1</sup>	Non- Principal Residence <sup>1</sup>	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2023	\$314,177,140	\$143,067,272	\$457,244,412	6.92%	\$606,186,200	11.95%
2022	294,951,739	132,700,386	427,652,125	5.30	541,487,500	5.56
2021	282,683,967	123,425,943	406,109,910	3.86	512,981,700	4.98
2020	273,061,863	117,946,343	391,008,206	3.30	488,637,200	5.24
2019	263,969,873	114,548,023	378,517,896	----	464,307,200	----

<sup>1</sup>All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2023, industrial personal property had a taxable value of \$0 and commercial personal property had a taxable value of \$2,644,600 in the School District.

Source: Berrien County Equalization Department

### History of Valuations



A summary of the 2023 valuation subject to the debt millage is as follows:

2023 Taxable Value	\$457,244,412
Plus: 2023 Equivalent IFT Taxable Value <sup>1</sup>	42,050
Total 2023 Equivalent Taxable Value	<u>\$457,286,462</u>

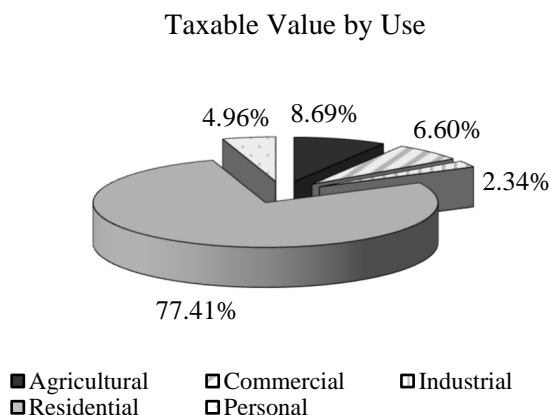
<sup>1</sup>See "INDUSTRIAL FACILITY TAX ABATEMENTS" herein.

Source: Berrien County Equalization Department

## Taxable Value by Class and Use

A breakdown of the School District's 2023 Taxable Value by class and use is as follows:

	2023	Percent
By Class:	Taxable Value	of Total
Real Property	\$434,551,512	95.04%
Personal Property	22,692,900	4.96%
<b>TOTAL</b>	<b>\$457,244,412</b>	<b>100.00%</b>
By Use:		
Agricultural	\$39,756,493	8.69%
Commercial	30,189,758	6.60%
Industrial	10,636,613	2.34%
Residential	353,968,648	77.41%
Personal	22,692,900	4.96%
<b>TOTAL</b>	<b>\$457,244,412</b>	<b>100.00%</b>



Source: Berrien County Equalization Department

## Tax Base Composition

A breakdown of the School District's 2023 Taxable Value by municipality is as follows:

Municipality	Total Taxable Value	Percent of Total
<i>County of Berrien</i>		
Berrien Township	\$141,331,528	30.91%
Oronoko Township	297,800,997	65.13
Royalton Township	18,111,887	3.96
<b>TOTAL</b>	<b>\$457,244,412</b>	<b>100.00</b>

Source: Berrien County Equalization Department

## INDUSTRIAL FACILITY TAX ABATEMENTS

Under the provisions of Act 198 of the Public Acts of Michigan, 1974 ("Act 198"), plant rehabilitation districts and/or industrial development districts may be established. Businesses in these districts are offered certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area. An industrial facilities tax ("IFT") is paid, at a lesser effective rate and in lieu of ad valorem property taxes, on such facilities for a period of up to 12 years. Qualifying facilities are issued abatement certificates for specific periods.

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198.

The 2023 Taxable Value for the properties which have been granted IFT abatements within the School District's boundaries is \$84,100, all of which is taxed at ½ rate. For purposes of computing "Equivalent" Taxable Value, it has been shown in the "History of Valuations" section as 50% of the Taxable Value.

Source: Berrien County Equalization Department

## MAJOR TAXPAYERS\*

Shown below are the ten largest taxpayers in the School District based on their 2022 total valuation subject to taxation.

Taxpayer	Product/Service	2022 Taxable Value
Indiana Michigan Power Co.	Utility/Hydroelectric Plant	\$20,943,235
AEP IN MI Transmission Co.	Utility	4,067,700
Andrews University	Education	3,829,580
Honor Credit Union	Financial Institution	3,413,742
Marschke Realty LLC	Real Estate	1,547,630
GK Real Estate, LLC	Apartment/House Rentals	1,523,732
Park Manor Berrien Springs LLC	Apartments	1,385,900
Dharma-Skylar LLC	Winery & Restaurant	1,303,206
Turken Foundation LLC	Educational Foundation (Residence)	1,228,387
Michigan Gas Utility Corp.	Utility	1,175,700
<b>TOTALS</b>		<b>\$40,418,812</b>
Total 2022 Taxable Value		\$427,652,125
Top 10 Taxpayers as a % of 2022 Total Taxable Value		9.45%

\*2023 Major Taxpayer information not yet available.

Source: Berrien County Equalization Department

## SCHOOL DISTRICT TAX RATES - (Per \$1,000 of Valuation)

The following table shows the total School District tax rates for the past five years.

	2022	2021	2020	2019	2018
Operating – Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	3.6000	3.7500	3.9600	3.9600	1.6600
Total Non-Principal Residence	21.6000	21.7500	21.9600	21.9600	19.6600
Total Principal Residence	3.6000	3.7500	3.9600	3.9600	1.6600

The School District levies 18 mills voted operating millage on non-principal residence property and authorized debt millage on all taxable property within the School District. The School District's operating millage includes a "Headlee Hedge," approved by voters, that will only be levied to the extent necessary to restore the operating millage to 18 mills to restore any millage lost in the future as a result of the Headlee Amendment. The Voted Operating millage expires with the 2023 tax levy. On May 2, 2023 the School District's electors approved a ballot proposal renewing the voted operating millage and "Headlee Hedge" from 2024 through 2028.

## OTHER JURISDICTIONS' TAX RATES - (Per \$1,000 of Valuation)

The following table provides the 2022 and 2021 tax rates for select municipal units of government that overlap with the School District's boundaries.

	2022	2021
State Education Tax	6.0000	6.0000
Berrien County	5.9667	5.9667
Township of Berrien	1.7067	0.7106
Township of Oronoko	4.8030	4.8030
Township of Royalton	3.0160	3.0160
Village of Berrien Springs	13.5835	13.5835
Berrien RESA	2.3677	2.3677
Lake Michigan Comm. College	2.2654	2.2654

Source: Berrien County Equalization Department

## TAX LEVIES AND COLLECTIONS

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due July 1 of each fiscal year and are payable without interest on or before the following September 14, and without penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurer for collection. Berrien County (the "County") annually pays from its Tax Payment Funds delinquent taxes on real property to all taxing units in the County, including the School District, shortly after the date delinquent taxes are returned to the County Treasurer for collection.

A history of operating tax levies and collections for the School District is as follows:

Levy Year	Operating Tax Levy	Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2022	\$2,359,448*	In Process of Collection		N/A	
2021	2,099,281	\$2,020,659	96.25%	\$2,099,398	100.01%
2020	2,026,758	1,951,677	96.30	2,033,387	100.33
2019	1,951,805	1,860,113	95.30	1,952,057	100.01
2018	1,860,292	1,783,131	95.85	1,860,662	100.02
2017	1,802,703	1,705,601	94.61	1,792,971	99.46

\*Estimated

## RETIREMENT PLAN

For the period October 1 through September 30, the School District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement System ("MPERS"), which is a statewide retirement plan for employees of Michigan public schools administered by the State of Michigan. These contributions are established and required by law and are calculated by using the contribution rates as determined annually by the State.

MPERS is a cost-sharing, multi-employer, statewide plan. Pension benefits, and retiree health benefits, are established by law and funded through employer contributions. The cost of retiree health benefits is funded annually on a pay-as-you-go basis, with retirees paying some of the costs. Current year liability for retiree health benefits is reflected in the figures provided below. Further information regarding MPERS, including retiree health benefits, can be found at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

Public Act 75 of 2010 ("Act 75") significantly modified MPERS and among other provisions required all employees hired after July 1, 2010 to participate in a new Pension Plus Plan which provides a combined defined benefit and defined contribution structure. Public Act 92 of 2017 ("Act 92") further modified MPERS for all employees hired on or after February 1, 2018. Act 92 requires all employees hired on or after February 1, 2018 to elect to participate in a new 401(k) style defined contribution plan or a new hybrid plan with different assumptions and cost sharing.

### Contribution to MPERS

The School District's estimated annual contribution to MPERS for the 2022-23 fiscal year and the previous four fiscal years are shown below:

Fiscal Year Ended 30-Jun	Pension Amount	OPEB Amount
2023	\$8,234,545	\$2,093,000
2022	7,363,261	1,851,355
2021	6,001,204	1,594,415
2020	5,420,560	1,518,969
2019	4,862,821	1,328,922

\*Estimated In Fiscal year end 2023 the School District will receive a non-recurring State Aid categorical revenue amount (Section 147c(2) MPERS One-Time Deposit) of \$2,301,805 for a payment to the MPERS unfunded liability. This amount is not included in estimated contribution related to fiscal year end 2023 shown in the table above.

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015 financial statements. In its June 30, 2022 financial statements, the School District reported a proportionate share of the net pension liability of \$48,738,178 as of September 30, 2021.

Effective for fiscal years beginning after June 15, 2017, GASB Statement 75 requires all reporting units in a multi-employer cost sharing OPEB plan to record a balance sheet liability for their proportionate share of the net OPEB liability of the plan. The School District implemented GASB 75 in its year ended June 30, 2018 financial statements. In its June 30, 2022 financial statements, the School District reported a proportionate share of the net OPEB liability of \$3,182,150 as of September 30, 2021.

For additional information regarding pension and other post employment benefits, see the Notes in the School District's audited financial statements in Appendix D.

*Source: Audited Financial Statements and School District*

## LABOR RELATIONS

The School District has labor agreements with the following employee groups. The agreements all provide for complete and comprehensive salary, wage, fringe benefit and working conditions provisions. The number of employees and duration of the agreements are as follows:

<u>Employee Group</u>	<u>No. of Employees</u>	<u>Affiliation</u>	<u>Exp. Date of Contract</u>
Administrators	52	Non-Affiliated	N/A
Teachers	132	BSEA (MEA)	06/30/24
Teachers-Alternative Ed.	73	Non-Affiliated	N/A
Support Staff	47	BSSPA (MEA)	06/30/24
Support Staff	119	Non-Affiliated	N/A
Other	88	Non-Affiliated	N/A
<b>TOTAL</b>	<b>511</b>		

The School District has not experienced a strike by any of its bargaining units within the past ten years.

**DEBT STATEMENT - (As of 5/16/23 – including the Bonds described herein)****DIRECT DEBT:**

<u>Dated Date</u>	<u>Purpose</u>	<u>Bond Type</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
07/24/09	Building & Site (QZAB)	LTNQ	07/23/24	\$4,225,000
10/01/09	Building & Site (QSCB)	LTNQ	10/01/24	1,000,000
08/01/12	Building & Site (QZAB)	LTNQ	08/01/27	578,000
02/19/19	School Athletic Facility	LTNQ	05/01/38	6,530,000
02/26/19	Building & Site	UTQ	05/01/38	14,435,000
03/09/21	Energy Conservation Improvement	LTNQ	05/01/31	1,110,000
06/07/23	Energy Conservation Improvement	LTNQ	05/01/33	1,695,000
NET DIRECT DEBT				<u>\$29,573,000</u>

**OVERLAPPING DEBT:**

<u>Percent Share</u>	<u>Municipality</u>	<u>Net Debt</u>	<u>District's Share</u>
73.71%	Township of Berrien	\$0	\$0
97.80	Township of Oronoko	254,496	248,897
5.54	Township of Royalton	2,802,586	155,263
100.00	Village of Berrien Springs	4,179,504	4,179,504
4.80	Berrien County	4,072,237	195,467
4.60	Berrien ISD	0	0
4.53	Lake Michigan Comm. College	29,585,000	1,340,201
TOTAL OVERLAPPING DEBT			<u>6,119,332</u>
NET DIRECT AND OVERLAPPING DEBT			<u><u>\$35,692,332</u></u>

Source: Municipal Advisory Council of Michigan

**SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM**

The School District did not have a SLRF balance as of May 16, 2023.

**OTHER DEBT**

The School District has no short-term borrowing outstanding.

**DEBT HISTORY**

The School District has no record of default on its obligations.

**FUTURE FINANCING**

The School District does not have plans for additional capital financings in the next 12 months.

