
Grosse Pointe Public School System

**Financial Report
with Supplemental Information
June 30, 2021**

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Independent Auditor's Report

To the Board of Education
Grosse Pointe Public School System

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Grosse Pointe Public School System (the "School District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Grosse Pointe Public School System's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of Grosse Pointe Public School System as of June 30, 2021 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education
Grosse Pointe Public School System

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grosse Pointe Public School System's basic financial statements. The other supplemental information, as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental 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. Such 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 on our consideration of Grosse Pointe Public School System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Grosse Pointe Public School System'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 Grosse Pointe Public School System's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 27, 2021

This section of Grosse Pointe Public School System's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Grosse Pointe Public School System financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the 2019 School Building and Site Bond Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Other Supplemental Information

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Services Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
Assets		
Current and other assets	\$ 77.1	\$ 104.3
Capital assets	96.3	72.0
Total assets	173.4	176.3
Deferred Outflows of Resources	58.0	68.9
Liabilities		
Current liabilities	23.3	21.6
Noncurrent liabilities	89.2	93.8
Net pension liability	209.4	205.1
Net OPEB liability	32.4	44.1
Total liabilities	354.3	364.6
Deferred Inflows of Resources	38.8	37.0
Net Position (Deficit)		
Net investment in capital assets	43.3	38.9
Restricted	5.1	4.1
Unrestricted	(210.1)	(199.4)
Total net position (deficit)	\$ (161.7)	\$ (156.4)

Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(161.7) million at June 30, 2021. Net investment in capital assets totaling \$43.3 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(210.1) million) was unrestricted.

The \$(210.1) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension and OPEB liabilities will have significant impacts on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 1.9	\$ 2.5
Operating grants	21.3	22.6
General revenue:		
Taxes	35.9	33.6
State aid not restricted to specific purposes	61.4	56.6
Other	5.2	7.0
Total revenue	125.7	122.3
Expenses		
Instruction	73.5	67.8
Support services	45.0	45.5
Athletics	1.7	1.7
Food services	0.7	1.0
Community services	2.4	2.7
Debt service	3.1	3.9
Depreciation expense (unallocated)	4.6	4.7
Total expenses	131.0	127.3
Change in Net Position	(5.3)	(5.0)
Net Position (Deficit) - Beginning of year	(156.4)	(151.4)
Net Position (Deficit) - End of year	\$ (161.7)	\$ (156.4)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$131.0 million. Certain activities were partially funded from those who benefited from the programs (\$1.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$21.3 million). We paid for the remaining public benefit portion of our governmental activities with \$35.9 million in taxes, \$61.4 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

The School District experienced a decrease in net position of \$5.3 million. A key reason for the change in net position was attributed to changes in net pension liability and related deferred inflows and outflows of \$10.0 million and net other postemployment benefit programs (OPEB) of \$(5.9 million) associated with our required participation in the Michigan Public School Employees' Retirement System (MPERS). Information on the changes in the School District's funds is below under *The School District's Funds*.

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$54.5 million, which is a decrease of \$28.9 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance decreased by \$3.5 million to \$14.8 million. The primary reasons for the decrease were expenditures for having students back in the buildings and increases in servicing the building operations.

The fund balance of our special revenue funds decreased by \$0.4 million from last year to \$3.0 million this year as a result of \$0.4 million in lost revenue from our tuition-based programs (School Services Fund) due to school closures at the beginning of the year that resulted from the COVID-19 pandemic.

The fund balance of our debt service fund increased by \$0.2 million to \$2.7 million. Millage rates in 2019 were increased from 1.6400 mills to 3.1400. This increase was due to the 2019 bond issuance (see below for further discussion on this issuance). The debt millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can be used only to pay debt service obligations.

The fund balance of our Sinking Fund increased by \$1.5 million to \$5.9 million. This increase is due primarily to many planned Sinking Fund projects being moved into capital projects funded by our bond issue. The School District is in the process of a five-year Sinking Fund plan that will allow us to leverage bond and Sinking Fund projects to maximize improvements to the School District's facilities.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Budgeted revenue increased by \$11 million to account for state and federal grant award allocations. Budgeted expenditures were also increased by \$13 million to account for the increase in salaries and purchased professional services resulting from the School District's revised operating plan due to the fluctuations in revenue.

Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

Overall, there was a \$2.7 million budget variance for revenue in the General Fund. Federal revenue was under budget by \$3.97 million due to not expending and receiving all COVID-19 awards. Due to timing of tax distributions and settlement of prior year allocations, the Wayne County Act 18 millage revenue was better than budgeted. MPSERS, Special Ed state funding, and the Special Ed additional funding received from Wayne RESA in the General Fund were also better than budgeted. This additional revenue helped to offset the loss in federal funding. There was a budget variance for expenditures of \$3.8 million less than what was budgeted in the General Fund. The variances are associated primarily with the uncertainties surrounding operations during the COVID-19 school year where the federal expenditures were budgeted for, but no expense occurred before June 30. The decrease in expense is associated with the decrease in federal revenue not received.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2021, the School District had \$96.3 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$24.3 million, or 33.7 percent, from last year.

	2021	2020
Land	\$ 4,009,594	\$ 3,613,267
Construction in progress	22,891,026	9,885,938
Buildings and equipment	162,586,073	147,086,585
Total capital assets	189,486,693	160,585,790
Less accumulated depreciation	93,224,632	88,613,365
Total capital assets - Net of accumulated depreciation	\$ 96,262,061	\$ 71,972,425

This year's additions of \$28.9 million were included in construction in progress that is related to the summer 2020 bond projects. The School District will continue to expect significant capital additions in fiscal year 2021 as bond projects continue. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$74.5 million in bonds outstanding versus \$79.9 million in the previous year. Those bonds consisted of the following:

	2021	2020
General obligation bonds	\$ 74,475,000	\$ 79,860,000

The School District's general obligation bond rating continues to be AA-. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District does not have outstanding unqualified general obligation debt.

Other obligations include accrued vacation pay, sick leave, and self-insurance claims and judgments. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2021-2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2021-2022 budget was adopted in June 2021 based on an estimate of students who will enroll in September 2021. Approximately 66.7 percent of total General Fund revenue is from state aid. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2020-2021 school year, we anticipate that the fall student count will be less than the estimates used in creating the budget. Due to the school aid fund estimates during the May Revenue Estimating Conference, we budgeted for a \$82 per pupil increase in foundation allowance. The budget signed by the governor was better than we anticipated, which will help to offset the revenue reduction we will experience from additional enrollment loss. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. If the State changes funding during the year, the School District would amend the budget to reflect the new state aid amount.

During 2021, the School District settled labor contracts with the GPEA, which included step increases. As a result of the new contract, the School District will incur additional expenditures in 2021-2022.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at 389 St. Clair, Grosse Pointe, MI 48230.

Grosse Pointe Public School System

Statement of Net Position

June 30, 2021

Governmental
Activities

Assets

Cash and investments (Note 4)	\$ 30,320,927
Receivables:	
Property taxes receivable	536
Accrued interest receivable	377,256
Other receivables	1,617,958
Due from other governments	12,876,342
Prepaid expenses and other assets	127,152
Restricted assets	31,871,749
Capital assets - Net (Note 6)	96,262,061
Total assets	173,453,981

Deferred Outflows of Resources

Deferred charges on bond refunding (Note 9)	342,225
Deferred pension costs (Note 10)	43,175,679
Deferred OPEB costs (Note 10)	14,458,957
Total deferred outflows of resources	57,976,861

Liabilities

Accounts payable	7,763,178
Accrued liabilities and other:	
Accrued salaries and wages	6,512,814
Payroll taxes and withholdings	5,781,247
Accrued interest payable	596,767
Other accrued liabilities	30,725
Unearned revenue (Note 5)	2,438,802
Other current liabilities	129,674
Noncurrent liabilities:	
Due within one year (Note 9)	7,930,069
Due in more than one year (Note 9)	81,272,919
Net pension liability (Note 10)	209,437,215
Net OPEB liability (Note 10)	32,394,124
Total liabilities	354,287,534

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	7,840,812
Deferred pension cost reductions (Note 10)	5,027,968
Deferred OPEB cost reductions (Note 10)	25,964,759
Total deferred inflows of resources	38,833,539

Net Position (Deficit)

Net investment in capital assets	43,311,345
Restricted:	
Debt service	2,119,957
Food service	499,307
Capital projects	2,491,614
Unrestricted	(210,112,454)
Total net position (deficit)	\$ (161,690,231)

See notes to financial statements.

