



**CEDAR SPRINGS PUBLIC SCHOOLS
CEDAR SPRINGS, MICHIGAN**

**FINANCIAL STATEMENTS
and
SINGLE AUDIT REPORT**

FOR THE YEAR ENDED JUNE 30, 2024



Vredeveld Haefner LLC
CPAs and Consultants

**CEDAR SPRINGS PUBLIC SCHOOLS
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Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

October 18, 2024

Members of the Board of Education
Cedar Springs Public Schools
Cedar Springs, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the schedules on pages 41 through 45 be presented to supplement the basic financial statements 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 District's basic financial statements. The accompanying combining fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Cedar Springs Public Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The District increased fund balance in the General fund by \$1,742,552 during the 2024 fiscal year.
- The District recognized \$1,228,736 in COVID-19 related revenue and expenses during the 2024 fiscal year.
- Voters in Kent County approved a 10-year Enhancement Millage in the Spring of 2017, which provided the District with an additional \$963,705 in unrestricted General fund revenue in the 2024 fiscal year.
- Taxable value growth was healthy resulting in additional Act 18 revenue from Kent County for special education programming, as well as lightening the burden on long-term debt payments.
- The total fund balance in the General fund represents approximately 31.35% of 2023-2024 General fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., payments on debt).

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, supporting services, community services, food services, and interest on long-term debt. The District does not have any business-type activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund and 2023 Building & Site Bonds Capital Projects fund, which are considered to be major funds. Data for the other thirteen governmental funds, which are considered to be nonmajor funds, are combined into a single, aggregated presentation. Individual fund information for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its General and all special revenue funds. Budgetary comparison schedules for major funds have been provided herein to demonstrate compliance with those budgets.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resource of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for governmental activities in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information includes this management discussion and analysis, a schedule of General fund budget to actual information, and required pension and other post-employment benefits schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$21,955,699 at the close of the most recent fiscal year.

The significant portion of the District's deficit net position is unrestricted net position which is primarily the result of the District's net pension liability. A portion of the net position is invested in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position		
	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Assets		
Current and other assets	\$ 51,031,463	\$ 60,895,772
Capital assets	80,530,487	66,969,147
Total assets	131,561,950	127,864,919
Deferred outflows of resources	22,218,176	26,034,267
Liabilities		
Current and other liabilities	12,446,141	12,594,470
Long-term liabilities outstanding	148,374,233	164,413,826
Total liabilities	160,820,374	177,008,296
Deferred inflows of resources	14,915,451	8,497,727
Net position		
Net investment in capital assets	15,415,279	12,608,169
Restricted	2,971,959	2,783,599
Unrestricted	(40,342,937)	(46,998,605)
Total net position	\$(21,955,699)	\$(31,606,837)

Net position of the District increased by \$9,651,138 during the year. The increase in net position is primarily due to the decrease in other post-employment benefits asset/liability.

Activities		
	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Revenue		
Program revenue		
Charges for services	\$ 1,086,310	\$ 1,562,398
Operating grants and contributions	20,188,792	19,479,608
General revenue		
Property taxes	9,037,632	8,199,622
Grants and contributions not restricted to specific programs	27,025,773	26,180,231
Other	2,302,880	953,233
Total revenue	59,641,387	56,375,092
Expenses		
Instruction	24,482,807	26,912,199
Supporting services	18,853,111	19,074,663
Community services	677,253	594,107
Food service	2,095,494	1,792,476
Athletics	962,258	1,012,726
Interest and fees	2,919,326	1,983,707
Total expenses	49,990,249	51,369,878
Increase (decrease) in net position	9,651,138	5,005,214
Net position - beginning of year	(31,606,837)	(36,612,051)
Net position - end of year	\$(21,955,699)	\$(31,606,837)

Governmental Activities

During the year the District expended 49% of its total expenses on instruction and 38% on support services such as guidance service, transportation, building operation and maintenance and administration. The remaining 13% of expenses was food service, community services, athletics, and debt service on long-term debt.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$41,451,097, a decrease of \$11,268,939 in comparison with the prior year, mainly due to bond money being spent.

The General fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General fund was \$13,360,737. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 28% of total General fund expenditures. The fund balance of the District's General fund increased by \$1,742,552 during the current fiscal year.

Total expenditures in the 2023 Building & Site Bonds Capital Projects fund were \$14,682,288 for the current year.

Budgetary Highlights

- The District finished the 2023-2024 fiscal year with \$64,455 more General fund revenue and transfers than budgeted. This represents a variance of 0.133% of the \$48,396,861 of total revenue and other financing sources. General fund expenditures were \$482,626 under budget for the 2023-2024 fiscal year. This represents a 1.03% variance of the \$46,965,363 District General fund expenses. The variance primarily relates to discretionary budgets not being fully spent, lower operations and maintenance expenditures than budgeted, savings related to special education regional programming and transportation, and capital outlay expenditures being deferred until future periods.
- The District has one collective bargaining group, the Cedar Springs Educational Association. The CSEA had a three-year contract, which expired on June 30, 2024.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2024, amounted to \$80,530,487 (net of accumulated depreciation).

The District's capital assets (net of depreciation) are summarized as follows:

	Governmental Activities
Land	\$ 893,561
Construction in progress	24,557,702
Land improvements	1,453,241
Buildings and building improvements	51,302,539
Furniture and equipment	1,660,491
Vehicles	159,775
Right-of-use equipment	284,276
Right-of-use subscription assets	<u>218,902</u>
Total	<u><u>\$80,530,487</u></u>

Additional information on the District's capital assets can be found in Note 5 of this report.

Debt and other long-term obligations. At the end of the current fiscal year, the District had debt and other long-term obligations outstanding of \$151,801,442.

The District's debt is summarized as follows:

	Governmental Activities
General obligation bonds	\$ 80,815,000
School bond loan program	2,230,111
Compensated absences	1,264,598
Lease payable	284,276
Bond premiums	<u>6,061,627</u>
Total debt	90,655,612
Net pension liability	<u>61,145,830</u>
Total	<u><u>\$151,801,442</u></u>

Additional information on the District's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the 2024-2025 fiscal year:

- School districts in the State of Michigan continue to rely heavily on the State's per pupil foundation allowance. Annually the District projects the anticipated per pupil foundation allowance for the upcoming budget year. Due to the timing of the state budget process the Board of Education often is forced to adopt the upcoming budget year prior to the legislature finalizing the State's budget. For the 2024-2025 budget, the District projected a per pupil foundation allowance increase of \$241. Subsequent to the adoption of the 2024-2025 District budget the state passed a School Aid Budget with a \$0 increase to the per pupil foundation. Instead, the State created a new state aid categorical that will help Districts offset the cost of retirement benefits. It is projected this new categorical will be the equivalent of \$376 per pupil for Cedar Springs Public Schools.

- The Board of Education adopted a 2024-2025 budget based on a state aid membership projection of 3,004 FTE. This represents a decrease in enrollment of 89 FTE compared to the prior fiscal year, and is based on enrollment projections that combine current enrollment levels and other relevant data such as trends in the annual birth rate. The District will continue to monitor enrollment throughout the school year in order to ensure that projected revenue meets the approved amount of appropriations. The Board of Education will adopt mid-year and final amendments as necessary to provide appropriate oversight on the District's appropriations.
- The adopted budget includes \$308,673 in COVID related funding. The District anticipates fully spending remaining COVID related funding by June 30, 2025.
- Declining enrollment and the end of COVID related funding were significant factors in the Districts' adopted 2024-2025 budget. Enrollment was projected to be down 89 FTE compared to the prior fiscal year, with COVID related funding being down approximately \$877,000. The District projects enrollment to continue to decline in the near term. As a result, the District reduced the number of sections in lower elementary and secondary course offerings. Additionally, the District moved 8th grade from Red Hawk Intermediate to Cedar Springs Middle School. This consolidation allowed the District to reduce one administrative position and several support positions. Collectively, the District budgeted four fewer administrative and district level positions and six fewer teaching positions. The CSEA staff received salary increases of a step plus 3.5% to base. The increase to base factored in the addition of two days of instruction. District support staff received a step plus 2.5% to base. Non-union staff received increases in line with the CSEA and district support staff. The District will continue to monitor the impact of declining enrollment. The Board of Education will adopt mid-year and final amendments as necessary to provide appropriate oversight on the District's appropriations.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Cedar Springs Public Schools, 204 E. Muskegon, Cedar Springs, Michigan 49319.