## DEBT RATIOS

School District Population	12,993
2023 Taxable Value	\$457,244,412
2023 State Equalized Value (SEV)	\$606,186,200
2023 True Cash Value (TCV)	\$1,212,372,400
Per Capita 2023 Taxable Value	\$35,191.60
Per Capita 2023 State Equalized Value	\$46,654.83
Per Capita 2023 True Cash Value	\$93,309.66
Per Capita Net Direct Debt	\$2,276.07
Per Capita Net Direct and Overlapping Debt	\$2,747.04
Percent of Net Direct Debt of 2023 Taxable Value	6.47%
Percent of Net Direct and Overlapping Debt of 2023 Taxable Value	7.81%
Percent of Net Direct Debt of 2023 SEV	4.88%
Percent of Net Direct and Overlapping Debt of 2023 SEV	5.89%
Percent of Net Direct Debt of 2023 TCV	2.44%
Percent of Net Direct and Overlapping Debt of 2023 TCV	2.94%

## LEGAL DEBT MARGIN - (As of 5/16/23 – including the Bonds described herein)

### VOTED DEBT MARGIN

2023 State Equalized Value	\$606,186,200
Legal Debt Limit - 15% of SEV	\$90,927,930
Total Bonded Debt Outstanding	\$29,573,000
Less: SLRF Qualified Bonds <sup>1</sup>	<u>(14,435,000)</u>
Net Amount Subject to Legal Debt Limit	<u>15,138,000</u>

### LEGAL DEBT MARGIN AVAILABLE

\$75,789,930

### NON-VOTED DEBT MARGIN

2023 State Equalized Value	\$606,186,200
Legal Debt Limit - 5% of SEV	\$30,309,310
Total Bonded Debt Outstanding	<u>\$29,573,000</u>
LEGAL DEBT MARGIN AVAILABLE	<u>\$736,310<sup>2</sup></u>

<sup>1</sup> Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that the bonded indebtedness of a school district shall not exceed 15% of the total assessed valuation of the district. Bonds not included in the computation of the legal debt margin are (1) any bond qualified under Article IX, Section 16 of the Michigan constitution of 1963, and (2) deficit budget bonds as authorized under Section 1356. In addition, Section 605 of Act 34, Public Acts of Michigan, 2001, as amended, provides, in relevant part, that debt evidenced by a refunding security shall not be deemed to be within any statutory or charter limitation of outstanding debt limit.

<sup>2</sup> Section 1351 (2) of Act 451, Public Acts of Michigan, 1976 as amended, provides that a school district shall not borrow money or issue bonds for a sum that together with the total outstanding indebtedness of the district, exceeds 5% of the state equalized valuation of the taxable property within the district without a vote of the electors. Bonds not included in the computation of the legal debt margin, according to Section 1351 (2) are bonds issued under Section 11 i of the State School Aid Act of 1979. Bonds issued to finance energy improvement projects under Section 1274a of the Revised School Code, including the Bonds described herein, may be issued without regard to the non-voted bond legal debt margin.



## EMPLOYMENT CHARACTERISTICS

Listed below are the largest employers that are located within the School District and Berrien County:

Employer	Product or Service	Approx. No. of Employees
<i>Within the School District</i>		
Andrews University	Education	2,047
Berrien Springs Public Schools	Education	511
Lake Union Conference of Seventh-day Adventist	Journal Publishing	25
Tafcor	Laminated Wooden Moldings	25
McDonald's	Restaurant	20
<i>Within the County of Berrien</i>		
Lakeland Regional Health	Health Care	3,826
Four Winds Casino	Gaming	3,350
Whirlpool Corp.	Home Appliances	2,217
Andrews University	Education	2,047
Michigan Pizza Hut, Inc.	Restaurants	1,300
AEP/Cook Plant	Nuclear Energy	1,204
LECO Corporation	Medical Equipment	750
Berrien County	Government	684
Gladiator GarageWorks	Workbenches	500
Lake Michigan Community College	Education	383
Benton Harbor Area Schools	Education	375
Bonnell Aluminum	Aluminum Extrusions	360
Modineer Co.	Metal Manufacturing	350
Gast Manufacturing Inc.	Air & Gas Compressors	330
NSG	Automotive Windows	325

Source: 2022 Michigan Manufacturers Directory, Michigan Economic Development Corporation via [www.michiganbusiness.org](http://www.michiganbusiness.org) and individual employers.

## EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2017-2021 American Community Survey reports the occupational breakdown of persons 16 years and over for the Village of Berrien Springs and the County of Berrien as follows:

PERSONS BY OCCUPATION	Village of Berrien Springs		County of Berrien	
	Number	Percent	Number	Percent
	944	100.00%	71,894	100.00%
Management, Business, Science & Arts	402	42.58	25,780	35.86
Service	165	17.48	12,461	17.33
Sales & Office	183	19.39	14,935	20.77
Natural Resources, Construction & Maintenance	39	4.13	6,706	9.33
Production, Transportation & Material Moving	155	16.42	12,012	16.71

The U.S. Census Bureau, 2017-2021 American Community Survey reports the breakdown by industry for persons 16 years and over in the Village of Berrien Springs and the County of Berrien as follows:

	Village of Berrien Springs		County of Berrien	
	Number	Percent	Number	Percent
<b>PERSONS BY INDUSTRY</b>	944	100.00%	71,894	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	6	0.64	977	1.36
Construction	35	3.71	4,080	5.68
Manufacturing	134	14.19	14,233	19.79
Wholesale Trade	0	0.00	1,134	1.58
Retail Trade	103	10.91	7,948	11.06
Transportation, Warehousing & Utilities	38	4.03	4,827	6.71
Information	25	2.65	950	1.32
Finance, Insurance & Real Estate	14	1.48	3,232	4.50
Professional, Scientific & Management Services	49	5.19	5,542	7.71
Educational, Health & Social Services	377	39.93	16,608	23.09
Arts, Entertainment, Recreation & Food Services	84	8.90	6,580	9.15
Other Services except Public Administration	43	4.56	3,728	5.19
Public Administration	36	3.81	2,055	2.86

## UNEMPLOYMENT

The U.S. Department of Labor, Bureau of Labor Market Statistics, reports unemployment averages for the County of Berrien as compared to the State of Michigan as follows:

Annual Average	County of Berrien	State of Michigan
March, 2023	4.9%	4.1%
2022	4.6	4.2
2021*	5.8	5.8
2020*	9.1	10.0
2019	4.1	4.1
2018	4.3	4.2

\*The above unemployment figures reflect job losses from the COVID-19 pandemic.

## POPULATION BY AGE

The U.S. Census Bureau, 2017-2021 American Community Survey reports the breakdown of population by age for the Village of Berrien Springs and the County of Berrien as follows:

	Village of Berrien Springs		County of Berrien	
	Number	Percent	Number	Percent
Total Population	1,931	100.00%	145,263	100.00%
0 through 19 years	446	23.10	37,198	25.61
20 through 64 years	1,190	61.62	77,515	53.36
65 years and over	295	15.28	30,550	21.03
Median Age	35.0	years	42.3	years

## INCOME

The U.S. Census Bureau, 2017-2021 American Community Survey estimates of household income for the Village of Berrien Springs and the County of Berrien as follows:

	Village of Berrien Springs		County of Berrien	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	771	100.00%	63,403	100.00%
Less than \$ 10,000	50	6.49	3,948	6.23
\$ 10,000 to \$ 14,999	43	5.58	3,167	5.00
\$ 15,000 to \$ 24,999	76	9.86	7,144	11.27
\$ 25,000 to \$ 34,999	100	12.97	6,497	10.25
\$ 35,000 to \$ 49,999	91	11.80	7,609	12.00
\$ 50,000 to \$ 74,999	133	17.24	11,262	17.75
\$ 75,000 to \$ 99,999	117	15.18	7,953	12.54
\$100,000 to \$149,999	98	12.71	8,800	13.88
\$150,000 to \$199,999	27	3.50	3,639	5.74
\$200,000 or MORE	36	4.67	3,384	5.34
Median Income	\$53,024		\$55,893	

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# APPENDIX B

## GENERAL FUND BUDGET SUMMARY AND COMPARATIVE FINANCIAL STATEMENTS

### Berrien Springs Public Schools General Fund Budget Summary

	As Amended 2022/23
<b>Revenues</b>	
Local Sources	\$20,063,500
State Sources	49,518,880
Federal Sources	4,286,441
Other Financing Sources	4,213,880
<b>Total Revenues</b>	<u>\$78,082,701</u>
<b>Expenditures</b>	
Instructional Services	
Basic Program	\$25,284,573
Added Needs	7,609,447
Adult Education	46,879
Support	
Pupil	6,219,702
Instructional Staff	10,649,842
General Administration	1,600,208
School Administration	2,350,507
Business Services	894,834
Operation & Maintenance	8,328,085
Transportation	2,137,282
Other Central Services	6,786,573
Community Services	2,600,805
Other Financing Uses	8,033,025
<b>Total Expenditures</b>	<u>\$82,541,762</u>
<b>Excess of Expenditures (over) under Revenues</b>	<u>(\$4,459,061)</u>
<b>Other Financing Sources (Uses)</b>	
Non-spendable Fund Balance	\$18,514
<b>Total Other Financing Sources (Uses)</b>	<u>\$18,514</u>
<b>Net Change in Fund Balance</b>	(\$4,440,547)
<b>Beginning Fund Balance - July 1</b>	<u>\$22,605,957</u>
<b>Projected Fund Balance - June 30</b>	<u><u>\$18,165,410</u></u>

Source: School District

**Berrien Springs Public Schools  
General Fund**

**Comparative Balance Sheet**

	For Fiscal Years Ended June 30th		
	2020	2021	2022
<b>Assets</b>			
Cash and Cash Equivalents	\$11,271,180	\$13,606,069	\$17,931,099
Accounts Receivable	1,799,896	3,569,920	3,166,793
Due from Other Funds	50,405	30,585	55,490
Due from Other Governmental Units	6,710,046	7,806,018	9,371,059
Inventory	71,059	18,483	18,514
Deposits	--	--	516
<b>Total Assets</b>	<u>\$19,902,586</u>	<u>\$25,031,075</u>	<u>\$30,543,471</u>
<b>Liabilities</b>			
Accounts Payable	\$587,934	\$425,122	\$679,601
Salaries and Benefits Payable	3,775,659	2,316,512	2,655,180
Due to Other Funds	378	4,085	490
Due to Other Governmental Units	123,624	494,636	1,467,488
Unearned Revenue	--	531,465	2,574,916
Accrued Expenditures	--	1,199,782	559,839
<b>Total Liabilities</b>	<u>\$4,487,595</u>	<u>\$4,971,602</u>	<u>\$7,937,514</u>
<b>Fund Balance</b>			
Nonspendable	\$71,059	\$18,483	\$19,030
Assigned	1,069,135	4,574,193	4,574,193
Unassigned	14,274,797	15,466,797	18,012,734
<b>Total Fund Balance</b>	<u>\$15,414,991</u>	<u>\$20,059,473</u>	<u>\$22,605,957</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$19,902,586</u>	<u>\$25,031,075</u>	<u>\$30,543,471</u>

*Source: Audited Financial Statements*

**Berrien Springs Public Schools  
General Fund**

**Comparative Statement of Revenues,  
Expenditures and Changes in Fund Balance**

	For Fiscal Years Ended June 30th		
	2020	2021	2022
<b>Revenues</b>			
Property Taxes			
Local Sources	\$12,860,614	\$15,510,588	\$17,064,216
Noneducational Entity	231,844	--	--
State Sources	38,558,846	39,616,219	41,056,571
Federal Sources	994,335	3,220,087	4,271,881
Interdistrict Sources	1,300,269	1,380,142	1,747,618
<b>Total Revenues</b>	<u>\$53,945,908</u>	<u>\$59,727,036</u>	<u>\$64,140,286</u>
<b>Expenditures</b>			
Current			
Instruction	\$23,417,764	\$25,408,491	\$26,482,860
Supporting Services	21,644,136	22,918,682	27,944,855
Community Service	3,007,959	2,257,267	1,910,050
Facility Acquisition & Improvements	1,189,387	--	--
Capital Outlay	--	1,674,531	3,256,833
Debt Service			
Principal	--	--	602,884
Interest and Fiscal Charges	--	--	175,197
<b>Total Expenditures</b>	<u>\$49,259,246</u>	<u>\$52,258,971</u>	<u>\$60,372,679</u>
<b>Excess of Revenue Over (Under)</b>			
<b>Expenditures</b>	<u>\$4,686,662</u>	<u>\$7,468,065</u>	<u>\$3,767,607</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	\$50,000	\$36,152	\$55,000
Operating Transfers Out	(2,854,340)	(2,876,400)	(2,418,532)
Other Transactions	--	(12,524)	85,699
Gain on Sale of Capital Assets	--	6,800	800
Proceeds from Leases	--	--	1,042,882
Refund of Prior Period Expenditures	--	22,389	13,028
<b>Total Other Financing Sources (Uses)</b>	<u>(\$2,804,340)</u>	<u>(\$2,823,583)</u>	<u>(\$1,221,123)</u>
<b>Excess of Revenue &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</b>	<u>\$1,882,322</u>	<u>\$4,644,482</u>	<u>\$2,546,484</u>
<b>Fund Balance - Beginning</b>	<u>\$13,532,669</u>	<u>\$15,414,991</u>	<u>\$20,059,473</u>
<b>Fund Balance - Ending</b>	<u><u>\$15,414,991</u></u>	<u><u>\$20,059,473</u></u>	<u><u>\$22,605,957</u></u>

Source: Audited Financial Statements

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## **APPENDIX C**

### **AUDITED FINANCIAL STATEMENTS**

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

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## INDEPENDENT AUDITOR'S REPORT

October 27, 2022

The Board of Education  
Berrien Springs Public Schools

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Berrien Springs Public Schools as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Berrien Springs Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Berrien Springs Public Schools, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Berrien Springs Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Berrien Springs Public Schools' ability to continue as a going concern for a reasonable period of time.