Grosse Pointe Public School System

Statement of Activities

Year Ended June 30, 2021

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 73,526,460	\$ 3,293	\$ 12,707,270	\$ (60,815,897)
Support services	44,997,420	-	7,776,600	(37,220,820)
Athletics	1,685,977	375,172	-	(1,310,805)
Food services	681,995	1,987	821,947	141,939
Community services	2,440,388	1,493,529	-	(946,859)
Interest	3,064,287	-	-	(3,064,287)
Other debt costs	1,248	-	-	(1,248)
Depreciation expense (unallocated)	4,611,267	-	-	(4,611,267)
Total primary government	\$ 131,009,042	\$ 1,873,981	\$ 21,305,817	(107,829,244)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				23,919,539
Property taxes, levied for debt service				9,094,682
Property taxes, levied for capital projects				2,871,415
State aid not restricted to specific purposes				61,412,120
Interest and investment earnings				623,886
Penalties, interest, and other taxes				370,977
Student activities				1,019,280
County-wide enhancement millage				3,006,100
Other				267,793
Total general revenue				102,585,792
Change in Net Position				(5,243,452)
Net Position (Deficit) - Beginning of year				(156,446,779)
Net Position (Deficit) - End of year				\$ (161,690,231)

Grosse Pointe Public School System

Governmental Funds Balance Sheet

June 30, 2021

	General Fund	2019 School Building and Site Bond Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 28,467,483	\$ -	\$ 1,853,444	\$ 30,320,927
Receivables:				
Property taxes receivable	-	-	536	536
Accrued interest receivable	-	377,256	-	377,256
Other receivables	1,529,750	-	88,208	1,617,958
Due from other governments	12,876,342	-	-	12,876,342
Due from other funds (Note 7)	-	2,352,399	10,288,716	12,641,115
Prepaid expenses and other assets	119,027	-	8,125	127,152
Restricted assets	-	31,675,220	196,529	31,871,749
Total assets	\$ 42,992,602	\$ 34,404,875	\$ 12,435,558	\$ 89,833,035
Liabilities				
Accounts payable	\$ 1,015,888	\$ 6,486,002	\$ 261,288	\$ 7,763,178
Due to other funds (Note 7)	12,641,115	-	-	12,641,115
Accrued liabilities and other:				
Accrued salaries and wages	6,460,238	-	52,576	6,512,814
Payroll taxes and withholdings	5,781,247	-	-	5,781,247
Other accrued liabilities	30,725	-	-	30,725
Unearned revenue (Note 5)	2,205,539	-	233,263	2,438,802
Other current liabilities	10,149	-	119,525	129,674
Total liabilities	28,144,901	6,486,002	666,652	35,297,555
Fund Balances				
Nonspendable - Prepaids	119,027	-	8,125	127,152
Restricted:				
Debt service	-	-	2,716,724	2,716,724
Capital projects	-	27,918,873	5,900,330	33,819,203
Special education	-	-	108,273	108,273
Food service	-	-	499,307	499,307
Committed - Student activities	-	-	2,388,793	2,388,793
Assigned:				
Subsequent year's budget	2,170,570	-	-	2,170,570
School services	-	-	147,354	147,354
Unassigned	12,558,104	-	-	12,558,104
Total fund balances	14,847,701	27,918,873	11,768,906	54,535,480
Total liabilities and fund balances	\$ 42,992,602	\$ 34,404,875	\$ 12,435,558	\$ 89,833,035