BASIC FINANCIAL STATEMENTS

CEDAR SPRINGS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2024

Governmental Activities

Assets		
Cash and cash equivalents		\$ 41,241,961
Accounts receivable		44,513
Due from other governmental units		8,352,010
Prepaid items		275,510
Inventory		26,602
Net other post-employment benefits asset		1,090,867
Capital assets, net		
Land		893,561
Construction in progress		24,557,702
Buildings and equipment		54,860,322
Intangible right-of-use subscription asset		<u>218,902</u>
Total assets		<u>131,561,950</u>
Deferred outflows of resources		
Deferred charges on refunding		60,618
Deferred outflows related to pensions		16,631,250
Deferred outflows related to other post-employment benefits		<u>5,526,308</u>
Total deferred outflows of resources		<u>22,218,176</u>
Liabilities		
Accounts payable		2,806,133
Accrued liabilities		3,980,699
Due to other governmental units		629,736
Unearned revenue		1,602,364
Debt due within one year		3,427,209
Noncurrent liabilities		
Compensated absences		1,264,598
Net pension liability		61,145,830
Bond premium		6,061,627
Debt due in more than one year		<u>79,902,178</u>
Total liabilities		<u>160,820,374</u>
Deferred inflows of resources		
Deferred inflows related to pensions		6,205,785
Deferred inflows related to other post-employment benefits		<u>8,709,666</u>
Total deferred inflows of resources		<u>14,915,451</u>
Net position		
Net investment in capital assets		15,415,279
Restricted for food service		913,544
Restricted for technology and safety		1,890,686
Restricted for debt service		167,729
Unrestricted deficit		<u>(40,342,937)</u>
Total net position		<u>\$ (21,955,699)</u>

The accompanying notes are an integral part of these financial statements.

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CEDAR SPRINGS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
<u>Primary government</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue</u>
Governmental activities				
Instruction	\$ 24,482,807	\$ -	\$ 13,071,228	\$ (11,411,579)
Support services	18,853,111	76,214	4,849,864	(13,927,033)
Community services	677,253	684,187	-	6,934
Food service	2,095,494	174,446	2,261,007	339,959
Athletics	962,258	151,463	6,693	(804,102)
Interest and fees	<u>2,919,326</u>	<u>-</u>	<u>-</u>	<u>(2,919,326)</u>
 Total governmental activities	 <u>\$ 49,990,249</u>	 <u>\$ 1,086,310</u>	 <u>\$ 20,188,792</u>	 <u>(28,715,147)</u>
 General revenues				
Property taxes				
Operating				3,225,656
Debt				5,811,976
Gain on sale of capital assets				1,000
Unrestricted grants and contributions				27,025,773
Interest earnings				<u>2,301,880</u>
 Total general revenues				 <u>38,366,285</u>
 Change in net position				 9,651,138
 Net position, beginning of year				 <u>(31,606,837)</u>
 Net position, end of year				 <u>\$ (21,955,699)</u>

The accompanying notes are an integral part of these financial statements.

**CEDAR SPRINGS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2024

	<u>General</u>	<u>2023 Building & Site Bonds Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets				
Cash and investments	\$ 12,278,834	\$ 25,102,037	\$ 3,861,090	\$ 41,241,961
Accounts receivable	26,806	-	17,707	44,513
Due from other funds	169,479	80	92,132	261,691
Due from other governmental units	8,309,994	-	42,016	8,352,010
Prepaid items	275,330	-	180	275,510
Inventory	-	-	26,602	26,602
Total assets	<u>\$ 21,060,443</u>	<u>\$ 25,102,117</u>	<u>\$ 4,039,727</u>	<u>\$ 50,202,287</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 598,475	\$ 2,173,398	\$ 34,260	\$ 2,806,133
Due to other governmental units	629,736	-	-	629,736
Accrued liabilities	3,433,300	-	17,966	3,451,266
Due to other funds	92,212	25,000	144,479	261,691
Unearned revenue	1,581,856	-	20,508	1,602,364
Total liabilities	<u>6,335,579</u>	<u>2,198,398</u>	<u>217,213</u>	<u>8,751,190</u>
Fund balances				
Non-spendable				
Inventory	-	-	26,602	26,602
Prepaid items	275,330	-	180	275,510
Restricted				
Food service	-	-	886,762	886,762
Capital projects	-	22,903,719	1,890,686	24,794,405
Debt service	-	-	167,729	167,729
Committed				
Community service	-	-	480,975	480,975
Student/school activity	-	-	369,580	369,580
Assigned				
Subsequent year expenditures	1,088,797	-	-	1,088,797
Unassigned	13,360,737	-	-	13,360,737
Total fund balances	<u>14,724,864</u>	<u>22,903,719</u>	<u>3,822,514</u>	<u>41,451,097</u>
Total liabilities and fund balances	<u>\$ 21,060,443</u>	<u>\$ 25,102,117</u>	<u>\$ 4,039,727</u>	<u>\$ 50,202,287</u>

CEDAR SPRINGS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON
THE STATEMENT OF NET POSITION**

JUNE 30, 2024

Fund balances - total governmental funds	\$ 41,451,097
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - capital assets, net	80,530,487
Certain liabilities and related deferred inflows and deferred outflows are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(1,264,598)
Deduct - bonds, loans and capital leases	(83,329,387)
Deduct - unamortized bond premium	(6,061,627)
Deduct - net pension liability	(61,145,830)
Add - net other post-employment benefits asset	1,090,867
Deduct - deferred inflows related to pensions	(6,205,785)
Deduct - deferred inflows related to other post-employment benefits	(8,709,666)
Add - deferred outflows related to pensions	16,631,250
Add - deferred outflows related to other post-employment benefits	5,526,308
Add - deferred charge on refunding	60,618
Deduct - accrued interest on bonds	<u>(529,433)</u>
Net position of governmental activities	<u>\$ (21,955,699)</u>

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>2023 Building & Site Bonds Capital Projects</u>	<u>Formerly Major 2021 Building & Site Bonds Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Local sources					
Property taxes	\$ 3,225,656	\$ -		\$ 5,811,976	\$ 9,037,632
Investment earnings	14	1,706,885		186,949	1,893,848
Fees and charges	151,463	-		682,117	833,580
Other	4,676,040	-		498,362	5,174,402
State sources	37,532,857	-		1,012,435	38,545,292
Federal sources	2,810,831	-		1,344,802	4,155,633
Total revenues	<u>48,396,861</u>	<u>1,706,885</u>		<u>9,536,641</u>	<u>59,640,387</u>
Expenditures					
Current					
Instruction	26,318,527	-		-	26,318,527
Support services	20,521,642	-		-	20,521,642
Food service	-	-		2,228,527	2,228,527
Community services	11,423	-		665,830	677,253
Student/school activity	-	-		326,549	326,549
Facilities acquisition, construction and improvements	81,988	-		-	81,988
Capital outlay	-	14,666,071		531,203	15,197,274
Debt service					
Principal	31,079	-		3,224,957	3,256,036
Interest and fees	704	16,217		3,447,733	3,464,654
Total expenditures	<u>46,965,363</u>	<u>14,682,288</u>		<u>10,424,799</u>	<u>72,072,450</u>
Revenues over (under) expenditures	<u>1,431,498</u>	<u>(12,975,403)</u>		<u>(888,158)</u>	<u>(12,432,063)</u>
Other financing sources (uses)					
Issuance of bonds, loans and leases	310,054	-		852,070	1,162,124
Sale of capital assets	1,000	-		-	1,000
Total other financing sources (uses)	<u>311,054</u>	<u>-</u>		<u>852,070</u>	<u>1,163,124</u>
Net change in fund balances	<u>1,742,552</u>	<u>(12,975,403)</u>		<u>(36,088)</u>	<u>(11,268,939)</u>
Fund balances, beginning of year, as previously presented	12,982,312	35,879,122	333,332	3,525,270	52,720,036
Change within financial reporting entity	-	-	(333,332)	333,332	-
Fund balances, beginning of year, as restated	<u>12,982,312</u>	<u>35,879,122</u>	<u>-</u>	<u>3,858,602</u>	<u>52,720,036</u>
Fund balances, end of year	<u>\$ 14,724,864</u>	<u>\$ 22,903,719</u>		<u>\$ 3,822,514</u>	<u>\$ 41,451,097</u>