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

#### Required Supplementary Information

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berrien Springs Public Schools' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, in all material respects, in relation to the basic financial statements as a whole.

### **Emphasis of Matter**

#### ***Changes in Accounting Principle***

As discussed in Note M to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* for the fiscal year ended June 30, 2022. Our opinion is not modified in respect to this matter.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of the Berrien Springs Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Berrien Springs Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berrien Springs Public Schools' internal control over financial reporting and compliance.



Certified Public Accountants  
Grand Rapids, Michigan

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Berrien Springs Public Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

### Overview of the Financial Statements

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

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

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

### District-wide Statements

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.

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**Management's Discussion and Analysis**  
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In the district-wide financial statements, the District's activities are presented as follows:

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

**New Accounting Pronouncement Implemented**

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. This Statement enhances the relevance and consistency of information about governments' leasing activities. See Note M for additional information.

**Condensed District-wide Financial Information**

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

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets	\$ 40,056,449	\$ 41,878,592
Net capital assets	<u>63,299,373</u>	<u>47,772,920</u>
<b>Total Assets</b>	<u><b>103,355,822</b></u>	<u><b>89,651,512</b></u>
<b>Deferred Outflows of Resources</b>	<u><b>23,252,112</b></u>	<u><b>29,076,473</b></u>
<b>Liabilities</b>		
Current liabilities	10,395,325	6,664,078
Long-term liabilities	34,183,177	31,816,233
Net pension liability	48,738,178	67,541,909
Net OPEB liability	<u>3,182,150</u>	<u>11,014,105</u>
<b>Total Liabilities</b>	<u><b>96,498,830</b></u>	<u><b>117,036,325</b></u>
<b>Deferred Inflows of Resources</b>	<u><b>27,954,791</b></u>	<u><b>8,509,690</b></u>
<b>Net Position</b>		
Net investment in capital assets	27,002,754	14,490,886
Restricted	9,257,431	16,642,333
Unrestricted (deficit)	<u>(34,105,872)</u>	<u>(37,951,249)</u>
<b>Total Net Position</b>	<u><b>\$ 2,154,313</b></u>	<u><b>\$ (6,818,030)</b></u>

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**Management's Discussion and Analysis**  
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The Statement of Activities presents changes in net position from operating results:

	<u>2022</u>	<u>2021</u>
<b>Program Revenues</b>		
Charges for services	\$ 158,397	\$ 21,803
Operating grants	16,116,698	12,943,776
<b>General Revenues</b>		
Property taxes	3,670,461	3,634,177
State school aid, unrestricted	32,360,240	32,113,166
Interest and investment earnings	42,612	65,641
Other	<u>15,130,076</u>	<u>13,537,444</u>
<b>Total Revenues</b>	<u><b>67,478,484</b></u>	<u><b>62,316,007</b></u>
<b>Expenses</b>		
Instruction	22,190,955	28,435,543
Supporting services	29,057,347	24,818,380
Community services	1,846,093	2,660,000
Food service	967,220	908,001
Other	66,199	34,117
Interest on long-term debt	1,117,560	1,118,299
Depreciation, unallocated	<u>3,260,767</u>	<u>1,720,159</u>
<b>Total Expenses</b>	<u><b>58,506,141</b></u>	<u><b>59,694,499</b></u>
Increase in net position	8,972,343	2,621,508
<b>Net Position, Beginning of Year</b>	<u>(6,818,030)</u>	<u>(9,439,538)</u>
<b>Net Position, End of Year</b>	<u><b>\$ 2,154,313</b></u>	<u><b>\$ (6,818,030)</b></u>

**Financial Analysis of the District as a Whole**

Total revenues exceeded expenses by \$8,972,343, increasing total net position from a deficit of \$6,818,030 to a net position of \$2,154,313. Unrestricted net position increased by \$3,845,377 to a deficit of \$34,105,872 at June 30, 2022. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$1,382,226 during the fiscal year. In addition, the District's net OPEB liability, including deferred outflows and inflows of resources, decreased by \$2,748,450 during the fiscal year.

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
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The District's total revenues increased \$5,162,477 or 8.28%, in the fiscal year. Property taxes and unrestricted State aid accounted for 53.4% of the District's revenue. Federal and State grants for specific programs accounted for 23.9% of total District revenues, increasing \$3,271,967 over the previous fiscal year.

Total cost of all programs and services decreased by \$1,188,358 to \$58.5 million in 2021-22. The District's expenses are predominantly related to instruction (38%) and supporting services (50%).

#### **Fund Financial Statements**

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

The District utilizes two kinds of funds:

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

#### **Financial Analysis of the District's Funds**

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

##### **Major Funds**

###### General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$64,140,286, total other financing sources of \$1,197,409 (including proceeds from capital lease transactions of \$1,042,882), total expenditures of \$60,372,679, and total other financing uses of \$2,418,532. It ended the fiscal year with a fund balance of \$22,605,957, up from \$20,059,473 at June 30, 2021.

###### Capital Projects Funds

The District has one major Capital Projects Fund, the 2019 Construction Performance Arts Center (PAC) Fund. Total revenues were \$2,633 and total expenditures were \$8,593,477. The fund balance at June 30, 2022 was \$45,703 down from \$8,636,547 at June 30, 2021.

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
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#### **Nonmajor Funds**

##### Special Revenue Funds

The District operates two Special Revenue funds, the Food Service and Student/School Activity Fund. Total revenues of the Food Service Fund were \$1,383,082, total expenditures were \$989,052, and total other financing uses were \$55,000. The ending fund balance was \$476,528, up from \$137,498 at June 30, 2021. Total revenues of the Student/School Activity Fund were \$268,674, and total expenditures were \$227,100. The ending fund balance was \$282,492, up from \$240,918 at June 30, 2021.

##### Debt Service Funds

The District operates six Debt Service funds. Total revenues were \$1,580,639, total other financing sources were \$1,224,818, and total expenditures were \$2,425,408. The ending fund balances in the Debt Service Funds totaled \$4,404,368 at June 30, 2022, up from \$4,024,319 at June 30, 2021.

##### Capital Projects Funds

The District operates three nonmajor Capital Projects Funds. Total revenues were \$4,443, total other financing sources were \$1,500,000, total expenditures were \$714,918, and total other financing uses were \$306,286. Fund balances at June 30, 2022 totaled \$4,278,363 up from \$3,795,124 at June 30, 2021.

#### **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget two times after the June 2021 adoption. Amendments were needed due to:

- Changes were adopted in February 2022, to adjust for student enrollment, staffing adjustments, program adjustments, additional local grant awards, and anticipated revenue/expenditure changes, including additional revenue due to pandemic relief funds and bargaining agreement negotiation settlements, staff appreciation bonus, facility purchase for planned transportation complex, and transfer to Public Improvement Fund.
- In June 2022, changes were adopted to account for the final annual adjustments of revenue, general supplies, and expenditures anticipated at fiscal year end. Major adjustments to revenue included adjustments to lease financing to comply with new GASB 87 reporting guidelines. Expenditures increased due to capitalization of facility lease agreements and additional transfer to the Public Improvement Fund, but overall expenditures decreased.
- The District's final amended budget for the General Fund anticipated that expenditures and other financing sources would exceed revenue and other financing uses by \$3,643,608. Actual revenues exceeded expenditures by \$2,546,484, primarily due to increased revenue received from pandemic relief funds and underspending budgets.
- The District budgeted for and anticipated a deficit budget for the 2022-2023 fiscal year. The district has a very strong fund balance and has expanded instructional supports to increase achievement in the classroom and to support improving district facilities.

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
June 30, 2022

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of fiscal year 2021-22, the District had a \$86.9 million investment in a broad range of capital assets including land, school buildings, athletic facilities, administrative offices, furniture and equipment, and transportation and other vehicles. This represents an increase of \$15,526,453 over the previous year. More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.

At June 30, 2022, the District's net investment in capital assets (after accumulated depreciation) was \$63,299,373. Net capital asset additions totaled \$14,758,637 for the fiscal year with accumulated depreciation increasing \$2,458,922 leaving an increase in net capital assets of \$12,299,715. Net capital assets of the District at June 30, 2022 are detailed as follows:

Land	\$ 2,914,329
Construction in progress	24,941,783
Buildings and site improvements	28,179,429
Buses and other vehicles	793,524
Furniture and equipment	796,549
Leasehold improvements	1,243,691
Intangible right-to-use assets	4,430,068
<b>Net Capital Assets</b>	<b>\$ 63,299,373</b>

**Long-term Obligations**

At year end, the District had \$36,431,144 in general obligation bonds and other long-term debt outstanding - a net increase of \$3,127,619 from the previous year.

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

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
June 30, 2022

**Factors Bearing on the District's Future**

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

- State funding for the 2022-23 school year will be increasing by approximately 5% or \$450 per pupil.
- The State of Michigan School Aid Fund revenue outlook remains stable.
- The building project approved by the community in November of 2018, has been completed and is expected to attract families to the district. The projects approved include a performing arts auditorium, performance gymnasium, locker rooms, band and choir classrooms.
- Enrollment projections indicate a stable enrollment. The district continues to improve our programs for students who choose the option for virtual learning.
- The District continues to enhance revenue through virtual learning program enrollment at centers located across the state. The enrollment at these centers is expected to grow and two new centers are being added for 2022-2023.
- Employee retirement costs paid into the Michigan Public Schools Employees' Retirement System (MPSERS), controlled by the State, continues to be a cause for concern into the future. Prior year legislative groups have addressed this unfunded liability, the fact remains there are less people paying into this system and more people receiving benefits each year, as state-wide decline in students have dictated retirees are not replaced locally on a one-to-one basis. For every dollar paid to employees throughout the year, the District pays a percentage into MPSERS. Addressing the unfunded MPSERS liability is necessary; however, it does reduce the overall available funds to all districts, as this funding dedicates a portion of school aid directly to this item.
- Employment recruitment and retention is a concern. Maintaining quality support staff and substitutes at all positions is a priority for the district. The district has been able to offer more competitive salary and benefit packages due to the district's health fund balance.

**Contacting the District's Financial Management**

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



## BASIC FINANCIAL STATEMENTS

### Berrien Springs Public Schools Statement of Net Position June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash	\$ 1,847
Cash equivalents and investments (Note B)	27,422,626
Accounts receivable	3,166,793
Due from other governmental units (Note C)	9,437,402
Deposits	516
Inventory	27,265
Capital assets not being depreciated (Note E)	27,856,112
Capital assets being depreciated, net (Note E)	35,443,261
<b>Total Assets</b>	<b>103,355,822</b>
<b>Deferred Outflows of Resources</b>	
Deferred pension amounts	16,732,330
Deferred OPEB amounts	6,519,782
<b>Total Deferred Outflows of Resources</b>	<b>23,252,112</b>
<b>Liabilities</b>	
Accounts payable	679,601
Due to other governmental units	1,474,966
Accrued interest payable	199,059
Salaries payable	2,658,977
Accrued expenditures	559,839
Unearned revenue	2,574,916
Long-term liabilities (Note F):	
Due within one year	2,247,967
Due in more than one year	34,183,177
Net pension liability	48,738,178
Net OPEB liability	3,182,150
<b>Total Liabilities</b>	<b>96,498,830</b>
<b>Deferred Inflows of Resources</b>	
Deferred pension amounts	16,048,325
Deferred OPEB amounts	11,906,466
<b>Total Deferred Inflows of Resources</b>	<b>27,954,791</b>
<b>Net Position</b>	
Net investment in capital assets	27,002,754
Restricted for:	
Capital outlay	4,278,363
Debt service	4,220,048
Food service	476,528
Student/school activities	282,492
Unrestricted (deficit)	(34,105,872)
<b>Total Net Position</b>	<b>\$ 2,154,313</b>

See accompanying notes to basic financial statements.