Grosse Pointe Public School System

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 54,535,480
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	189,486,693
Accumulated depreciation	<u>(93,224,632)</u>
Net capital assets used in governmental activities	96,262,061
Deferred outflows related to bond refundings are not reported in the funds	342,225
Bonds payable, including unamortized bond premiums, are not due and payable in the current period and are not reported in the funds	(84,620,530)
Accrued interest is not due and payable in the current period and is not reported in the funds	(596,767)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(675,478)
Provision for health and workers' compensation claims	(3,906,980)
Net pension liability and related deferred inflows and outflows	(171,289,504)
Net OPEB liability and related deferred inflows and outflows	(43,899,926)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(7,840,812)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (161,690,231)</u>

Grosse Pointe Public School System

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	2019 School Building and Site Bond Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 24,715,694	\$ 686,395	\$ 14,639,464	\$ 40,041,553
State sources	65,212,889	-	3,892,027	69,104,916
Federal sources	5,726,860	-	859,269	6,586,129
Interdistrict	611,280	-	7,496,243	8,107,523
County-wide enhancement millage	3,006,100	-	-	3,006,100
Total revenue	99,272,823	686,395	26,887,003	126,846,221
Expenditures				
Current:				
Instruction	62,889,760	-	6,777,322	69,667,082
Support services	37,947,689	373,742	3,998,937	42,320,368
Athletics	1,664,817	-	-	1,664,817
Food services	-	-	681,995	681,995
Community services	509,685	-	1,846,354	2,356,039
Debt service:				
Principal	-	-	5,385,000	5,385,000
Interest	-	-	3,824,850	3,824,850
Other debt costs	-	-	1,248	1,248
Capital outlay	1,254,698	27,163,503	1,437,144	29,855,345
Total expenditures	104,266,649	27,537,245	23,952,850	155,756,744
Excess of Revenue (Under) Over Expenditures	(4,993,826)	(26,850,850)	2,934,153	(28,910,523)
Other Financing Sources (Uses)				
Transfers in (Note 7)	1,458,495	-	-	1,458,495
Transfers out (Note 7)	-	-	(1,458,495)	(1,458,495)
Total other financing sources (uses)	1,458,495	-	(1,458,495)	-
Net Change in Fund Balances	(3,535,331)	(26,850,850)	1,475,658	(28,910,523)
Fund Balances - Beginning of year	18,383,032	54,769,723	10,293,248	83,446,003
Fund Balances - End of year	<u>\$ 14,847,701</u>	<u>\$ 27,918,873</u>	<u>\$ 11,768,906</u>	<u>\$ 54,535,480</u>

Grosse Pointe Public School System

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2021

Net Change in Fund Balances Reported in Governmental Funds \$ (28,910,523)

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, these costs are allocated over their estimated useful lives as depreciation:

Capitalized capital outlay	28,900,903
Depreciation expense	(4,611,267)

Revenue in support of pension contributions made subsequent to the measurement date	(1,080,631)
---	-------------

Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	6,104,855
--	-----------

Interest expense is recognized in the government-wide statements as it accrues	40,708
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Some employee costs (pension, OPEB, compensated absences, and health and workers' compensation claims) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(5,687,497)
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Change in Net Position of Governmental Activities \$ (5,243,452)

June 30, 2021

Note 1 - Nature of Business

Grosse Pointe Public School System (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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 and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)*****Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund type:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund. It accounts for all financial resources of the School District other than those specifically assigned to another fund.
- The 2019 School Building and Site Bond Fund is used to record the bond proceeds and other revenue, the disbursement of money specifically designated for acquiring or constructing new school sites, buildings, equipment, and for major remodeling and repairs.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds account for food services (primary revenue source of food sales and federal grants), school services (primary revenue source from community swim, Kids Club, Camp O' Fun, and preschool tuition), student activities (primary revenue source from fundraising and donations earned and received by student groups), and the special education centers program (primary revenue sources from special education state and county funding). Any operating deficit generated by these activities is the responsibility of the General Fund.
- The capital project Sinking Fund is used to record tax revenue and the disbursement of invoices specifically designated for building and grounds acquisition and repairs.
- The debt service fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt. The fund is retained until the purpose for which it was created has been accomplished.