The accompanying notes are an integral part of these financial statements.

**CEDAR 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, 2024

Net changes in fund balances - total governmental funds \$ (11,268,939)

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 those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	16,631,258
Deduct - depreciation expense	(2,983,187)
Deduct - amortization of intangible right-of-use subscription assets	(60,953)

Long-term debt proceeds provide current financial resources to governmental funds in the period issued, but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Deduct - leases issued	(310,054)
Deduct - draws on school loan revolving fund	(852,070)
Add - principal payments on bonds	3,225,000
Add - payments on contractual agreements	41,440
Deduct - interest added to principal balance of school loan revolving fund	(66,572)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in compensated absences	(14,606)
Add - decrease in accrued interest payable	69,073
Add - decrease in net pension liability	9,903,400
Add - decrease in net other post-employment benefits liability/asset	5,022,007
Deduct - decrease in deferred outflows related to pensions	(3,484,241)
Deduct - decrease in deferred outflows related to other post-employment benefits	(315,117)
Deduct - increase in deferred inflows related to pensions	(5,986,522)
Deduct - increase in deferred inflows related to other post-employment benefits	(431,202)
Deduct - amortization of deferred charge on refunding	(16,733)
Add - amortization of bond premium	<u>549,156</u>

Change in net position of governmental activities \$ 9,651,138

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
FIDUCIARY FUND STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Private Purpose <u>Trust</u>
Assets	
Cash and cash equivalents	\$ 144,643
Liabilities	
Accounts payable	<u>500</u>
Net position	<u>\$ 144,143</u>

The accompanying notes are an integral part of these financial statements.

CEDAR SPRINGS PUBLIC SCHOOLS
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Private Purpose <u>Trust</u>
Additions	
Contributions	\$ 1,000
Investment earnings	<u>3,201</u>
Total additions	4,201
Deductions	
Scholarships	<u>3,850</u>
Total deductions	<u>3,850</u>
Change in net position	351
Net position, beginning of year	<u>143,792</u>
Net position, end of year	<u>\$ 144,143</u>

The accompanying notes are an integral part of these financial statements.

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**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cedar Springs Public Schools, Cedar Springs, Michigan (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The District is located primarily in the County of Kent, Michigan. The District provides education and related services to approximately 3,100 students in grades kindergarten through 12th and preschool. The District is governed by a seven-member School Board elected by District residents and is administered by a superintendent appointed by the School Board.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Cedar Springs Public Schools. There are no component units to be included. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues are reported in total. The District has no business-type activities.

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

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

The District reports the following major governmental funds:

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

The *2023 Building & Site Bonds Capital Projects Fund* is used to account for proceeds of bonds and expenditures for school facility improvements.

Additionally, the District reports the following fund types:

CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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

The *Capital Projects Funds* are used to account for the financial resources and activities relating to specific construction projects.

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

The *Private Purpose Trust Fund* is used to account for contributions that are legally restricted for purposes which are outside of the District's normal operating responsibilities.

Measurement Focus and Basis of Accounting

The government-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 provider have been met.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on long-term debt, claims and judgments, benefit plan liabilities, and compensated absences which are recognized when due.

All governmental funds are accounted for on a spending or "flow of current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available, spendable resources".

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available, spendable resources" during a period.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the General fund. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.

CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General and special revenue funds.
5. Budgets for the General and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the District are governed by Michigan Law. The appropriation ordinances are based on the projected expenditures budget of the various functions of the District. Any amendment to the original budget must meet the requirements of Michigan Law. The District did amend its budget for the current fiscal year. Any revisions that alter the total expenditures of any activity must be approved by the School Board.

Cash and Investments

Michigan law and District policy authorizes the District to invest in:

- a. 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. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposit issued by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States or federal agency obligation repurchase agreements, and bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds that are composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

Due to and Due from Other Funds

Interfund receivables and payables are short-term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Service fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time the inventory is consumed.

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

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

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	10-50
Buildings and building improvements	10-50
Furniture and equipment	5-20
Vehicles	5-10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The District also has items that qualify for reporting in this category relating to pension and other post-employment benefits as itemized in Note 6.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has items that qualify for reporting in this category relating to pension and other post-employment benefits as itemized in Note 6.

Unearned Revenue

Funds report *unearned revenue* in connection with resources that have been received but not yet earned.

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Pension and Other post-employment benefits

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to plan, pension and expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS' fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting.

Compensated Absences

Liabilities related to vested sick pay are not recorded in the fund financial statements but are recorded in the statement of net position because they are not expected to be liquidated with expendable available financial resources.

Long-Term Obligations

In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures/expenses regardless of fund or activity.

State Aid Revenue

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by the State of Michigan School Aid Appropriation Act. State funding accounted for 78% of the General fund revenue for the year. A certain portion of State Aid received by the District is restricted to cover specified expenses of the District, including special education costs and retirement costs. The unrestricted portion is for use in the general operations of the District.

Property Taxes

Property taxes are levied as of July 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is September 14, after which time the bills become delinquent and penalties and interest may be assessed by the collection entity. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the District 100% for the delinquent real taxes. Collection of delinquent personal property taxes remains the responsibility of the collecting governments. The District has a total taxable value of approximately \$823 million, on which it levied 17.4373 mills for operations on non-homestead properties and 7.0 mills for debt service on both homestead and non-homestead properties.

Interfund Transactions

CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of

CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District participates in a pool of educational institutions within the State of Michigan for self-insuring property and casualty. The pool is considered a public entity risk pool. The District pays annual premiums under a retrospectively rated policy to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency.

The District continues to carry commercial insurance for other risks of loss, including employee health, worker's disability compensation and accident insurance. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the District's governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by management as authorized by the District's governing board.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

The District's policy is to maintain a minimum fund balance in its General fund of 10% of the preceding year's expenditures. Fund balance in the General fund at June 30, 2024 was 32.1% of the preceding year's expenditures.

Net Position and Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

1. DEFICIT NET POSITION

At year-end the District reported a deficit net position of \$21,955,699.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

State law provides that the District shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the District's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the activity level. The approved budgets of the District for these budgetary funds were adopted at the activity level. During the year ended June 30, 2024, the District incurred expenditures in excess of the amounts appropriated.

General Fund	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
Instruction			
Adult/continuing education	\$ -	\$ 685	\$ 685
Support services			
Instructional staff	2,135,499	2,141,297	5,798
Business services	744,441	810,090	65,649
Central services	1,441,219	1,698,935	257,716
Athletics	947,570	958,361	10,791

3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and investments are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash and cash equivalents	\$16,162,872	\$144,643	\$16,307,515
Investments	- 25,079,089	-	25,079,089
Total	<u>\$41,241,961</u>	<u>\$144,643</u>	<u>\$41,386,604</u>

These deposits and investments are in financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account. They are recorded in District records at fair value.