**Berrien Springs Public Schools  
Statement of Activities  
For the year ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 22,190,955	\$ 1,368	\$ 14,413,924	\$ (7,775,663)
Supporting services	29,057,347	119,480	301,906	(28,635,961)
Community services	1,846,093	-	-	(1,846,093)
Food service	967,220	37,549	1,345,533	415,862
Other	66,199	-	-	(66,199)
Interest on long-term debt	1,117,560	-	55,335	(1,062,225)
Depreciation - unallocated*	3,260,767	-	-	(3,260,767)
<b>Total Governmental Activities</b>	<u>\$ 58,506,141</u>	<u>\$ 158,397</u>	<u>\$ 16,116,698</u>	<u>(42,231,046)</u>
<b>General Revenues</b>				
Taxes:				
Property taxes, levied for general operations				2,145,278
Property taxes, levied for debt service				1,525,174
Property taxes, levied for capital improvements				9
State school aid, unrestricted				32,360,240
Interest and investment earnings				42,612
Other				<u>15,130,076</u>
<b>Total General Revenues</b>				<u>51,203,389</u>
<b>Change in Net Position</b>				<u>8,972,343</u>
<b>Net Position - Beginning of Year</b>				<u>(6,818,030)</u>
<b>Net Position - End of Year</b>				<u>\$ 2,154,313</u>

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

See accompanying notes to basic financial statements.

**Berrien Springs Public Schools  
Balance Sheet  
Governmental Funds  
June 30, 2022**

Assets	General Fund	2019 Construction		Total
		PAC	Nonmajor	
Cash	\$ 1,847	\$ -	\$ -	\$ 1,847
Cash equivalents and investments (Note B)	17,929,252	45,703	9,447,671	27,422,626
Accounts receivable	3,166,793	-	-	3,166,793
Due from other funds	55,490	-	490	55,980
Due from other governmental units	9,371,059	-	66,343	9,437,402
Inventory	18,514	-	8,751	27,265
Deposits	516	-	-	516
<b>Total Assets</b>	<u>\$ 30,543,471</u>	<u>\$ 45,703</u>	<u>\$ 9,523,255</u>	<u>\$ 40,112,429</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 679,601	\$ -	\$ -	\$ 679,601
Due to other funds	490	-	55,490	55,980
Due to other governmental units	1,467,488	-	7,478	1,474,966
Accrued interest	-	-	14,739	14,739
Salaries payable	2,655,180	-	3,797	2,658,977
Accrued expenditures	559,839	-	-	559,839
Unearned revenue	2,574,916	-	-	2,574,916
<b>Total Liabilities</b>	<u>7,937,514</u>	<u>-</u>	<u>81,504</u>	<u>8,019,018</u>
<b>Fund Balances</b>				
Nonspendable	19,030	-	8,751	27,781
Restricted	-	45,703	9,433,000	9,478,703
Assigned for subsequent expenditures	4,574,193	-	-	4,574,193
Unassigned	18,012,734	-	-	18,012,734
<b>Total Fund Balances</b>	<u>22,605,957</u>	<u>45,703</u>	<u>9,441,751</u>	<u>32,093,411</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 30,543,471</u>	<u>\$ 45,703</u>	<u>\$ 9,523,255</u>	<u>\$ 40,112,429</u>

See accompanying notes to basic financial statements.

**Berrien Springs Public Schools  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2022**

<b>Total governmental fund balances</b>		\$ 32,093,411	
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$86,928,208 and accumulated depreciation is \$23,628,835.		63,299,373	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
General obligation bonds	\$(29,268,600)		
Lease liabilities	(4,535,580)		
Bond premium, unamortized	(2,538,142)		
Accumulated vacation/sick leave	<u>(88,822)</u>	(36,431,144)	
Accrued interest is not included as a liability in governmental funds.		(184,320)	
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:			
Net pension liability	(48,738,178)		
Deferred outflows	16,732,330		
Deferred inflows	<u>(16,048,325)</u>	(48,054,173)	
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:			
Net OPEB liability	(3,182,150)		
Deferred outflows	6,519,782		
Deferred inflows	<u>(11,906,466)</u>	(8,568,834)	
<b>Total Net Position - Governmental Activities</b>		<u><u>\$ 2,154,313</u></u>	

See accompanying notes to basic financial statements.

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**Berrien Springs Public Schools  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the year ended June 30, 2022**

	General Fund	2019 Construction PAC	Nonmajor	Total
<b>Revenues</b>				
Local sources	\$17,064,216	\$ 2,633	\$ 1,835,970	\$ 18,902,819
State sources	41,056,571	-	60,414	41,116,985
Federal sources	4,271,881	-	1,340,454	5,612,335
Interdistrict sources	<u>1,747,618</u>	<u>-</u>	<u>-</u>	<u>1,747,618</u>
<b>Total Revenues</b>	<u>64,140,286</u>	<u>2,633</u>	<u>3,236,838</u>	<u>67,379,757</u>
<b>Expenditures</b>				
Current:				
Instruction	26,482,860	-	-	26,482,860
Supporting services	27,944,855	-	227,100	28,171,955
Community services	1,910,050	-	-	1,910,050
Food service	-	-	989,052	989,052
Capital outlay	3,256,833	8,593,477	714,918	12,565,228
Debt service:				
Principal repayment	602,884	-	1,315,600	1,918,484
Interest and fiscal charges	<u>175,197</u>	<u>-</u>	<u>1,109,808</u>	<u>1,285,005</u>
<b>Total Expenditures</b>	<u>60,372,679</u>	<u>8,593,477</u>	<u>4,356,478</u>	<u>73,322,634</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>3,767,607</u>	<u>(8,590,844)</u>	<u>(1,119,640)</u>	<u>(5,942,877)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	800	-	-	800
Proceeds from leases	1,042,882	-	-	1,042,882
Transfers in	55,000	-	2,724,818	2,779,818
Transfers out	(2,418,532)	-	(361,286)	(2,779,818)
Refund of prior period expenditures	13,028	-	-	13,028
Other transactions	<u>85,699</u>	<u>-</u>	<u>-</u>	<u>85,699</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,221,123)</u>	<u>-</u>	<u>2,363,532</u>	<u>1,142,409</u>
<b>Net Change in Fund Balances</b>	<u>2,546,484</u>	<u>(8,590,844)</u>	<u>1,243,892</u>	<u>(4,800,468)</u>
<b>Fund Balances, Beginning of Year</b>	<u>20,059,473</u>	<u>8,636,547</u>	<u>8,197,859</u>	<u>36,893,879</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 22,605,957</u></u>	<u><u>\$ 45,703</u></u>	<u><u>\$ 9,441,751</u></u>	<u><u>\$ 32,093,411</u></u>

See accompanying notes to basic financial statements.

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**Berrien Springs Public Schools**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2022**

**Net change in fund balances - total governmental funds** \$(4,800,468)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period:

Capital outlays	\$ 14,758,637	
Depreciation/amortization expense	<u>(3,260,767)</u>	11,497,870

In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired. (101,907)

Bond premium is amortized over the life of the new bond issue in the Statement of Activities. 159,692

Proceeds from the sale of bonds, loans, and leases are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position.

Proceeds from leases (1,042,882)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities:

Repayment of bonds	1,315,600	
Repayment of lease liabilities	637,792	

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 7,753

In the Statement of Net Position, accumulated sick/vacation pay and compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of the benefits earned (\$85,805) exceeded the amounts used/paid (\$18,474). (67,331)

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. (1,382,226)

The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. 2,748,450

**Total change in net position - governmental activities** \$ 8,972,343

**Berrien Springs Public Schools**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2022**

	Budgeted Amounts		Variance With
	Original	Final	Final Budget
<b>Revenues</b>			
Local sources	\$16,915,000	\$17,084,800	\$17,064,216 \$ (20,584)
State sources	38,676,255	40,530,510	41,056,571 526,061
Federal sources	2,384,809	4,304,617	4,271,881 (32,736)
Interdistrict sources	1,184,000	1,658,000	1,747,618 89,618
<b>Total Revenues</b>	<u>59,160,064</u>	<u>63,577,927</u>	<u>64,140,286</u> 562,359
<b>Expenditures</b>			
Current:			
Instruction:			
Basic programs	24,490,254	22,664,811	20,709,097 1,955,714
Added needs	5,123,904	6,092,795	5,723,894 368,901
Adult education	51,229	55,854	49,869 5,985
Supporting services:			
Pupil services	4,429,278	4,811,327	4,587,409 223,918
Instructional staff services	5,980,567	8,374,934	7,741,824 633,110
General administrative services	1,219,659	1,148,642	1,042,288 106,354
School administrative services	3,094,503	2,056,708	1,964,746 91,962
Business services	510,565	603,481	567,164 36,317
Operation and maintenance services	6,652,210	5,797,412	4,883,904 913,508
Pupil transportation services	1,942,350	1,772,442	1,641,341 131,101
Central services	5,548,334	3,221,635	3,061,611 160,024
Other supporting services	-	2,601,907	2,454,568 147,339
Community services	2,389,460	2,036,424	1,910,050 126,374
Site improvement services	2,301,944	3,914,622	3,256,833 657,789
Debt service:			
Principal repayment	-	602,898	602,884 14
Interest and fiscal charges	-	175,202	175,197 5
<b>Total Expenditures</b>	<u>63,734,257</u>	<u>65,931,094</u>	<u>60,372,679</u> 5,558,415
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(4,574,193)</u>	<u>(2,353,167)</u>	<u>3,767,607</u> 6,120,774
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	-	800	800 -
Proceeds from leases	-	1,079,122	1,042,882 (36,240)
Transfers in	-	-	55,000 55,000
Transfers out	-	(2,482,363)	(2,418,532) (63,831)
Refund of prior period expenditures	-	13,000	13,028 (28)
Other transactions	-	99,000	85,699 13,301
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(1,290,441)</u>	<u>(1,221,123)</u> (31,798)
<b>Net Change in Fund Balances</b>	<u>(4,574,193)</u>	<u>(3,643,608)</u>	<u>2,546,484</u> 6,088,976
<b>Fund Balances, Beginning of Year</b>	<u>20,059,473</u>	<u>20,059,473</u>	<u>20,059,473</u> -
<b>Fund Balances, End of Year</b>	<u>\$15,485,280</u>	<u>\$16,415,865</u>	<u>\$22,605,957</u> \$ 6,088,976

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

### **Note A - Summary of Significant Accounting Policies**

Berrien Springs Public Schools (the “District”) was organized under the School Code of the State of Michigan and services a population of approximately 4,052 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

The District’s significant accounting policies are described below.

#### **1. Reporting Entity**

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

#### **2. District-wide and Fund Financial Statements**

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

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2019 Construction PAC Fund are the District's major funds. Nonmajor funds are aggregated and presented in a single column.

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

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

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

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

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

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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### **Governmental Funds**

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

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

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

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

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

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

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

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**4. Budgets and Budgetary Accounting**

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

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

- Prior to June 30, the Superintendent of the District submits to the school board a proposed operating budget for the fiscal year commencing July 1 of that year. The operating budget includes proposed expenditures and the means of financing them.
- Prior to July 1, the budget is legally enacted through passage of a resolution, and in accordance with Public Act 621 of the State.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- The District is required under Public Act 621 of 1978 and by accounting principles generally accepted in the United States of America to adopt a budget for the General Fund and any Special Revenue Funds.
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles and are reported in the financial statements as originally adopted and as amended by the Board of Education.

**5. Encumbrances**

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

**6. Investments**

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**7. Inventories/Prepaid Items**

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

**8. Capital Assets**

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

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

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

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

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

**9. Long-term Obligations**

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

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**10. Early Retirement Incentive/Severance Pay/Accumulated Sick Leave and Vacation Pay**

Accumulated sick leave and vacation pay at June 30, 2022 have been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused vacation days. At June 30, 2022, the accumulated liabilities, including salary-related payments, (expected to be financed by General Fund revenues) for accumulated vacation pay amounted to \$88,822.

**11. Retirement Plan**

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (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. Plan investments are reported at fair value.

**12. Postemployment Benefits Plan Other Than Pensions**

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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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. Plan investments are reported at fair value.