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)*****Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Specific Balances and Transactions**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the 2019 School Building and Site Bond Fund are required to be set aside for construction or other allowable bond purchases.
- Unspent property taxes levied held in the Debt Fund are required to be set aside for future bond principal and interest payments.
- Unspent property taxes levied and held in the Sinking Fund are required to be set aside for construction or allowable purchases.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District 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 recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)**

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	25-50
Furniture and equipment	5-15
Buses and other vehicles	7-15

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and Debt Fund are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred charges on bond refundings and deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)****Fund Balance Flow Assumptions**

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

The Board of Education has adopted a fund balance policy. The fund balance policy prescribes the minimum fund balance as 10 percent of expenditures in the General Fund and School Services Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Property Tax Revenue

Properties are assessed as of December 1, and the related property taxes become a lien on February 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)****Grants and Contributions**

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

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

Upcoming Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the School District's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 27, 2021, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund or function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Sinking Fund Compliance

The Sinking Fund records capital project activities funded with the Sinking Fund millage. For this fund, authorized prior to March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated four financial institutions for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

June 30, 2021

Note 4 - Deposits and Investments (Continued)

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had approximately \$44,849,000 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk. At June 30, 2021, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy minimizes interest rate risk by requiring structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the School District had the following investments:

Investment	Carrying Value	Weighted-average Maturity (Years)
Primary Government		
U.S. Treasury notes	\$ 4,233,964	0.13
U.S. government agency bond	4,847,056	0.19
Bank investment pool	8,094,200	0.08
Total	<u>\$ 17,175,220</u>	

June 30, 2021

Note 4 - Deposits and Investments (Continued)***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
U.S. Treasury notes	\$ 4,233,964	AAA	Moody's
U.S. government agency bond	4,847,056	AAA	Moody's
Bank investment pool	8,094,200	AAA	Moody's
Total	<u>\$ 17,175,220</u>		

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. Although the School District places no limit on the amount that may be invested in any one issuer, the School District minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The School District does not have any investments subject to concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The School District has the following recurring fair value measurements as of June 30, 2021:

- U.S. Treasury notes of \$4,233,964 are valued using quoted marketed prices (Level 1 inputs).
- U.S. government agency bonds of \$4,847,056 are valued using a matrix pricing model (Level 2 inputs).

June 30, 2021

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2021, the various components of unearned revenue were as follows:

	Governmental Funds Liability - Unearned
Student lunch accounts	\$ 59,655
Grant and categorical aid payment received prior to meeting all eligibility requirements	2,205,539
Program fees	173,608
Total	<u>\$ 2,438,802</u>

Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

Governmental Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 3,613,267	\$ -	\$ 396,327	\$ -	\$ 4,009,594
Construction in progress	9,885,938	(9,885,938)	22,891,026	-	22,891,026
Subtotal	13,499,205	(9,885,938)	23,287,353	-	26,900,620
Capital assets being depreciated -					
Buildings and equipment	147,086,585	9,885,938	5,613,550	-	162,586,073
Accumulated depreciation -					
Buildings and equipment	88,613,365	-	4,611,267	-	93,224,632
Net capital assets being depreciated	58,473,220	9,885,938	1,002,283	-	69,361,441
Net governmental activities capital assets	<u>\$ 71,972,425</u>	<u>\$ -</u>	<u>\$ 24,289,636</u>	<u>\$ -</u>	<u>\$ 96,262,061</u>

Depreciation expense was not charged to activities, as the School District considers its assets to benefit multiple activities, and allocation is not practical.

June 30, 2021

Note 6 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. The projects include the 2019 School Building and Site Bond Fund and the Sinking Fund. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
District-wide projects	\$ 5,847,645	\$ 3,734,379
Construction	21,814,748	34,589,851
Technology	5,930,096	3,221,264
Total	<u>\$ 33,592,489</u>	<u>\$ 41,545,494</u>

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From General Fund
2019 School Building and Site Bond Fund	\$ 2,352,399
Nonmajor funds	10,288,716
Total	<u>\$ 12,641,115</u>

These balances result from a pooled cash arrangement and the time lag between the dates that goods and services are provided for the funds and when the reimbursements between funds are made.