Deposit risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As of year-end, \$3,656,218 of the District's bank balance of \$16,199,396 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**CEDAR SPRINGS PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024**

Investments

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
MILAF+ MAX Class	N/A	\$ 690	AAAm	S&P
MILAF+ Cash Mgmt Class	N/A	10,085,215	AAAm	S&P
MILAF Managed Account	N/A	<u>14,993,184</u>	AAAm	S&P
		<u>\$25,079,089</u>		

Investment risk

Interest Rate Risk. State law and District policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific securities as identified in Note 1 of the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. Custodial credit risk cannot be determined for the investment listed above as it is a pooled investment account that does not consist of securities that are specifically identifiable to the District.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

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

The District has the following recurring fair value measurements as of year-end.

- The District does not have any investments that are valued using quoted market prices (Level 1 inputs).
- The MILAF investment funds are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

of the securities making up the of investments fund/pool (Level 2 inputs).

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

- The District does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

1. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 893,561	\$ -	\$ -	\$ 893,561
Construction in progress	12,460,355	14,243,689	2,146,342	24,557,702
Total capital assets, not being depreciated	<u>13,353,916</u>	<u>14,243,689</u>	<u>2,146,342</u>	<u>25,451,263</u>
Capital assets, being depreciated				
Land improvements	3,405,205	342,962	-	3,748,167
Buildings and building improvements	87,533,373	3,177,625	-	90,710,998
Furniture and equipment	4,835,825	703,270	-	5,539,095
Vehicles	561,461	-	16,750	544,711
Right-of-use equipment	-	310,054	-	310,054
Total capital assets, being depreciated	<u>96,335,864</u>	<u>4,533,911</u>	<u>16,750</u>	<u>100,853,025</u>
Less accumulated depreciation and amortization for				
Land improvements	2,118,055	176,871	-	2,294,926
Buildings and building improvements	37,015,202	2,393,257	-	39,408,459
Furniture and equipment	3,497,773	380,831	-	3,878,604
Vehicles	369,458	32,228	16,750	384,936
Right-of-use equipment	-	25,778	-	25,778
Total accumulated depreciation and amortization	<u>43,000,488</u>	<u>3,008,965</u>	<u>16,750</u>	<u>45,992,703</u>
Net capital assets, being depreciated	<u>53,335,376</u>	<u>1,524,946</u>	<u>-</u>	<u>54,860,322</u>
Intangible assets				
Right-of-use subscriptions	365,717	-	-	365,717
Less accumulated amortization	85,862	60,953	-	146,815
Net intangible assets	<u>279,855</u>	<u>(60,953)</u>	<u>-</u>	<u>218,902</u>
Governmental activities capital assets, net	<u>\$66,969,147</u>	<u>\$15,707,682</u>	<u>\$2,146,342</u>	<u>\$80,530,487</u>

Depreciation and amortization expense was charged to activities as follows:

Governmental activities	
Instruction	\$1,964,556
Athletics	109,363
Supporting services	945,601
Food services	<u>50,398</u>
Total depreciation expense - governmental activities	<u>\$3,069,918</u>

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

1. PENSION AND OTHER POST-EMPLOYMENT BENEFITS PLAN

Plan Description

The District participates in the Michigan Public School Employees Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan (State) that covers substantially all employees of the District. Certain District employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides post-employment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and 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 for the defined benefit plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced to 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

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

MPERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPERS with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Public Act 300 of 1980, as amended, required the District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Contributions

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to the retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

The District's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees, based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	<u>Pension</u>	<u>OPEB</u>
October 1, 2021-September 30,2022	13.73%-20.14%	7.23%-8.09%
October 1, 2022-September 30,2023	13.75%-20.16%	7.21%-8.07%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The District's required and actual pension contributions to the plan for the year ended September 30, 2023 were \$6,808,871 for the defined benefit plan. For the year ended June 30, 2024, District and employee contributions to the defined contribution pension plan were \$1,097,057 and \$656,341, respectively.

The District's required and actual OPEB contributions to the plan for the year ended September 30, 2023 were \$1,502,179, which include the District's contributions required for those members with a defined contribution benefit. District and employee contributions to the defined contribution OPEB plan were \$180,565 and \$180,565, respectively.

Net Pension Liabilities

At June 30, 2024, the District reported a liability of \$61,145,830 for its proportionate share of the MPSERS net pension liability. The net pension liability for 2024 was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

actuarial valuation rolled forward from September 2022. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, as actuarially determined. At September 30, 2023 and 2022, the District's proportion was 0.18891956% and 0.18891691%, respectively, representing an increase of 0.0000265%.

Net OPEB Liabilities

At June 30, 2024, the District reported a liability of \$(1,090,867), for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2022. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, as actuarially determined. At September 30, 2023 and 2022, the District's proportion was 0.19283544% and 0.18560075%, respectively, representing an increase of 0.00723469%.

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

For the year ended June 30, 2024, the District recognized pension expense of \$7,939,872. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between actual and expected experience	\$ 1,930,187	\$ 93,666
Changes of assumptions	8,285,538	4,777,253
Net difference between projected and actual earnings on pension plan Investments	-	1,251,242
Changes in proportion and differences between employer contributions and proportionate share of contributions	282,005	83,624
Employer contributions subsequent to the measurement date	<u>6,133,520</u>	
Total	<u>\$16,631,250</u>	<u>\$6,205,786</u>

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$1,546,312
2025	981,914
2026	2,656,957
2027	(893,238)

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

For the year ended June 30, 2024, the District recognized OPEB expense of (\$1,851,156). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$8,243,151
Changes of assumptions	2,428,460	292,433
Net difference between projected and actual earnings on OPEB plan investments	3,326	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	437,073	174,082
Employer contributions subsequent to the measurement date	<u>2,657,449</u>	
Total	<u>\$5,526,308</u>	<u>\$8,709,666</u>

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

Year Ending September 30,	Amount
2024	\$(1,883,646)
2025	(1,813,195)
2026	(702,376)
2027	(688,147)
2028	(501,781)
Thereafter	(251,662)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Investment Rate of Return:	
Pension:	6% net of investment expenses
OPEB:	6% net of investment expenses
Healthcare cost trend rate:	
Pre-65:	7.5% year 1 graded to 3.5% year 15
Post-65:	6.25% year 1 graded to 3.5% year 15

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
Retirees:	PubT-2010 Male and Female Employee Morality Tables, scaled 116% for males and females and adjusted for morality improvements using projection scale MP-2021 from 2010
Active:	PubT-2010 Male and Female Employee Morality Tables, scaled 100% and adjusted for morality improvements using projection scale MP-2021 from 2010

Assumption changes as a result of an experience study for the period 2012 to 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation.

Assumption changes as a result of an experience study for the period 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Discount Rate

The MPSERS Board adopted a dedicated gains policy to lower the discount rate in years where investment returns exceed the current assumption. The MPSERS Board modified the dedicated gains policy to limit the reduction in the discount rate to no lower than 6%. A single discount rate of 6% was used to measure the total pension and OPEB liabilities as of September 30, 2023. In plan fiscal year 2021 a discount rate from 6% to 6.95% (depending on the plan) was used to measure the pension and OPEB liabilities. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan and 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity Pools	25.0%	5.8%
Private Equity Pools	16.0%	9.6%
International Equity Pools	15.0%	6.8%
Fixed Income Pools	13.0%	1.3%
Real Estate and Infrastructure Pools	10.0%	6.4%
Absolute Return Pools	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	7.3%
Short Term Investment Pools	<u>2.0%</u>	0.3%
	100%	

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

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Sensitivity 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 on the plan option. The following also reflects what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

1% Decrease 5.0%	Discount Rate 6.0%	1% Increase 7.0%
\$82,607,837	\$61,145,830	\$43,277,933

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

1% Decrease 5.0%	Current Discount Rate 6.0%	1% Increase 7.0%
\$1,130,902	\$(1,090,867)	\$(3,000,259)

Sensitivity 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 the 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 higher:

1% Decrease	Current Rate	1% Increase
\$(3,005,020)	\$(1,090,867)	\$980,874

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payables to the Pension Plan and OPEB Plan

At June 30, 2024, the District reported a payable of \$785,462 and \$356,385 for the outstanding amount of contributions to the pension and OPEB plans, respectively, required for the year ended June 30, 2024, consisting of pension and OPEB contributions payable plus any other amounts owed to the plans including the UAAL payments for July and August 2024.

1. LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Publicly placed bonds					
\$10,460,000 2012 Refunding General Obligation Bonds due in annual installments ranging from \$670,000 to \$1,380,000 through May 2024; plus interest at 4.0%	\$ 1,355,000	\$ -	\$1,355,000	\$ -	\$ -

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
\$6,835,000 2016 Refunding General Obligation Bonds, Series A due in annual installments ranging from \$330,000 to \$1,380,000 through May 2032; plus interest at 4.0%	4,435,000	-	-	4,435,000	-
\$7,060,000 2017 Refunding General Obligation Bonds due in annual installments ranging from \$1,065,000 to \$1,400,000 through November 2029; plus interest at 4.000% to 4.125%	6,595,000	-	-	6,595,000	1,400,000
\$6,415,000 2018 Refunding General Obligation Bonds, due in annual installments ranging from \$970,000 to \$1,115,000 through May 2024; plus interest at 4.0% to 5.0%	1,070,000	-	1,070,000	-	-
\$6,100,000 2019 Refunding General Obligation Bonds, due in annual installments ranging from \$355,000 to \$1,845,000 through November 2026; plus interest at 2.00% to 2.14%	5,745,000	-	490,000	5,255,000	1,655,000
\$28,550,000 2021 School Building and Site General Obligation Bonds Series I, due in annual installments ranging from \$220,000 to \$1,250,000 through November 2050; plus interest at 3.0% to 5.0%	28,550,000	-	220,000	28,330,000	230,000
\$3,040,000 2021 Refunding General Obligation Bonds, due in annual installments ranging from \$575,000 to \$1,890,000 through May 2028; plus interest at 1.02% to 1.56%	3,040,000	-	-	3,040,000	-
\$33,250,000 2023 School Building and Site General Obligation Bonds Series II, due in annual installments ranging from \$90,000 to \$1,900,000 through November 2050; plus interest at 4.5% to 5.0%	\$33,250,000	\$ -	\$ 90,000	\$33,160,000	\$ 90,000
Total publicly placed bonds	84,040,000	-	3,225,000	80,815,000	3,375,000

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Direct placements and direct borrowings					
School loan revolving fund	1,311,469	918,642	-	2,230,111	-
Other debt					
Unamortized premium	6,610,783	-	549,156	6,061,627	-
Contractual agreement	41,440	-	41,440	-	-
Lease payable	-	310,054	25,778	284,276	52,209
Compensated absences	1,249,992	14,606	-	1,264,598	-
Total	<u>\$93,253,684</u>	<u>\$1,243,302</u>	<u>\$3,841,374</u>	<u>\$90,655,612</u>	<u>\$3,427,209</u>

Borrowing through the school loan revolving fund is facilitated through the State of Michigan. This borrowing was necessary when debt service requirements exceeded debt service funding within allowable debt millage limits. Payment of the school loan revolving fund balances is required as debt service funding within allowable debt millage limits becomes available. The balances of school loan revolving fund payable above includes accrued interest on these borrowings to date.

The outstanding direct placements and direct borrowings contain a provision that in the event of default or the unavailability or insufficiency of funds, the notes are payable from taxes levied within the District's constitutional and statutory limitations or from its unencumbered funds. The District has pledged its limited full faith and credit.

The District leases copiers in two leases that require monthly payments. The first lease requires monthly payments until February 2028. The second lease requires monthly payments until January 2029.

Compensated absences are expected to be liquidated with General fund resources.

The annual requirements to amortize all bonds and leases as of June 30, 2024 are as follows:

	Public Placement Bonds		Right-of-Use Lease	
	Principal	Interest	Principal	Interest
2025	\$3,375,000	\$ 3,159,635	\$ 52,209	\$28,679
2026	4,050,000	3,052,243	58,248	22,640
2027	4,130,000	2,929,986	64,985	15,902
2028	4,405,000	2,810,184	69,061	8,432
2029	2,480,000	2,667,975	39,773	1,471
2030-2034	12,505,000	11,759,400	-	-
2035-2039	14,190,000	9,144,350	-	-
2040-2044	15,635,000	6,022,575	-	-
2045-2049	15,050,000	2,771,850	-	-
2050-2051	4,995,000	280,975	-	-
Total	<u>\$80,815,000</u>	<u>\$44,599,173</u>	<u>\$284,276</u>	<u>\$77,124</u>

**CEDAR SPRINGS PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024**

1. BOND COMPLIANCE

The 2021 Building & Site Bonds Capital Projects fund of the District includes 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 Revised School Code.

The 2023 Building & Site Bonds Capital Projects fund of the District includes 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 Revised School Code.

2. SINKING FUND COMPLIANCE

The District's Sinking Fund Capital Projects Fund records capital project activities funded with a previous Sinking Fund millage that was not renewed. For this fund, the District has complied with the applicable provisions of Section 1212 of the Revised School Code.

3. INTERFUND TRANSACTIONS

Interfund receivables and payables are utilized to facilitate temporary cash flow needs between funds. Amounts due to and from other funds at June 30, 2024 are as follows:

<u>Receivable</u>	<u>Payable</u>			<u>Total</u>
	<u>General fund</u>	<u>2023 Building & Site Bonds Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$25,000	\$144,479	\$169,479
2023 Building & Site Bonds Fund	80	-	-	80
Nonmajor Funds	<u>92,132</u>	<u>-</u>	<u>-</u>	<u>92,132</u>
Total	<u>\$92,212</u>	<u>\$25,000</u>	<u>\$144,479</u>	<u>\$261,691</u>

1. CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management believes such disallowances, if any, will not be material to the financial position of the District.

**CEDAR SPRINGS PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

2. TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions granted by various cities and townships in the Counties of Kent and Newaygo. IFT exemptions entered into under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An IFT certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government and is computed at half the local property tax millage rate, amounting to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2024, the District's property tax revenues were reduced by the following as a result of Industrial Facilities Tax exemptions:

<u>Municipality</u>	<u>Amount</u>
Algoma Township	\$18,704
City of Cedar Springs	21,249

The District is reimbursed from the State of Michigan under the school aid formula for lost revenue caused by tax abatements on the operating millage of non-homestead properties. The District is not reimbursed for lost revenue from building and site or debt service millages. There are no abatements made by the District.

3. RESTATEMENT OF FUND BALANCE

Beginning fund balances were changed to recognize the 2021 Building & Site Bonds capital project fund change from a major fund to a nonmajor fund.