**13. Deferred Outflows/Inflows of Resources**

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

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

**14. Net Position**

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

**15. Fund Balance**

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



**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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- Nonspendable - resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted - resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed - resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.
- Assigned - resources that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.
- Unassigned - unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As of June 30, 2022, Berrien Springs Public Schools had not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, but reserves the right to selectively spend unassigned resources first to defer the use of other classified funds. The Board of Education intends to maintain a fund balance of 15% of the District's General Fund annual operating expenditures.

**16. Interfund Activity**

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**17. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note B - Cash Equivalents and Investments**

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

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

Balances at June 30, 2022 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	<u>\$ 27,422,626</u>

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**Cash Equivalents**

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

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

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

June 30, 2022 balances are detailed as follows:

Cash equivalents	<u>\$ 9,331,163</u>
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*Custodial Credit Risk Related to Bank Deposits*

Custodial credit risk is the risk that in the event of bank failure, the District's bank deposits may not be returned to the District. Protection of District bank deposits is provided by the Federal Deposit Insurance Corporation and the National Credit Union Administration. At year end, the carrying amount of the District's cash equivalents was \$9,331,163 and the bank balance was \$10,541,052. Of the bank balance, \$4,889,989 was covered by federal depository insurance and \$5,651,062 was uninsured and uncollateralized.

**Investments**

As of June 30, 2022, the District had the following investments:

Surplus Funds Investment Pool Accounts:	
Michigan Liquid Assets Fund Plus (MILAF+) – Cash Management	\$ 13,033,415
Michigan CLASS	<u>5,058,048</u>
	<u>\$ 18,091,463</u>

The Michigan Liquid Asset Fund Plus (MILAF+) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investment at June 30, 2022. The MILAF+ fund is carried at amortized cost and was rated AAAm by Standard & Poor's rating agency.

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The Michigan Cooperative Liquid Asset Securities System (Michigan CLASS) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. Michigan CLASS is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investment at June 30, 2022. The Michigan CLASS is carried at amortized cost and was rated AAAm by Standard & Poor's rating agency.

*Fair Market Value Measurement*

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

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

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

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

*Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business. At June 30, 2022, the District had no investments that were subject to custodial credit risk.

*Credit Risk Related to Investments*

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

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*Interest Rate Risk*

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

*Concentration of Credit Risk*

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

*Foreign Currency Risk*

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

**Note C - State School Aid/Property Taxes**

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

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2021 and October 2021. The 2021-2022 "Foundation Allowance" for Berrien Springs Public Schools was \$8,700 for 4,042 "Full Time Equivalent" students, generating \$40,305,573 in state aid payments to the District of which \$7,311,775 was paid to the District in July and August 2022 and is included in "Due From Other Governmental Units" of the General Fund and Food Service Fund at June 30, 2022.

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

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
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As Berrien Springs Public Schools electors had previously (May 2018) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2021.

The District levied 3.75 mills in 2021 for debt service purposes applied on all taxable property in the District.

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

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

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

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

For the year ended June 30, 2022, the District's property tax revenues were reduced by \$1,568 under these agreements.

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

Amounts due from (to) other funds, representing interfund receivables and payables for year-end expenditure allocations not reimbursed at June 30, 2022 are detailed as follows:

<u>Major Funds</u>	<u>Due From</u>	<u>Due To</u>
<b>General Fund:</b>		
Special Revenue Funds:		
Food Service Special Revenue Fund	\$ 55,490	\$ 490
<b>Nonmajor Funds</b>		
<b>Special Revenue Funds:</b>		
Food Service Special Revenue Fund:		
General Fund	490	55,490
<b>Total All Funds</b>	<u>\$ 55,980</u>	<u>\$ 55,980</u>

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
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Transfers between the funds during the year ended June 30, 2022 were as follows:

<u>Major Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ 55,000	\$ -
Debt Service Fund:		
2021 Energy Debt	-	52,134
2009 QZAB	-	68,732
2009 QSCB	-	66,666
2012 QZAB	-	145,000
2019 Athletic	-	586,000
Capital Projects Fund:		
Public Improvement Fund	-	1,500,000
<b>Total Major Fund</b>	<u>55,000</u>	<u>2,418,532</u>
<b>Nonmajor Funds</b>		
Special Revenue Fund:		
Food Service Fund:		
General Fund	-	55,000
Debt Service Fund:		
2021 Energy Debt Service Fund:		
General Fund	52,134	-
2021 Energy Conservation	93,352	-
2009 QZAB:		
General Fund	68,732	-
Building and Site Sinking Fund	212,934	-
2009 QSCB:		
General Fund	66,666	-
2012 QZAB:		
General Fund	145,000	-
2019 Athletic:		
General Fund	586,000	-
Capital Projects Fund:		
Building and Site Sinking Fund:		
2009 QZAB	-	212,934
Public Improvement Fund:		
General Fund	1,500,000	-
2021 Energy Conversation Improvement:		
2021 Energy Debt	-	93,352
<b>Total Nonmajor Funds</b>	<u>2,724,818</u>	<u>361,286</u>
<b>Total All Funds</b>	<u>\$ 2,779,818</u>	<u>\$ 2,779,818</u>

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**Note E - Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balances July 1, 2021</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2022</u>
Capital assets not being depreciated:					
Land	\$ 2,061,044	\$ -	\$ 853,285	\$ -	\$ 2,914,329
Construction in progress	25,460,530	-	12,251,360	12,770,107	24,941,783
Total capital assets not being depreciated	<u>27,521,574</u>	<u>\$ -</u>	<u>\$ 13,104,645</u>	<u>\$ 12,770,107</u>	<u>27,856,112</u>
Capital assets being depreciated and amortized:					
Building and site improvements	34,747,441	\$ -	\$ 12,152,694	\$ 566,236	46,333,899
Buses and other vehicles	2,595,875	-	241,536	194,495	2,642,916
Furniture and equipment	2,353,110	-	127,159	96,011	2,384,258
Leasehold improvements	1,724,833	-	859,828	47,010	2,537,651
Intangible right-to-use assets	-	4,130,490	1,042,882	-	5,173,372
Total capital assets being depreciated and amortized	<u>41,421,259</u>	<u>\$ 4,130,490</u>	<u>\$ 14,424,099</u>	<u>\$ 903,752</u>	<u>59,072,096</u>
Less accumulated depreciation for:					
Building and site improvements	16,808,049	\$ -	\$ 1,811,733	\$ 465,312	18,154,470
Buses and other vehicles	1,827,766	-	216,121	194,495	1,849,392
Furniture and equipment	1,456,800	-	225,937	95,028	1,587,709
Leasehold improvements	1,077,298	-	263,672	47,010	1,293,960
Less accumulated amortization for:					
Intangible right-to-use assets	-	-	743,304	-	743,304
Total accumulated depreciation and amortization	<u>21,169,913</u>	<u>\$ -</u>	<u>\$ 3,260,767</u>	<u>\$ 801,845</u>	<u>23,628,835</u>
Total capital assets being depreciated and amortized, net	<u>20,251,346</u>				<u>35,443,261</u>
<b>Net Capital Assets</b>	<u><b>\$ 47,772,920</b></u>				<u><b>\$ 63,299,373</b></u>

Total depreciation and amortization for fiscal year ended June 30, 2022 amounted to \$3,260,767. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
Notes to Basic Financial Statements  
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**Note F - Long-term Obligations**

Changes in long-term obligations for the year ended June 30, 2022 are summarized as follows:

	<u>Debt Outstanding July 1, 2021</u>	<u>Adjustments</u>	<u>Debt Added</u>	<u>Debt Retired</u>	<u>Debt Outstanding June 30, 2022</u>
General obligation bonds:					
July 23, 2009	\$ 4,225,000	\$ -	\$ -	\$ -	\$ 4,225,000
October 1, 2009	1,000,000	-	-	-	1,000,000
August 1, 2012	809,200	-	-	115,600	693,600
February 19, 2019	7,145,000	-	-	300,000	6,845,000
February 26, 2019	16,045,000	-	-	775,000	15,270,000
March 9, 2021	1,360,000	-	-	125,000	1,235,000
Bond premium	2,697,834	-	-	159,692	2,538,142
Lease liabilities	-	4,130,490	1,042,882	637,792	4,535,580
Accumulated vacation/sick leave	21,491	-	85,805	18,474	88,822
	<u>\$ 33,303,525</u>	<u>\$ 4,130,490</u>	<u>\$ 1,128,687</u>	<u>\$ 2,131,558</u>	<u>\$ 36,431,144</u>

Long term obligations at June 30, 2022 are comprised of the following:

	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>	<u>Amount Due Within One Year</u>
<b>General Obligation Bonds</b>				
\$4,225K 2009 QZAB:				
Principal maturity of \$4,225,000	July 23, 2024	-	\$ 4,225,000	\$ -
\$1,000K 2009 QSCB:				
Principal maturity of \$1,000,000	October 1, 2024	-	1,000,000	-
\$1,734K 2012 QZAB:				
Annual maturities of \$115,600	August 1, 2027	4.25	693,600	115,600
\$7,655K 2019 Athletic Facilities Improvement:				
Annual maturities of \$315K to \$555K	May 1, 2038	4.00	6,845,000	315,000
\$17,215K 2019 School Building & Site:				
Annual maturities of \$600K to \$1,230K	May 1, 2038	5.00	15,270,000	835,000
\$1,360K 2021 Energy Conservation Improvement:				
Annual maturities of \$125K to \$150K	May 1, 2031	1.00 - 1.25	1,235,000	125,000
Bond premium			2,538,143	159,692

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>Lease Liabilities</b>				
\$144,693 Building Lease April 1, 2022: Annual maturities of \$10,355 to \$59,772	September 1, 2024	3.29	\$ 126,206	\$ 56,079
\$51,673 Building Lease July 1, 2021: Annual maturity of \$25,312	June 1, 2023	3.29	25,312	25,312
\$178,115 Building Lease July 1, 2021: Annual maturities of \$19,078 to \$55,717	November 1, 2024	3.29	127,606	52,811
\$898,189 Building Lease July 8, 2021: Annual maturities of \$71,520 to \$110,649	June 8, 2031	3.29	828,866	71,520
\$130,934 Building Lease July 1, 2021: Annual maturities of \$25,708 to \$27,454	June 1, 2026	3.29	105,700	25,708
\$54,556 Building Lease July 1, 2021: Annual maturities of \$10,712 to \$11,439	June 1, 2026	3.29	44,041	10,712
\$138,804 Building Lease July 1, 2021: Annual maturity of \$69,472	June 1, 2023	3.29	69,472	69,472
\$67,733 Building Lease July 1, 2021: Annual maturity of \$13,814	October 1, 2022	3.29	13,814	13,814
\$830,344 Building Lease July 1, 2021: Annual maturities of \$64,079 to \$90,083	June 1, 2032	3.29	771,477	64,079
\$284,224 Building Lease July 1, 2021: Annual maturities of \$13,258 to \$51,678	October 1, 2027	3.29	244,778	41,104
\$777,098 Building Lease July 1, 2021: Annual maturities of \$58,514 to \$88,083	July 1, 2032	3.29	725,630	58,514
\$166,005 Building Lease July 1, 2021: Annual maturities of \$30,257 to \$33,391	April 1, 2027	3.29	153,235	30,257
\$313,816 Building Lease July 1, 2021: Annual maturities of \$13,042 to \$38,024	November 1, 2031	3.29	290,159	24,221
\$218,818 Building Lease July 1, 2021: Annual maturities of \$26,149 to \$51,026	January 1, 2026	3.29	173,738	47,186
\$819,624 Building Lease July 1, 2021: Annual maturities of \$53,045 to \$87,285	March 1, 2033	3.29	768,483	53,045
\$98,743 Building Lease July 1, 2021: Annual maturities of \$33,222 to \$33,841	June 1, 2024	3.29	67,063	33,841
<b>Other Obligations</b>				
Accumulated vacation/sick leave			88,822	20,000
			<u>\$36,431,145</u>	<u>\$ 2,247,967</u>

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
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The annual requirements to pay principal and interest on long-term bonds outstanding are as follows:

<b>Year Ended June 30</b>	<b>General Obligation Bonds</b>		<b>Lease Liabilities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 1,390,600	\$ 1,056,790	\$ 677,675	\$ 138,814
2024	1,260,600	996,277	599,310	117,916
2025	6,535,600	942,564	499,459	99,377
2026	1,365,600	886,501	460,198	83,619
2027	1,420,600	827,701	407,058	69,443
2028	1,475,600	766,300	373,732	56,513
2029	1,420,000	707,400	381,688	44,232
2030	1,475,000	645,838	398,077	31,428
2031	1,540,000	581,675	404,951	18,078
2032	1,445,000	524,200	273,627	6,607
2033	1,495,000	466,400	59,805	740
2034	1,560,000	396,300	-	-
2035	1,630,000	323,100	-	-
2036	1,700,000	246,600	-	-
2037	1,770,000	166,800	-	-
2038	1,785,000	83,700	-	-
	<u>\$ 29,268,600</u>	<u>\$ 9,618,145</u>	<u>\$ 4,535,580</u>	<u>\$ 666,767</u>

**Lease Commitments**

During the year ended June 30, 2022, the District implemented the guidance in GASB No. 87, Leases, and recognized the value of buildings leased under long-term contracts, see additional details in Note L.