The Special Education Center Programs Fund transferred \$1,458,495 to the General Fund to cover overhead and building use costs related to the operations of the Special Education Center Programs Fund, which are paid by the General Fund.

Note 8 - Line of Credit

Under a revolving line of credit agreement with a bank, the School District has available borrowings of the lesser of \$13,000,000 or 30 percent of the state school aid for the fiscal year ended June 30, 2021. Interest is payable monthly at a rate of LIBOR plus a margin of 1.50 percent. The revolving line of credit matured on June 30, 2021.

The School District renewed the line of credit on August 3, 2021 with a maximum borrowings of \$13,000,000, interest payable monthly at a rate of LIBOR plus a margin of 1.50 percent, and an expiration date of June 30, 2022. The School District had no outstanding borrowings on the line of credit at June 30, 2021.

The revolving line of credit agreement contains (1) a provision that, in an event of default, the note shall bear interest at 3 percent above the applicable rate and (2) a provision that, if the School District is unable to make payment or in the event of default, outstanding amounts are due immediately.

June 30, 2021

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	\$ 79,860,000	\$ -	\$ (5,385,000)	\$ 74,475,000	\$ 3,035,000
Unamortized bond premiums	10,970,133	-	(824,603)	10,145,530	824,603
Total bonds payable	90,830,133	-	(6,209,603)	84,620,530	3,859,603
Compensated absences	738,500	97,238	(160,260)	675,478	163,486
Claims and judgments - Self-insurance (Note 11)	2,262,288	15,792,827	(14,148,135)	3,906,980	3,906,980
Total governmental activities long-term debt	<u>\$ 93,830,921</u>	<u>\$ 15,890,065</u>	<u>\$ (20,517,998)</u>	<u>\$ 89,202,988</u>	<u>\$ 7,930,069</u>

The School District had deferred outflows of \$342,225 related to deferred charges on bond refundings at June 30, 2021.

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2021 are as follows:

Purpose	Year Issued	Interest Rates	Maturing on May 1	Outstanding
\$24,995,000 Qualified General Obligation (2017 Refunding Bonds)	2017	3.00-5.00	2025	\$ 13,105,000
\$65,760,000 Qualified General Obligation (2019 School Building and Site and Refunding Bonds)	2019	4.00-5.00	2039	61,370,000
Total governmental activities				<u>\$ 74,475,000</u>

Subsequent Event

On July 14, 2021, the School District issued \$37,300,000 of 2021 School Building and Site general obligation bonds. Interest on the bonds is due semiannually on May 1 and November 1 at interest rates ranging from 3.00 to 5.00 percent. The bonds mature in May 2041.

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the fund that reports each employee's compensation. The claims and judgments liability will generally be liquidated through the School District's General Fund. That fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee salaries are paid.

June 30, 2021

Note 9 - Long-term Debt (Continued)***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2022	\$ 3,035,000	\$ 3,580,600	\$ 6,615,600
2023	3,195,000	3,428,850	6,623,850
2024	3,365,000	3,269,100	6,634,100
2025	3,510,000	3,100,850	6,610,850
2026	3,575,000	2,995,550	6,570,550
2027-2031	19,420,000	12,527,550	31,947,550
2032-2036	23,000,000	7,368,750	30,368,750
2037-2039	15,375,000	1,543,750	16,918,750
Total	<u>\$ 74,475,000</u>	<u>\$ 37,815,000</u>	<u>\$ 112,290,000</u>

Note 10 - Michigan Public School Employees' Retirement System***Plan Description***

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

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment 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 health care 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 pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services 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 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, MPSERS 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.

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Members are eligible for nonduty 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.

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

Contributions

Public Act 300 of 1980, as amended, required the School 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.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care 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 participants in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

The School District's contributions are determined based on employee elections. There are multiple different pension and health care 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 ranges of rates are as follows:

	Pension	OPEB
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

June 30, 2021**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

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 School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$18,833,892, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$7,840,812 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$4,787,799, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2021, the School District reported a liability of \$209,437,215 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School 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, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.61 and 0.62 percent, respectively, representing a change of (1.55) percent.