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REQUIRED SUPPLEMENTARY INFORMATION

CEDAR SPRINGS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND
ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources				
Property taxes	\$ 3,117,368	\$ 3,225,081	\$ 3,225,656	\$ 575
Investment earnings	-	13	14	1
Fees and charges	171,244	151,332	151,463	131
Other	4,458,965	4,635,397	4,676,040	40,643
State sources	36,361,300	37,512,623	37,532,857	20,234
Federal sources	<u>2,931,532</u>	<u>2,807,960</u>	<u>2,810,831</u>	<u>2,871</u>
Total revenues	<u>47,040,408</u>	<u>48,332,406</u>	<u>48,396,861</u>	<u>64,455</u>
Expenditures				
Current				
Instruction				
Basic programs	20,927,684	20,500,481	20,281,084	219,397
Added needs	5,783,060	6,277,987	6,036,758	241,229
Adult/continuing education	-	-	685	(685)
Support services				
Pupil service	3,203,902	3,059,327	3,012,687	46,640
Instructional staff	1,940,205	2,135,499	2,141,297	(5,798)
General administration	514,479	528,928	497,150	31,778
School administration	3,049,623	2,885,304	2,828,392	56,912
Business services	680,035	744,441	810,090	(65,649)
Operations and maintenance	5,861,720	5,428,483	5,240,481	188,002
Pupil transportation services	3,528,556	3,339,525	3,334,249	5,276
Central services	1,406,030	1,441,219	1,698,935	(257,716)
Athletics	940,522	947,570	958,361	(10,791)
Community services	16,802	12,557	11,423	1,134
Facilities acquisition, construction and improvements	-	81,988	81,988	-
Debt service				
Principal	60,461	60,461	31,079	29,382
Interest	<u>4,219</u>	<u>4,219</u>	<u>704</u>	<u>3,515</u>
Total expenditures	<u>47,917,299</u>	<u>47,447,989</u>	<u>46,965,363</u>	<u>482,626</u>
Revenues over (under) expenditures	(876,891)	884,417	1,431,498	547,081
Other financing sources (uses)				
Issuance of note payable	-	-	310,054	310,054
Sale of capital assets	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Net changes in fund balance	(876,891)	884,417	1,742,552	858,135
Fund balance, beginning of year	<u>12,982,312</u>	<u>12,982,312</u>	<u>12,982,312</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,105,421</u>	<u>\$ 13,866,729</u>	<u>\$ 14,724,864</u>	<u>\$ 858,135</u>

**CEDAR SPRINGS PUBLIC SCHOOLS
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (%)	0.1889196%	0.1889169%	0.1889321%	0.1870489%	0.1837759%	0.1838183%	0.1888831%	0.1924100%	0.1857320%	0.1839200%
District's proportionate share of the net pension liability	\$ 61,145,830	\$ 71,049,230	\$ 44,730,463	\$ 64,253,346	\$ 60,860,383	\$ 55,259,093	\$ 48,947,641	\$ 48,005,367	\$ 45,365,210	\$ 40,511,266
District's covered payroll	19,486,410	18,157,096	17,227,142	16,724,179	16,331,077	15,440,276	15,614,667	16,535,695	16,020,050	15,655,706
District's proportionate share of the net pension liability as a percentage of its covered payroll (%)	313.79%	391.30%	259.65%	384.19%	372.67%	357.89%	313.47%	290.31%	283.18%	258.76%
Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Notes to schedule:

Amounts were determined as of September 30 of each fiscal year.
 Changes of benefit terms: There were no changes of benefit terms in 2023.
 Changes of assumptions: There were no changes of benefit assumptions in 2023.

**CEDAR SPRINGS PUBLIC SCHOOLS
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 6,808,871	\$ 6,429,951	\$ 5,672,918	\$ 5,140,348	\$ 4,882,077	\$ 5,005,411	\$ 4,430,311	\$ 4,699,847	\$ 4,098,226	\$ 3,403,684
Contributions in relation to statutorily required contributions *	<u>6,808,871</u>	<u>6,429,951</u>	<u>5,672,918</u>	<u>5,140,348</u>	<u>4,882,077</u>	<u>5,005,411</u>	<u>4,430,311</u>	<u>4,699,847</u>	<u>4,098,226</u>	<u>3,403,684</u>
Contribution deficiency (excess)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
District's covered payroll	\$ 20,221,363	\$ 19,749,702	\$ 17,932,799	\$ 17,005,937	\$ 16,473,262	\$ 16,185,818	\$ 15,319,061	\$ 15,692,167	\$ 15,817,331	\$ 15,569,909
Contributions as a percentage of covered payroll	33.7%	32.6%	31.6%	30.2%	29.6%	30.9%	28.9%	30.0%	25.9%	21.9%

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

Notes to schedule:

Amounts were determined as of June 30 of each fiscal year.

**CEDAR SPRINGS PUBLIC SCHOOLS
OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF DISTRICT'S
PROPORTIONATE SHARE OF
NET OPEB LIABILITY**

FOR THE YEAR ENDED JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability (%)	0.1928354%	0.1856008%	0.1895160%	0.1880664%	0.1865140%	0.1811828%	0.1898231%
District's proportionate share of the net OPEB liability	\$ (1,090,867)	\$ 3,931,140	\$ 2,892,731	\$ 10,075,220	\$ 13,387,501	\$ 14,402,131	\$ 16,809,733
District's covered payroll	\$ 19,486,410	\$ 18,157,096	\$ 17,227,142	\$ 16,724,179	\$ 16,331,077	\$ 15,440,276	\$ 15,614,667
District's proportionate share of the net OPEB liability as a percentage of its covered payroll (%)	-5.60%	21.65%	16.79%	60.24%	81.98%	93.28%	107.65%
Plan fiduciary net position as a percentage of total OPEB liability	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Notes to schedule:

Amounts were determined as of September 30 of each fiscal year.
Changes of benefit terms: There were no changes of benefit terms in 2023.
Changes of assumptions: There were no changes of benefit assumptions in 2023.
This schedule is being accumulated prospectively until ten years of data is presented.

CEDAR SPRINGS PUBLIC SCHOOLS
OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 1,502,179	\$ 1,413,783	\$ 1,406,862	\$ 1,328,736	\$ 1,280,619	\$ 1,176,051	\$ 1,477,853
Contributions in relation to statutorily required contributions *	<u>1,502,179</u>	<u>1,413,783</u>	<u>1,406,862</u>	<u>1,328,736</u>	<u>1,280,619</u>	<u>1,176,051</u>	<u>1,477,853</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,221,363	\$ 19,749,702	\$ 17,932,799	\$ 17,005,937	\$ 16,473,262	\$ 16,185,818	\$ 15,319,061
Contributions as a percentage of covered payroll	7.4%	7.2%	7.8%	7.8%	7.8%	7.3%	9.6%

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

Notes to schedule:

Amounts were determined as of June 30 of each fiscal year.
This schedule is being accumulated prospectively until ten years of data is presented.

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COMBINING FUND FINANCIAL STATEMENTS

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CEDAR SPRINGS PUBLIC SCHOOLS
GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

JUNE 30, 2024

	Special Revenue			Capital Projects		
	Food Service	Community Service	Student/School Activity	Sinking Fund	2021 Building & Site Bonds	2012 Refunding Bonds
Assets						
Cash and cash equivalents	\$ 938,106	\$ 474,551	\$ 390,018	\$ 1,886,517	\$ 4,169	\$ 36,767
Accounts receivable	-	17,707	-	-	-	-
Due from other funds	81,711	9,421	1,000	-	-	-
Due from other governmental units	36,675	5,341	-	-	-	-
Prepaid items	180	-	-	-	-	-
Inventory	26,602	-	-	-	-	-
Total assets	<u>\$ 1,083,274</u>	<u>\$ 507,020</u>	<u>\$ 391,018</u>	<u>\$ 1,886,517</u>	<u>\$ 4,169</u>	<u>\$ 36,767</u>
Liabilities and fund balance						
Liabilities						
Accounts payable	\$ 15,231	\$ 2,250	\$ 16,779	\$ -	\$ -	\$ -
Accrued liabilities	29	17,937	-	-	-	-
Due to other funds	133,962	5,858	4,659	-	-	-
Unearned revenue	20,508	-	-	-	-	-
Total liabilities	<u>169,730</u>	<u>26,045</u>	<u>21,438</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Non-spendable						
Inventory	26,602	-	-	-	-	-
Prepaid items	180	-	-	-	-	-
Restricted						
Food service	886,762	-	-	-	-	-
Capital projects	-	-	-	1,886,517	4,169	-
Debt service	-	-	-	-	-	36,767
Committed						
Community service	-	480,975	-	-	-	-
Student/school activity	-	-	369,580	-	-	-
Total fund balances	<u>913,544</u>	<u>480,975</u>	<u>369,580</u>	<u>1,886,517</u>	<u>4,169</u>	<u>36,767</u>
Total liabilities and fund balances	<u>\$ 1,083,274</u>	<u>\$ 507,020</u>	<u>\$ 391,018</u>	<u>\$ 1,886,517</u>	<u>\$ 4,169</u>	<u>\$ 36,767</u>