## Note G - Retirement Plan

### Plan Description

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

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

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

The System's financial statements are available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of pension plans offered by MPERS are detailed as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Defined Contribution	Defined Contribution	Open
Pension Plus 2	Hybrid	Open

### 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, 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.

## Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of MPERS who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

## Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

**Option 1** members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan members; 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

**Option 2** members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

**Option 3** members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

**Option 4** members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in the 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and Final Average Compensation as of the day before their transition date and a 1.5% pension factor).



Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose. Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made, they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

#### Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 contribution share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

#### Regular Retirement

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

- Option 1:  $\text{FAC} \times \text{total years of service} \times 1.5\%$
- Option 2:  $\text{FAC} \times 30 \text{ years of service} \times 1.5\% + \text{FAC} \times \text{years of service beyond } 30 \times 1.25\%$
- Option 3:  $\text{FAC} \times \text{years of service as of transition date} \times 1.5\% + \text{FAC} \times \text{years of service after transition date} \times 1.25\%$
- Option 4:  $\text{FAC as of transition date} \times \text{years of service as of transition date} \times 1.5\%$

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60<sup>th</sup> birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

#### Early Retirement

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

The early pension is computed in the same manner as a regular pension but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

#### Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

#### Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

#### Duty Disability Benefit

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).



#### Pension Payment Options

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment, and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent, or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount ("pop-up" provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension - pays a reduced pension to a retiree. The month after a retiree's death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension - pays a reduced pension to a retiree. The month after a retiree's death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension - pays a reduced pension to a retiree. The month after a retiree's death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan - For MIP and Basic members, the Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree's pension to decrease at age 62 by approximately the same amount as that person's Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

#### Survivor Benefit

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member's death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

#### Postemployment Adjustments

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of 3% of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

#### Contributions and Funded Status

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

**Berrien Springs Public Schools**  
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Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year 2021.

<b>Pension Contribution Rates:</b>		
<b>Plan Name</b>	<b>Member</b>	<b>District</b>
Basic	0.0 - 4.0%	19.78%
Member Investment Plan (MIP)	3.0 - 7.0%	19.78%
Pension Plus	3.0 - 6.4%	16.82%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2022, inclusive of the MSPERS UAAL Stabilization, totaled \$7,363,261.

***MPSERS Plan Net Pension Liability (in thousands)***

Total Pension Liability	\$ 87,569,422
Plan Fiduciary Net Position	<u>63,332,155</u>
Net Pension Liability	<u>\$ 24,237,267</u>
Plan Fiduciary Net Position as a Percentage of	
Total Pension Liability	72.32%
Net Pension Liability as a Percentage of	
Covered Employee Payroll	261.49%
Total Covered Payroll	\$ 9,269,004

***Proportionate Share of Reporting Unit's Net Pension Liability***

At June 30, 2022, the District reported a liability of \$48,738,178 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was 0.20585989%, which was an increase from 0.19662233% at September 30, 2020.

**Berrien Springs Public Schools**  
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***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2022, the District recognized pension expense of \$8,842,396. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 754,975	\$ 287,010
Changes of assumptions	3,072,280	-
Net difference between projected and actual earnings on pension plan investments	-	15,669,168
Changes in proportion and differences between District contributions and proportionate share of contributions	6,039,370	92,147
District contributions subsequent to the measurement date*	<u>6,865,705</u>	<u>-</u>
<b>Total</b>	<u>\$ 16,732,330</u>	<u>\$ 16,048,325</u>

\* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

<b>Year ended June 30</b>	<b>Amount</b>
2023	\$ 1,347,793
2024	(805,264)
2025	(2,758,969)
2026	(3,965,260)

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**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, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.80% net of investment expenses
Pension Plus Plan (Hybrid):	6.80% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2021 MPSERS Annual Comprehensive Financial Report found on the ORS website at ([www.michigan.gov/orschools](http://www.michigan.gov/orschools)).

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**Long-Term Expected Rate of Return on Investments**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	25.0%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	(0.7)%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short-term Investment Pools	2.0%	(1.3)%
<b>Total</b>	<b>100.0%</b>	

\*Long-term rates of return are net of administrative expenses and 2.0% inflation.

**Rate of Return**

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Berrien Springs Public Schools**  
**Notes to Basic Financial Statements**  
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***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease</b> <b>5.8%/5.8%/5.0%</b>	<b>Current Single Discount</b> <b>Rate Assumption</b> <b>6.8%/6.8%/6.0%</b>	<b>1% Increase</b> <b>7.8%/7.8%/7.0%</b>
District's proportionate share of the net pension liability	\$ 69,682,377	\$ 48,738,178	\$ 31,374,064

***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 Michigan Public School Employees' Retirement System September 30, 2021 Annual Comprehensive Financial Report, available here: ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

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

Payables to the pension plan totaling \$1,083,836 at June 30, 2022 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

**Note H - Other Postemployment Benefits**

***Plan Description***

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

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

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

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

**Berrien Springs Public Schools**  
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***Benefits Provided***

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

***Retiree Healthcare Reform of 2012***

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

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

**Berrien Springs Public Schools**  
**Notes to Basic Financial Statements**  
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**Contributions and Funded Status**

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2021:

**OPEB Contribution Rates:**

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.43%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the District were \$1,851,355 for the year ended June 30, 2022.

**Net OPEB Liability (in thousands)**

Total OPEB Liability	\$ 12,225,697
Plan Fiduciary Net Position	<u>10,742,198</u>
Net OPEB Liability	<u>\$ 1,483,499</u>
Plan Fiduciary Net Position as a Percentage of	
Total OPEB Liability	87.87%
Net OPEB Liability as a Percentage of	
Covered Employee Payroll	16.00%
Total Covered Payroll	\$ 9,269,004

**Proportionate Share of Reporting Unit's Net OPEB Liability**

At June 30, 2022, the District reported a liability of \$3,182,150 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was 0.20847724%, which was an increase from 0.20559186% at September 30, 2020.

**Berrien Springs Public Schools**  
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**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the District recognized an OPEB credit of \$967,338. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 9,083,222
Changes of assumptions	2,660,120	398,053
Net difference between projected and actual earnings on OPEB plan investments	-	2,398,444
Changes in proportion and differences between District contributions and proportionate share of contributions	2,232,949	26,747
District contributions subsequent to the measurement date*	<u>1,626,713</u>	<u>-</u>
<b>Total</b>	<u>\$ 6,519,782</u>	<u>\$ 11,906,466</u>

\* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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

<b>Year ended June 30</b>	<b>Amount</b>
2023	\$ (1,583,798)
2024	(1,513,051)
2025	(1,599,176)
2026	(1,624,498)
2027	(612,517)
Thereafter	(80,357)

**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.

**Berrien Springs Public Schools**  
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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65 - 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.6018 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2020 MPSERS Annual Comprehensive Financial

**Berrien Springs Public Schools**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Rate of Return on Investments**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021, are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	25.0%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	(0.7)%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short-term Investment Pools	2.0%	(1.3)%
<b>Total</b>	<b>100.0%</b>	

\* Long-term rates of return are net of administrative expenses and 2.0% inflation.

**Rate of Return**

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 27.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

	<b>1% Decrease 5.95%</b>	<b>Current Discount Rate 6.95%</b>	<b>1% Increase 7.95%</b>
District's proportionate share of the net OPEB liability	\$ 5,913,010	\$ 3,182,150	\$ 864,626

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

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

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of the net OPEB liability	\$ 774,510	\$ 3,182,150	\$ 5,891,036

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

***Payables to the OPEB Plan***

Payables to the OPEB plan totaling \$219,733 at June 30, 2022 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

**Note I - Risk Management and Benefits**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in fiscal 2021-22, and as of year ended June 30, 2022, there were no material pending claims against the District.

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**Note J – Stewardship, Compliance and Accountability**

The District has an unrestricted net position deficit of \$34,105,872 as of June 30, 2022. These deficit net positions result primarily from the net pension liability of \$48,054,173 and net OPEB liability of \$8,568,834 (net of deferred outflows and inflows of resources).

**Note K - Commitments**

On February 26, 2019, the District issued \$17,215,000 of general obligation 2019 Construction bonds whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2022 unspent balances committed to these construction projects totaled \$45,703.

**Note L - Joint Venture**

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

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

**Note M – New Accounting Pronouncement Adopted**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* was adopted by the District during the fiscal year ending June 30, 2022. This statement enhances the relevance and consistency of information about governments' leasing activities by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Upon implementation, the District recognized right-to-use lease assets and liabilities totaling \$4,130,490 as of July 1, 2021, entered into new leases during the current year totaling \$1,042,882, and paid down balances in the amount of \$637,792, the ending lease liability balance totaled \$4,535,580. Net position as of July 1, 2021 was not required to be restated as a result of implementing the Statement.



**REQUIRED SUPPLEMENTARY INFORMATION**

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**Berrien Springs Public Schools**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**MPERS Cost-sharing Multiple-employer Plan**  
**June 30, 2022**

	Year Ended <u>June 30, 2022</u>	Year Ended <u>June 30, 2021</u>	Year Ended <u>June 30, 2020</u>
District's proportion of the net pension liability	0.20585989%	0.19662233%	0.18249104%
District's proportionate share of the net pension liability	\$48,738,178	\$67,541,909	\$60,434,897
District's covered-employee payroll	\$19,189,798	\$19,093,660	\$17,429,878
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	253.98%	353.74%	346.73%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.08%

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

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

	Year Ended <u>June 30, 2019</u>	Year Ended <u>June 30, 2018</u>	Year Ended <u>June 30, 2017</u>	Year Ended <u>June 30, 2016</u>	Year Ended <u>June 30, 2015</u>
	0.16598751%	0.15397781%	0.13883048%	0.12728261%	0.11518860%
	\$49,898,842	\$39,902,196	\$34,637,069	\$31,088,812	\$25,372,023
	\$15,802,298	\$14,051,544	\$13,054,515	\$11,645,242	\$9,887,039
	315.77%	283.97%	265.33%	266.97%	256.62%
	62.12%	63.96%	63.27%	63.17%	66.20%

See accompanying notes to required supplementary information.

**Berrien Springs Public Schools  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net OPEB Liability  
MPERS Cost-sharing Multiple-employer Plan  
June 30, 2022**

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
District's proportion of the net OPEB liability	0.20847724%	0.20559186%	0.19023969%
District's proportionate share of the net OPEB liability	\$ 3,182,150	\$ 11,014,105	\$ 13,654,926
District's covered-employee payroll	\$ 19,189,798	\$ 19,093,660	\$ 17,429,878
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.58%	57.68%	78.34%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.67%

<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
0.17555384%	0.15443446%
\$ 13,954,690	\$ 13,675,899
\$ 15,802,298	\$ 14,051,544
88.31%	97.33%
43.10%	36.53%

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

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

**Berrien Springs Public Schools  
Required Supplementary Information  
Schedule of District Pension Contributions  
MPERS Cost-sharing Multiple-employer Plan  
June 30, 2022**

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
Contractually required contribution	\$ 7,363,261	\$ 6,001,204	\$ 5,420,560	\$ 4,862,821
Contributions in relation to the contractually required contribution	<u>7,363,261</u>	<u>6,001,204</u>	<u>5,420,560</u>	<u>4,862,821</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 22,696,693	\$ 18,885,515	\$ 19,002,562	\$ 17,247,046
Contributions as a percentage covered employee payroll	32.44%	31.78%	28.53%	28.20%

	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
	\$ 3,865,920	\$ 3,117,510	\$ 2,455,447	\$ 2,287,763
	<u>3,865,920</u>	<u>3,117,510</u>	<u>2,455,447</u>	<u>2,287,763</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	\$ 15,794,293	\$ 13,054,515	\$ 11,645,242	\$ 10,579,437
	24.48%	23.88%	21.09%	21.62%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**Berrien Springs Public Schools  
Required Supplementary Information  
Schedule of District OPEB Contributions  
MPERS Cost-sharing Multiple-employer Plan  
June 30, 2022**

	Year Ended <u>June 30, 2022</u>	Year Ended <u>June 30, 2021</u>	Year Ended <u>June 30, 2020</u>
Contractually required contribution	\$ 1,851,355	\$ 1,594,415	\$ 1,518,969
Contributions in relation to the contractually required contribution	<u>1,851,355</u>	<u>1,594,415</u>	<u>1,518,969</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 22,696,693	\$ 18,885,515	\$ 19,002,562
Contributions as a percentage of covered employee payroll	8.16%	8.44%	7.99%

	Year Ended <u>June 30, 2019</u>	Year Ended <u>June 30, 2018</u>
	\$ 1,328,922	\$ 1,143,581
	<u>1,328,922</u>	<u>1,143,581</u>
	<u>\$ -</u>	<u>\$ -</u>
	\$ 17,247,046	\$ 15,794,293
	7.71%	7.24%

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

**BERRIEN SPRINGS PUBLIC SCHOOLS**  
**Notes to Required Supplementary Information**  
**June 30, 2022**

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**Note A - Net Pension Liability and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2021-22.