Net OPEB Liability

At June 30, 2021, the School District reported a liability of \$32,394,124 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School 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, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.60 and 0.61 percent, respectively, representing a change of (1.64) percent.

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

For 2021, the School District recognized pension expense of \$28,082,294, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,200,029	\$ (447,013)
Changes in assumptions	23,207,663	-
Net difference between projected and actual earnings on pension plan investments	879,961	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(4,580,955)
The School District's contributions to the plan subsequent to the measurement date	15,888,026	-
Total	<u>\$ 43,175,679</u>	<u>\$ (5,027,968)</u>

The \$7,840,812 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2022	\$ 10,334,694
2023	7,166,000
2024	3,639,812
2025	1,119,179
Total	<u>\$ 22,259,685</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2021, the School District recognized OPEB recovery of \$1,396,064.

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (24,136,651)
Changes in assumptions	10,680,986	-
Net difference between projected and actual earnings on OPEB plan investments	270,365	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	55,015	(1,828,108)
Employer contributions to the plan subsequent to the measurement date	3,452,591	-
Total	<u>\$ 14,458,957</u>	<u>\$ (25,964,759)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2022	\$ (4,080,952)
2023	(3,704,790)
2024	(3,028,406)
2025	(2,322,701)
2026	(1,821,544)
Total	<u>\$ (14,958,393)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2020 are based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.00%	Year 1, graded to 3.5% year 15, 3.0% year 120
Mortality basis		RP-2014 Male and Female Employee Annuity Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2019, for the OPEB plan include a reduction in the health care cost trend rate of 0.50 percentage points, and the actual per person health benefit costs were lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2020 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.60 %
Private equity pools	16.00	9.30
International equity pools	15.00	7.40
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	4.90
Absolute return pools	9.00	3.20
Real return/opportunistic pools	12.50	6.60
Short-term investment pools	2.00	(0.10)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.1 percent.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School 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 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 271,080,947	\$ 209,437,215	\$ 158,348,301

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB 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 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 41,613,934	\$ 32,394,124	\$ 24,631,817

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 24,334,613	\$ 32,394,124	\$ 41,560,824

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2021, the School District reported a payable of \$3,264,696 and \$788,773 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees, for which the School District carries commercial insurance. For medical benefits, the School District pays up to \$200,000 per claim, with amounts greater than \$200,000 covered by insurance. The School District is completely self-insured for both employee dental and vision claims. For workers' compensation and employer's liability, the School District is self-insured for losses up to \$500,000 per claim. Losses above that amount for workers' compensation and employer's liability are covered by insurance.

The School District estimates claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2021	2020
Estimated liability - Beginning of year	\$ 2,262,288	\$ 2,547,876
Estimated claims incurred, including changes in estimates	15,792,827	10,008,523
Claim payments	(14,148,135)	(10,294,111)
Estimated liability - End of year	<u>\$ 3,906,980</u>	<u>\$ 2,262,288</u>

June 30, 2021

Note 12 - Leases

Operating Leases

The School District leases copiers and computers under noncancelable operating leases through 2020. In addition to monthly rental payments for the equipment, the School District is charged a fee per click under the terms of the lease. Total costs for such leases were \$109,643 for the current year.

Note 13 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2021, the School District had approximately \$142,000 in property tax revenue reduced under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately \$142,000 in reimbursements from the State of Michigan for the fiscal year ended June 30, 2021. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.