Debt Service							
2016A Refunding Bonds	2017 Refunding Bonds	2018 Refunding Bonds	2019 Refunding Bonds	2021 Refunding Bonds	2021 Building and Site Bonds	2023 Building and Site Bonds	Total
\$ 2,061	\$ 4,487	\$ 27,723	\$ 14,653	\$ 281	\$ 31,964	\$ 49,793	\$ 3,861,090
-	-	-	-	-	-	-	17,707
-	-	-	-	-	-	-	92,132
-	-	-	-	-	-	-	42,016
-	-	-	-	-	-	-	180
-	-	-	-	-	-	-	26,602
<u>\$ 2,061</u>	<u>\$ 4,487</u>	<u>\$ 27,723</u>	<u>\$ 14,653</u>	<u>\$ 281</u>	<u>\$ 31,964</u>	<u>\$ 49,793</u>	<u>\$ 4,039,727</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,260
-	-	-	-	-	-	-	17,966
-	-	-	-	-	-	-	144,479
-	-	-	-	-	-	-	20,508
-	-	-	-	-	-	-	217,213
-	-	-	-	-	-	-	26,602
-	-	-	-	-	-	-	180
-	-	-	-	-	-	-	886,762
-	-	-	-	-	-	-	1,890,686
2,061	4,487	27,723	14,653	281	31,964	49,793	167,729
-	-	-	-	-	-	-	480,975
-	-	-	-	-	-	-	369,580
<u>2,061</u>	<u>4,487</u>	<u>27,723</u>	<u>14,653</u>	<u>281</u>	<u>31,964</u>	<u>49,793</u>	<u>3,822,514</u>
<u>\$ 2,061</u>	<u>\$ 4,487</u>	<u>\$ 27,723</u>	<u>\$ 14,653</u>	<u>\$ 281</u>	<u>\$ 31,964</u>	<u>\$ 49,793</u>	<u>\$ 4,039,727</u>

CEDAR SPRINGS PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue			Capital Projects		
	Food Service	Community Service	Student/School Activity	Sinking Fund	2021 Building & Site Bonds	2012 Refunding Bonds
Revenues						
Local sources						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,262,028
Investment earnings	-	-	-	70,834	26,431	21,431
Fees and charges	158,978	523,139	-	-	-	-
Other	15,470	64,816	418,076	-	-	-
State sources	941,203	71,232	-	-	-	-
Federal sources	1,319,802	25,000	-	-	-	-
Total revenues	<u>2,435,453</u>	<u>684,187</u>	<u>418,076</u>	<u>70,834</u>	<u>26,431</u>	<u>1,283,459</u>
Expenditures						
Current						
Food service	2,228,527	-	-	-	-	-
Community service	-	665,830	-	-	-	-
Student/school activity	-	-	326,549	-	-	-
Capital outlay	-	-	-	175,663	355,540	-
Debt service						
Principal	-	-	-	-	-	1,354,957
Interest and fees	-	-	-	-	54	53,462
Total expenditures	<u>2,228,527</u>	<u>665,830</u>	<u>326,549</u>	<u>175,663</u>	<u>355,594</u>	<u>1,408,419</u>
Revenues over (under) expenditures	206,926	18,357	91,527	(104,829)	(329,163)	(124,960)
Other financing sources (uses)						
Issuance of bonds and loan	-	-	-	-	-	146,291
Net changes in fund balances	<u>206,926</u>	<u>18,357</u>	<u>91,527</u>	<u>(104,829)</u>	<u>(329,163)</u>	<u>21,331</u>
Fund balances, beginning of year, as previously reported	706,618	462,618	278,053	1,991,346	-	15,436
Change within financial reporting entity	-	-	-	-	333,332	-
Fund balances, beginning of year, as restated	<u>706,618</u>	<u>462,618</u>	<u>278,053</u>	<u>1,991,346</u>	<u>333,332</u>	<u>15,436</u>
Fund balances, end of year	<u>\$ 913,544</u>	<u>\$ 480,975</u>	<u>\$ 369,580</u>	<u>\$ 1,886,517</u>	<u>\$ 4,169</u>	<u>\$ 36,767</u>

Debt Service							
2016A	2017	2018	2019	2021	2021	2023	
Refunding	Refunding	Refunding	Refunding	Refunding	Building and	Building and	Total
Bonds	Bonds	Bonds	Bonds	Bonds	Site Bonds	Site Bonds	
\$ 66,424	\$ 149,449	\$ 988,036	\$ 498,169	\$ 8,306	\$ 1,095,971	\$ 1,743,593	\$ 5,811,976
1,082	2,168	15,734	6,946	177	17,028	25,118	186,949
-	-	-	-	-	-	-	682,117
-	-	-	-	-	-	-	498,362
-	-	-	-	-	-	-	1,012,435
-	-	-	-	-	-	-	1,344,802
<u>67,506</u>	<u>151,617</u>	<u>1,003,770</u>	<u>505,115</u>	<u>8,483</u>	<u>1,112,999</u>	<u>1,768,711</u>	<u>9,536,641</u>
-	-	-	-	-	-	-	2,228,527
-	-	-	-	-	-	-	665,830
-	-	-	-	-	-	-	326,549
-	-	-	-	-	-	-	531,203
-	-	1,070,000	490,000	-	220,000	90,000	3,224,957
<u>177,900</u>	<u>264,299</u>	<u>53,500</u>	<u>115,666</u>	<u>43,784</u>	<u>963,700</u>	<u>1,775,368</u>	<u>3,447,733</u>
<u>177,900</u>	<u>264,299</u>	<u>1,123,500</u>	<u>605,666</u>	<u>43,784</u>	<u>1,183,700</u>	<u>1,865,368</u>	<u>10,424,799</u>
(110,394)	(112,682)	(119,730)	(100,551)	(35,301)	(70,701)	(96,657)	(888,158)
<u>100,293</u>	<u>105,253</u>	<u>134,389</u>	<u>104,789</u>	<u>29,662</u>	<u>85,548</u>	<u>145,845</u>	<u>852,070</u>
<u>(10,101)</u>	<u>(7,429)</u>	<u>14,659</u>	<u>4,238</u>	<u>(5,639)</u>	<u>14,847</u>	<u>49,188</u>	<u>(36,088)</u>
12,162	11,916	13,064	10,415	5,920	17,117	605	3,525,270
-	-	-	-	-	-	-	333,332
<u>12,162</u>	<u>11,916</u>	<u>13,064</u>	<u>10,415</u>	<u>5,920</u>	<u>17,117</u>	<u>605</u>	<u>3,858,602</u>
<u>\$ 2,061</u>	<u>\$ 4,487</u>	<u>\$ 27,723</u>	<u>\$ 14,653</u>	<u>\$ 281</u>	<u>\$ 31,964</u>	<u>\$ 49,793</u>	<u>\$ 3,822,514</u>

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SINGLE AUDIT SECTION



Vredevelde Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredevelde, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

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

October 18, 2024

Members of the Board of Education
Cedar Springs Public Schools
Cedar Springs, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Springs Public Schools, Cedar Springs, Michigan (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ordebold Haefner LLC