**Changes of assumptions:** There were no changes of benefit assumptions in 2021-22.

**Note B - Net OPEB Liability and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2021-22.

**Changes of assumptions:** There were no changes of benefit assumptions in 2021-22.

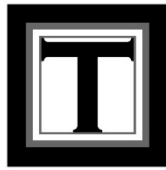
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**APPENDIX D**  
**FORM OF LEGAL OPINION**

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# THRUN

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## DRAFT LEGAL OPINION

Berrien Springs Public Schools  
County of Berrien  
State of Michigan

We have acted as bond counsel in connection with the issuance by Berrien Springs Public Schools, County of Berrien, State of Michigan (the “Issuer”), of its bonds in the aggregate principal amount of \$1,695,000 designated 2023 Energy Conservation Improvement Bonds (General Obligation - Limited Tax) (the “Bonds”). The Bonds are in fully registered form and issued without coupons, are dated June 7, 2023, are of \$5,000 denomination or any integral multiple thereof, are subject to redemption prior to maturity at the option of the Issuer in the manner and at the times as set forth in the Bonds, mature on May 1 of each year, and bear interest payable on November 1, 2023, and semiannually thereafter on May 1 and November 1 of each year in the amounts and at the rate as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2024	\$145,000	4.00%	2029	\$170,000	4.00%
2025	145,000	4.00	2030	180,000	4.00
2026	150,000	4.00	2031	185,000	4.00
2027	160,000	4.00	2032	195,000	4.00
2028	165,000	4.00	2033	200,000	4.00

We have examined the documents which we deem authentic and pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the board of education of the Issuer, a copy of the approval of the Department of Treasury of the State of Michigan to issue the Bonds, and a specimen of the Bond certificate of said issue.

Based upon the foregoing, we are of the opinion that under existing law:

- (1) the Bonds have been lawfully authorized and issued and are enforceable obligations of the Issuer in accordance with their terms;
- (2) the Bonds are the limited tax general obligation of the Issuer for which its full faith, credit and resources have been irrevocably pledged;
- (3) the Issuer has the power, has pledged, and is obligated to levy taxes, within its authorized millage rate, on all taxable property now situated within the corporate boundaries of the Issuer in an amount sufficient to pay the principal of and interest on the Bonds, taking into account other available funds, but the Issuer does not have the power to levy taxes for the payment of the Bonds in excess of its constitutional and statutory tax rate limitations;



Berrien Springs Public Schools  
County of Berrien  
State of Michigan

\_\_\_\_\_, 2023

Page 2

(4) if tax collections are insufficient to pay the principal of and interest on the Bonds when due, the Issuer has pledged and is obligated to use any and all other resources available for payment of the Bonds;

(5) the Issuer has designated the Bonds as “qualified tax-exempt obligations” within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”);

(6) the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof; and

(7) the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an “applicable corporation” as defined in Section 59(k) of the Code is included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on an applicable corporation for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement of such rights may also be subject to the exercise of judicial discretion in appropriate cases.

THRUN LAW FIRM, P.C.

TLF/RJN

**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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**FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

**\$1,695,000  
BERRIEN SPRINGS PUBLIC SCHOOLS  
COUNTY OF BERRIEN  
STATE OF MICHIGAN  
2023 ENERGY CONSERVATION IMPROVEMENT BONDS  
(GENERAL OBLIGATION - LIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by Berrien Springs Public Schools, County of Berrien, State of Michigan (the “Issuer”), in connection with the issuance of its \$1,695,000 2023 Energy Conservation Improvement Bonds (General Obligation - Limited Tax) (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on March 16, 2023 and May 25, 2023 (together, the “Resolution”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule. The Issuer acknowledges that this Agreement does not address the scope of any application of Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act to the Annual Reports or notices of the Listed Events provided or required to be provided by the Issuer pursuant to this Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Agreement.

“Bondholder” means the registered owner of a Bond or any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

“Dissemination Agent” means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access which provides continuing disclosure services for the receipt and public availability of continuing disclosure documents and related information required by Rule 15c2-12 promulgated by the SEC.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b) provided; however, that a “Financial Obligation”

shall not include any municipal security for which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the final Official Statement for the Bonds dated May 16, 2023.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Resolution” shall mean the resolutions duly adopted by the Issuer authorizing the issuance, sale and delivery of the Bonds.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Michigan.

### SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, on or prior to the end of the sixth month after the end of the fiscal year of the Issuer commencing with the fiscal year ending June 30, 2023, to EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. Currently, the Issuer’s fiscal year ends on June 30. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the financial statements contained in the Official Statement shall be included in the Annual Report.

(b) The Annual Report shall be submitted to EMMA either through a web-based electronic submission interface or through electronic computer-to-computer data connections with EMMA in accordance with the submission process, document format and configuration requirements established by the MSRB. The Annual Report shall also include all related information required by MSRB to accurately identify: (i) the category of information being provided; (ii) the period covered by the Annual Report; (iii) the issues or specific securities to which the Annual Report is related (including CUSIP number, Issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the Issuer; (v) the name and date of the document; and (vi) contact information for the Dissemination Agent or the Issuer’s submitter.

(c) If the Issuer is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Issuer shall send a notice in a timely manner to the MSRB in substantially the form attached as Appendix A.

(d) If the Issuer's fiscal year changes, the Issuer shall send a notice of such change to the MSRB in substantially the form attached as Appendix B. If such change will result in the Issuer's fiscal year ending on a date later than the ending date prior to such change, the Issuer shall provide notice of such change to the MSRB on or prior to the deadline for filing the Annual Report in effect when the Issuer operated under its prior fiscal year. Such notice may be provided to the MSRB along with the Annual Report, provided that it is filed at or prior to the deadline described above.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) audited financial statements of the Issuer prepared pursuant to State laws, administrative rules and guidelines and pursuant to accounting and reporting policies conforming in all material respects to generally accepted accounting principles as applicable to governmental units as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time; and

(b) additional annual financial information and operating data as set forth in the Official Statement under "CONTINUING DISCLOSURE".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which previously have been provided to each of the Repositories or filed with the SEC. If the document included by specific reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice in a timely manner not in excess of ten business days of the occurrence of any of the following events with respect to the Bonds in accordance with the Rule:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or other obligated person or the sale of all or substantially all of the assets of the Issuer or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or other obligated person, any of which affect security holders, if material;
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or other obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would constitute material information for the Bondholders, provided that any event other than those listed under Section 5(a)(2), (6), (7), (8), (10), (13), (14) or (15) above will always be deemed to be material. Events listed under Section 5(a)(6) and (8) above will always be deemed to be material except with respect to that portion of those events which must be determined to be material.

(c) The Issuer shall promptly cause a notice of the occurrence of a Listed Event, determined to be material in accordance with the Rule, to be electronically filed with EMMA, together with a significant event notice cover sheet substantially in the form attached as Appendix C. In connection with providing a notice of the occurrence of a Listed Event described in Section 5(a)(9) above, the Issuer shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) The Issuer acknowledges that the “rating changes” referred to above in Section 5(a)(11) of this Agreement may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Issuer is liable.

(e) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.



## SECTION 6. Termination of Reporting Obligation.

(a) The Issuer's obligations under this Agreement shall terminate upon the legal defeasance of the Resolution or the prior redemption or payment in full of all of the Bonds.

(b) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of nationally recognized bond counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Agreement, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB.

SECTION 7. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Agreement, this Agreement may be amended, and any provision of this Agreement may be waived to the effect that:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or the types of business in which the Issuer is engaged;

(b) this Agreement as so amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, in the opinion of independent legal counsel; and

(c) such amendment or waiver does not materially impair the interests of the Bondholders, in the opinion of independent legal counsel.

If the amendment or waiver results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Agreement, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. If the amendment or waiver involves a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared based on the new accounting principles and those prepared based on the former accounting principles. The comparison should include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison should also be quantitative. A notice of the change in the accounting principles should be sent by the Issuer to the MSRB. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Resolution or the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement.

SECTION 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the Bondholders and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

BERRIEN SPRINGS PUBLIC SCHOOLS  
COUNTY OF BERRIEN  
STATE OF MICHIGAN

By: \_\_\_\_\_  
Its: Superintendent

Dated: June 7, 2023

**APPENDIX A**

**NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Berrien Springs Public Schools, Berrien County, Michigan

Name of Bond Issue: 2023 Energy Conservation Improvement Bonds (General  
Obligation - Limited Tax)

Date of Bonds: June 7, 2023

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Agreement with respect to the Bonds. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

BERRIEN SPRINGS PUBLIC SCHOOLS  
COUNTY OF BERRIEN  
STATE OF MICHIGAN

By: \_\_\_\_\_  
Its: Superintendent

Dated: \_\_\_\_\_



**APPENDIX B**

NOTICE TO THE MSRB OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Issuer: Berrien Springs Public Schools, Berrien County, Michigan

Name of Bond Issue: 2023 Energy Conservation Improvement Bonds (General  
Obligation - Limited Tax)

Date of Bonds: June 7, 2023

NOTICE IS HEREBY GIVEN that the Issuer's fiscal year has changed. Previously, the  
Issuer's fiscal year ended on \_\_\_\_\_. It now ends on \_\_\_\_\_.

BERRIEN SPRINGS PUBLIC SCHOOLS  
COUNTY OF BERRIEN  
STATE OF MICHIGAN

By: \_\_\_\_\_  
Its: Superintendent

Dated: \_\_\_\_\_



## APPENDIX C

### SIGNIFICANT EVENT NOTICE COVER SHEET

This cover sheet and significant event notice should be provided in an electronic format to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or other Obligated Person's Name: \_\_\_\_\_

Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which this significant event notice relates: \_\_\_\_\_

Number of pages of attached significant event notice: \_\_\_\_\_

#### Description of Significant Events Notice (Check One):

1. \_\_\_\_\_ Principal and interest payment delinquencies
2. \_\_\_\_\_ Non-payment related defaults
3. \_\_\_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties
4. \_\_\_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties
5. \_\_\_\_\_ Substitution of credit or liquidity providers, or their failure to perform
6. \_\_\_\_\_ Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. \_\_\_\_\_ Modifications to rights of security holders
8. \_\_\_\_\_ Bond calls
9. \_\_\_\_\_ Tender offers
10. \_\_\_\_\_ Defeasances
11. \_\_\_\_\_ Release, substitution, or sale of property securing repayment of the securities
12. \_\_\_\_\_ Rating changes
13. \_\_\_\_\_ Bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person
14. \_\_\_\_\_ The consummation of a merger, consolidation, or acquisition involving the Issuer or other obligated person or the sale of all or substantially all of the assets of the Issuer or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms
15. \_\_\_\_\_ Appointment of a successor or additional trustee or the change of name of a trustee
16. \_\_\_\_\_ Incurrence of a financial obligation of the Issuer or other obligated person
17. \_\_\_\_\_ Agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation that affect security holders
18. \_\_\_\_\_ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer or other obligated person that reflect financial difficulties
19. \_\_\_\_\_ Other significant event notice (specify) \_\_\_\_\_

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Voice Telephone Number: (\_\_\_\_\_) \_\_\_\_\_

**The MSRB Gateway is [www.msrb.org](http://www.msrb.org) or through the EMMA portal at [emma.msrb.org/submission/Submission\\_Portal.aspx](http://emma.msrb.org/submission/Submission_Portal.aspx). Contact the MSRB at (703) 797-6600 with questions regarding this form or the dissemination of this notice. The cover sheet and notice may also be faxed to the MAC at (313) 963-0943.**

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**APPENDIX F**  
**DRAFT OFFICIAL NOTICE OF SALE**

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**OPTIONAL DTC BOOK-ENTRY-ONLY**

**FORM OF  
OFFICIAL NOTICE OF SALE  
\$1,770,000**

**BERRIEN SPRINGS PUBLIC SCHOOLS  
COUNTY OF BERRIEN  
STATE OF MICHIGAN**

**2023 ENERGY CONSERVATION IMPROVEMENT BONDS  
(GENERAL OBLIGATION - LIMITED TAX)**

**BIDS** for the purchase of the above 2023 Energy Conservation Improvement Bonds (the “Bond” or “Bonds”) will be received electronically on behalf of Berrien Springs Public Schools, Berrien County, Michigan (the “Issuer”), on Tuesday, the 16<sup>th</sup> day of May, 2023, until 11:00 o’clock in the a.m., prevailing Eastern Time, by the Municipal Advisory Council of Michigan (the “MAC”) via email at [munibids@macmi.com](mailto:munibids@macmi.com). The bids will be opened and read at the MAC at that time. Award of the bid will be made on behalf of the Issuer by an authorized officer of the Issuer by 5:00 o’clock in the p.m., prevailing Eastern Time, on that date.

**ELECTRONIC BIDS:** Bidders submitting signed bids electronically must ensure their bids are received prior to the time and date fixed for receipt of bids. Bidders submitting bids electronically bear the full risk of failed or untimely transmission of their bids, and bidders are encouraged to confirm the timely receipt of their full and complete bids by telephoning the MAC at (313) 963-0420.

**PARITY:** Bids may be presented via *PARITY* on the date and at the time shown above. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice, the terms of this Notice shall control. For further information about *PARITY*, potential bidders may contact PFM Financial Advisors LLC, at (734) 994-9700 or *PARITY* at (212) 849-5021.

**OPTIONAL DTC BOOK-ENTRY-ONLY:** Unless otherwise requested by the winning bidder (the “Purchaser”), the Bonds will be initially offered as registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”) under DTC’s Book-Entry-Only system of registration. Purchasers of interests in the Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates, and ownership by the Beneficial Owners of the Bonds will be evidenced by book-entry-only. As long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, payments of principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the DTC participants for subsequent disbursement to the Beneficial Owners.

**BOND DETAILS:** Said Bonds will be fully registered Bonds, of the denomination of \$5,000 each or multiples thereof up to the amount of a single maturity, shall be dated the date of delivery, numbered in order of issue from 1 upwards and will bear interest from their dated date payable on November 1, 2023, and semiannually thereafter.

The Bonds will mature on May 1 as follows:

<u>Year</u>	<u>Amount</u>
2024	\$155,000
2025	155,000
2026	160,000
2027	165,000
2028	175,000
2029	180,000
2030	185,000
2031	190,000
2032	200,000
2033	205,000

**MATURITY ADJUSTMENT:** The Issuer reserves the right to decrease the aggregate principal amount of the Bonds after receipt of the bids and prior to final award. Such adjustment, if necessary, will be made in increments of \$5,000 and may be made in any maturity.

**ADJUSTMENT TO PURCHASE PRICE:** In the event of a maturity adjustment, the purchase price of the Bonds will be adjusted proportionately to the adjustment in principal amount of the Bonds and in such manner as to maintain as comparable an underwriter spread as possible to the winning bid.

**TERM BOND OPTION:** Bidders shall have the option of designating bonds maturing in any year as serial bonds or term bonds, or both. The bidder must designate whether each of the principal amounts shown above represent a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond maturity. In any event, the above principal amount schedule shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made within one (1) hour of the Bond sale.

**PAYING AGENT:** Principal and interest shall be payable at a bank or trust company qualified to act as a paying agent in Michigan (the "Paying Agent"), or such other Paying Agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any change in Paying Agent. In the event the Bonds cease to be held in book entry form only, the Paying Agent will serve as bond registrar and transfer agent, interest shall be paid by check mailed to the owner as shown by the registration books of the Issuer as of the close of business on the 15th day of the month preceding any interest payment date and the Bonds will be transferable only upon the registration books of the Issuer kept by the Paying Agent. See "Optional DTC Book-Entry-Only" above.

**PRIOR REDEMPTION:**

A. Mandatory Redemption - Term Bonds.

Principal designated by the Purchaser of the Bonds as a term maturity shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on the redemption dates corresponding to the maturities hereinbefore scheduled. When term Bonds are purchased by the

Issuer and delivered to the Paying Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of the term Bonds affected shall be reduced by the principal amount of the Bonds so redeemed or purchased in the order determined by the Issuer.

**B. Optional Redemption.**

Bonds of this issue maturing in the years 2024 through 2030, inclusive, shall not be subject to redemption prior to maturity. The Bonds or portions of Bonds maturing on or after May 1, 2031, are subject to redemption prior to maturity at the option of the Issuer in multiples of \$5,000 in such order as the Issuer may determine, by lot within any maturity, on any date occurring on or after May 1, 2030, at par and accrued interest to the date fixed for redemption.

Notice of redemption of any Bond shall be given not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption by mail to the Registered Owner at the registered address shown on the registration books kept by the Paying Agent. Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered shall be issued to the Registered Owner thereof. No further interest payment on the Bonds or portions of Bonds called for redemption shall accrue after the date fixed for redemption, whether presented for redemption, provided funds are on hand with the Paying Agent to redeem the same.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Paying Agent, in such manner as the Paying Agent in its discretion may deem proper, in the principal amounts designated by the Issuer. Upon presentation and surrender of such Bonds at the corporate trust office of the Paying Agent, such Bonds shall be paid and redeemed.

**INTEREST RATE AND BIDDING DETAILS:** The Bonds shall bear interest at a rate or rates not exceeding six percent (6%) per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one Bond shall be at one rate only. All Bonds maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rates bid shall not exceed three percent (3%) per annum. No proposal for the purchase of less than all of the Bonds or at a price less than 99% or greater than 110% of the par value, or at a price which will cause the true interest cost rate on the Bonds to exceed six percent (6%) per annum, will be considered. The interest rate borne by bonds maturing in any year shall not be less than the interest rate borne by Bonds maturing in the preceding year.

**PURPOSE AND SECURITY:** The Bonds are issued for the purpose of replacing the high school roof and replacing the HVAC system at Mars Elementary School. The Bonds are issued under the provisions of Act 451, Public Acts of Michigan, 1976, as amended. The Issuer has pledged the limited tax full faith and credit of the Issuer for the payment of principal and interest on the Bonds. The Issuer has further pledged to levy sufficient ad valorem taxes within its authorized millage rate annually as a first budget obligation, subordinate only to any first liens on said funds pledged for the payment of state aid notes, lines of credit or tax anticipation notes heretofore or hereafter issued. The Issuer does not have the power to levy taxes for the payment of

the Bonds in excess of its constitutional or statutory tax rate limitations and, if tax collections are insufficient to pay the principal of or interest on the Bonds when due, the Issuer pledges to use any and all other resources available for the payment of the Bonds. The Issuer has reserved the right to issue additional bonds of equal standing.

**AWARD OF BONDS:** The Bonds will be awarded to the bidder whose bid produces the lowest true interest cost which is the rate that will discount all future cash payments so that the sum of the present value of all cash flows will equal the Bond proceeds computed from June 7, 2023 (the anticipated date of delivery).

**LEGAL OPINION:** Bids shall be conditioned upon the unqualified approving opinion of Thrun Law Firm, P.C., East Lansing, Michigan, bond counsel, the original of which will be furnished without expense to the Purchaser of the Bonds at the delivery thereof. The fees of Thrun Law Firm, P.C. for services rendered in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the above Bonds, Thrun Law Firm, P.C. has not been requested to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in connection with the authorization, marketing or issuance of the Bonds and, therefore, has not expressed and will not express an opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

**TAX MATTERS:** In the opinion of bond counsel, assuming continued compliance by the Issuer with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Bonds is excluded from gross income for federal income tax purposes, as described in the opinion, and the Bonds and interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The Issuer has designated the Bonds as “**QUALIFIED TAX-EXEMPT OBLIGATIONS**” within the meaning of the Code, and has covenanted to comply with those requirements of the Code necessary to continue the exclusion of interest on the Bonds from gross income for federal income tax purposes.

**OFFICIAL STATEMENT:** Upon the sale of the Bonds, the Issuer will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. Promptly after the sales date, but in no event later than seven (7) business days after such date, the Issuer will provide the Purchaser with either a reasonable number of final Official Statements or a reasonably available electronic version of the same. The Issuer will determine which format will be provided. The Purchaser agrees to supply to the Issuer all necessary pricing information and any underwriter identification necessary to complete the Official Statement within twenty-four (24) hours after the award of Bonds. Additional copies of the final Official Statement may be obtained up to three months following the sale of the Bonds by a request and payment of costs to the financial consultant. The Issuer agrees to provide to the Purchaser at closing a certificate executed by appropriate officers of the Issuer acting in their official capacities, to the effect that as of the date of delivery the information contained in the Official Statement, and any supplement to the Official Statement, relating to the Issuer and the Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**CONTINUING DISCLOSURE:** As more particularly described in the Official Statement, the Issuer will agree in the bond resolution or sales resolution to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, (i) on or prior to the end of the sixth month after the end of the fiscal year of the Issuer, commencing with the fiscal year ended June 30, 2023, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the Official Statement relating to the Bonds, (ii) timely notice of the occurrence of certain significant events with respect to the Bonds and (iii) timely notice of a failure by the Issuer to provide the required annual financial information on or before the date specified in (i) above.

**BOND INSURANCE:** In the event the Purchaser elects to obtain bond insurance for the Bonds, all costs and expenses related to such bond insurance shall be the responsibility of the Purchaser. The failure of such bond insurance to be issued at or before delivery of the Bonds shall not be a basis for the Purchaser to refuse to accept delivery of the Bonds. In the event the Purchaser obtains bond insurance, the bond insurer shall not be entitled to be designated as an addressee of any bond counsel opinion related to the Bonds, nor shall the bond insurer be entitled to a reliance letter associated with the same. If the Purchaser obtains bond insurance, the Issuer agrees to insert any reasonable and necessary insurance language in the Bonds.

**CERTIFICATION REGARDING “ISSUE PRICE”:** Please see Appendix G to the Preliminary Official Statement for the Bonds, dated April 25, 2023, for information and requirements concerning establishing the issue price for the Bonds.

**CLOSING DOCUMENTS:** Drafts of all closing documents, including the form of Bond and bond counsel’s legal opinion, may be requested from Thrun Law Firm, P.C. Final closing documents will be in substantially the same form as the drafts provided. Closing documents will not be modified at the request of a bidder, regardless of whether the bidder’s proposal is accepted.

**DELIVERY OF BONDS:** The Issuer will furnish Bonds ready for execution at its expense. Bonds will be delivered without expense to the Purchaser at a place to be mutually agreed upon with the Purchaser. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds, will be delivered at the time of the delivery of the Bonds. If the Bonds are not tendered for delivery by twelve o’clock, noon, prevailing Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if the 45th day is not a business day, the Purchaser may on that day, or any time thereafter until delivery of the Bonds, withdraw the proposal by serving notice of cancellation in writing, on the undersigned. Accrued interest to the date of delivery of the Bonds shall be paid by the Purchaser at the time of delivery. Payment for the Bonds shall be made in federal reserve funds. Unless the Purchaser furnishes the Paying Agent with a list giving the denominations and names in which it wishes to have the certificates issued at least five (5) business days prior to delivery of the Bonds, the Bonds will be delivered in the form of a single certificate for each maturity registered in the name of the Purchaser, subject to the election under the “Optional DTC Book-Entry-Only” provisions herein.

**CUSIP NUMBERS:** CUSIP numbers will be printed on the Bonds at the option of the Purchaser; however, neither the failure to print CUSIP numbers nor any improperly printed CUSIP numbers shall be cause for the Purchaser to refuse to take delivery of and pay the purchase price for the Bonds. Application for CUSIP numbers will be made by PFM Financial Advisors LLC,

municipal advisor to the Issuer. The CUSIP Service Bureau's charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

**BIDDER CERTIFICATION - NOT "IRAN-LINKED BUSINESS":** By submitting a bid, the bidder shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act 517, Public Acts of Michigan, 2012; MCL 129.311, et seq.

**FURTHER INFORMATION** may be obtained from PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108, telephone: (734) 994-9700.

**THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.**

Patricia DeLong  
Secretary, Board of Education





Additional information relative to this Bond issue may be obtained from:

**PFM Financial Advisors LLC**  
555 Briarwood Circle, Suite 333  
Ann Arbor, MI 48108  
(734) 994-9700



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