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

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

October 18, 2024

Members of the Board of Education
Cedar Springs Public Schools
Cedar Springs, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with

generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will

always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Uredexeld Haefner LLC

CEDAR SPRINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal Assistance Listing Number	Approved Grant Award Amount	Accrued (Deferred) Revenue 7/1/2023	Adjustments	Current Year Receipts (Cash Basis)	Expenditures (Accrual Basis)		Accrued (Deferred) Revenue 6/30/2024
						(Memo Only) Prior Year	Current Year	
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I	84.010							
231530-2223		415,229	56,420	-	56,420	407,898	-	-
241530-2324		406,587			149,009	-	378,750	229,741
Total Title I		821,816	56,420	-	205,429	407,898	378,750	229,741
Title II, Improving Teacher Quality	84.367							
230520-2223		159,355	14,481	-	14,481	77,242	-	-
240520-2324		166,826	-	(415)	-	-	166,826	166,411
Total Title II		326,181	14,481	(415)	14,481	77,242	166,826	166,411
Title IV, Part A SSAE	84.424							
230750-2223		26,028	7,330	-	7,330	25,793	-	-
240750-2324		29,369	-	-	-	-	29,369	29,369
Total Title IV, Part A SSAE		55,397	7,330	-	7,330	25,793	29,369	29,369
ESSER II	84.425D							
213712-2021		1,226,722	13,195	-	13,195	69,643	-	-
213722-2122		308,550	-	-	20,268	14,267	20,268	-
213752-2122		25,000	-	-	25,000	-	25,000	-
213782-2223		172,140	160,709	-	172,140	160,709	11,431	-
Total ESSER II		1,732,412	173,904	-	230,603	244,619	56,699	-
ARP/ESSER III	84.425U							
213713-2122		2,757,003	49,312	-	416,590	1,081,691	728,118	360,840
Total ARP/ESSER III		2,757,003	49,312	-	416,590	1,081,691	728,118	360,840
ESSER III 11t	84.425U							
213723-2122		1,110,348	123,110	-	334,377	660,759	449,589	238,322
Total ESSER III 11t		1,110,348	123,110	-	334,377	660,759	449,589	238,322
MV ARP Homeless II	84.425W							
211012-2122		30,195	-	-	-	-	19,330	19,330
Total MV ARP Homeless II		30,195	-	-	-	-	19,330	19,330
Total passed through Michigan Department of Education		6,833,352	424,557	(415)	1,208,810	2,498,002	1,828,681	1,044,013
Passed through Kent Intermediate School District								
Special Education Cluster								
IDEA Grants to States	84.027A							
230450-2223		887,250	210,503	-	210,503	887,250	-	-
230450-2324		909,846	-	-	742,097	-	906,519	164,422
Total IDEA Grants to States		1,797,096	210,503	-	952,600	887,250	906,519	164,422

(continued)

CEDAR SPRINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal Assistance Listing Number	Approved Grant Award Amount	Accrued (Deferred) Revenue 7/1/2023	Adjustments	Current Year Receipts (Cash Basis)	Expenditures (Accrual Basis)		Accrued (Deferred) Revenue 6/30/2024
						(Memo Only) Prior Year	Current Year	
IDEA Preschool 230460-2223 230460-2324	84.173A	28,676 20,880	6,299 -	- -	6,299 19,932	28,676 -	- 20,880	- 948
Total IDEA Preschool		49,556	6,299	-	26,231	28,676	20,880	948
IDEA ARP Flowthrough 231280-22-23	84.027x	110,330	24,277	-	24,277	110,330	-	-
Total IDEA ARP Flowthrough		110,330	24,277	-	24,277	110,330	-	-
IDEA ARP Preschool 231285-22-23	84.173x	4,588	1,011	-	1,011	4,588	-	-
Total IDEA ARP Preschool		4,588	1,011	-	1,011	4,588	-	-
Total Special Education Cluster		1,961,570	242,090	-	1,004,119	1,030,844	927,399	165,370
Total U.S. Department of Education		8,794,922	666,647	(415)	2,212,929	3,528,846	2,756,080	1,209,383
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Nutrition Cluster								
Non-Cash Assistance (USDA Commodities)								
Entitlement Commodities	10.555	131,955	-	-	131,955	-	131,955	-
Entitlement Commodities Bonus		1,709	-	-	1,709	-	1,709	-
		133,664	-	-	133,664	-	133,664	-
Cash Assistance								
SFSP Operating								
230900	10.559	23,523	14,659	-	23,611	14,659	8,952	-
240900		23,832	-	-	-	-	14,571	14,571
Total SFSP - Operating		47,355	14,659	-	23,611	14,659	23,523	14,571
National School Lunch Program								
231960	10.555	112,505	-	-	112,505	-	112,505	-
241960		636,304	-	-	636,304	-	636,304	-
Total National School Lunch Program		748,809	-	-	748,809	-	748,809	-
School Breakfast Program								
231970	10.553	43,546	-	-	43,546	-	43,546	-
241970		277,409	-	-	277,409	-	277,409	-
Total School Breakfast Program		320,955	-	-	320,955	-	320,955	-
NSLP - Afterschool Snacks								
231980	10.555	1,148	-	-	1,148	-	1,148	-
241980		6,830	-	-	6,830	-	6,830	-
Total NSLP - Afterschool Snacks		7,978	-	-	7,978	-	7,978	-

(continued)

CEDAR SPRINGS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal Assistance Listing Number	Approved Grant Award Amount	Accrued (Deferred) Revenue 7/1/2023	Adjustments	Current Year Receipts (Cash Basis)	Expenditures (Accrual Basis)		Accrued (Deferred) Revenue 6/30/2024
						(Memo Only) Prior Year	Current Year	
Supply Chain Assistance 240910	10.555	84,873	-	-	84,873	-	84,873	-
Total Supply Chain Assistance		84,873	-	-	84,873	-	84,873	-
Total Cash Assistance		1,209,970	14,659	-	1,186,226	14,659	1,186,138	14,571
Total Nutrition Cluster		1,343,634	14,659	-	1,319,890	14,659	1,319,802	14,571
Total U.S. Department of Agriculture		1,343,634	14,659	-	1,319,890	14,659	1,319,802	14,571
U.S. Department of Health and Human Services Passed through Kent Intermediate School District								
Medical Assistance Program 1718	93.778	23,864	13,749	-	37,616	13,749	23,867	-
Total Medical Assistance Program		23,864	13,749	-	37,616	13,749	23,867	-
Epidemiology and Laboratory Capacity for Infectious Diseases 232810-HRA2023 242810-HRA2024	93.323	91,577 99,205	39,891 -	- -	39,891 52,858	91,577 -	- 52,858	- -
Total Epidemiology and Laboratory Capacity for Infectious Diseases		190,782	39,891	-	92,749	91,577	52,858	-
Total U.S. Department of Health and Human Services		214,646	53,640	-	130,365	105,326	76,725	-
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 10,353,202	\$ 734,946	\$ (415)	\$ 3,663,184	\$ 3,648,831	\$ 4,152,607	\$ 1,223,954

(concluded)

Cedar Springs Public Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE
YEAR ENDED JUNE 30, 2024

1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.
2. Management has utilized the Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.
3. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per the Schedule of Expenditures of Federal Awards:

Revenues from federal sources per governmental fund financial statements	\$ 4,155,633
Adjustment reported on the Schedule of Expenditures of Federal Awards	415
Federal revenues not included on the Schedule of Expenditures of Federal Awards as the District is not a subrecipient of the pass through entity	<u>(3,441)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 4,152,607</u>

4. The District did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED
JUNE 30, 2024**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	_____ yes	<u> X </u> no

Identification of major programs:

Assistance Listing Number(s)

84.027; 84.173

Name of Federal Program or Cluster

Special Education Cluster

Dollar threshold used to distinguish between Type A and B programs:

 \$750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None noted