Required Supplemental Information

Grosse Pointe Public School System

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 24,895,458	\$ 25,103,778	\$ 24,715,694	\$ (388,084)
State sources	60,161,081	64,445,919	65,212,889	766,970
Federal sources	3,060,362	9,704,564	5,726,860	(3,977,704)
Interdistrict	-	46,000	611,280	565,280
County-wide enhancement millage	2,700,000	2,700,000	3,006,100	306,100
Total revenue	90,816,901	102,000,261	99,272,823	(2,727,438)
Expenditures				
Current:				
Instruction:				
Basic programs	47,357,468	54,286,236	54,229,481	(56,755)
Added needs	8,241,040	8,750,822	8,713,606	(37,216)
Support services:				
Pupil	6,409,584	6,713,606	6,299,307	(414,299)
Instructional staff	4,879,503	5,155,730	4,253,940	(901,790)
General administration	1,079,925	1,217,207	1,179,556	(37,651)
School administration	6,404,694	7,043,573	6,741,823	(301,750)
Business	1,868,965	2,017,346	1,614,115	(403,231)
Operations and maintenance	10,414,770	13,829,234	13,544,796	(284,438)
Pupil transportation services	1,099,486	1,149,500	1,065,962	(83,538)
Central	3,552,635	3,795,597	3,637,845	(157,752)
Total support services	35,709,562	40,921,793	38,337,344	(2,584,449)
Athletics	1,917,518	1,890,843	1,664,817	(226,026)
Community services	797,337	896,583	509,685	(386,898)
Building and site improvements	1,002,492	1,295,727	811,716	(484,011)
Total expenditures	95,025,417	108,042,004	104,266,649	(3,775,355)
Excess of Expenditures Over Revenue	(4,208,516)	(6,041,743)	(4,993,826)	1,047,917
Other Financing Sources - Transfers in	-	1,458,495	1,458,495	-
Net Change in Fund Balance	(4,208,516)	(4,583,248)	(3,535,331)	1,047,917
Fund Balance - Beginning of year	18,383,032	18,383,032	18,383,032	-
Fund Balance - End of year	<u>\$ 14,174,516</u>	<u>\$ 13,799,784</u>	<u>\$ 14,847,701</u>	<u>\$ 1,047,917</u>

Grosse Pointe Public School System

Required Supplemental Information Schedule of Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Seven Plan Years						
	Plan Years Ended September 30						
	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.60970 %	0.61927 %	0.62972 %	0.63725 %	0.64755 %	0.65777 %	0.64854 %
School District's proportionate share of the net pension liability	\$ 209,437,215	\$ 205,081,334	\$ 189,303,802	\$ 165,138,568	\$ 161,557,987	\$ 160,661,458	\$ 142,849,595
School District's covered payroll	\$ 53,470,601	\$ 53,643,692	\$ 53,068,689	\$ 53,031,858	\$ 54,125,669	\$ 54,761,386	\$ 55,798,142
School District's proportionate share of the net pension liability as a percentage of its covered payroll	391.69 %	382.30 %	356.71 %	311.40 %	298.49 %	293.38 %	256.01 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Grosse Pointe Public School System

Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Seven Fiscal Years						
	Years Ended June 30						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 18,521,283	\$ 16,948,135	\$ 16,534,798	\$ 16,070,626	\$ 15,335,525	\$ 14,741,401	\$ 11,840,380
Contributions in relation to the statutorily required contribution	18,521,283	16,948,135	16,534,798	16,070,626	15,335,525	14,741,401	11,840,380
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 54,775,650	\$ 53,767,679	\$ 53,534,888	\$ 52,842,572	\$ 55,148,060	\$ 54,711,972	\$ 55,491,765
Contributions as a Percentage of Covered Payroll	33.81 %	31.52 %	30.89 %	30.41 %	27.81 %	26.94 %	21.34 %

Grosse Pointe Public School System

Required Supplemental Information Schedule of Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

	Last Four Plan Years Plan Years Ended September 30			
	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.60468 %	0.61474 %	0.62317 %	0.63704 %
School District's proportionate share of the net OPEB liability	\$ 32,394,124	\$ 44,124,183	\$ 49,535,767	\$ 56,412,508
School District's covered payroll	\$ 53,470,601	\$ 53,643,692	\$ 53,068,689	\$ 53,031,858
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.58 %	82.25 %	93.34 %	106.37 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %

Grosse Pointe Public School System

Required Supplemental Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	Last Four Fiscal Years Years Ended June 30			
	2021	2020	2019	2018
Statutorily required contribution	\$ 4,558,293	\$ 4,320,556	\$ 4,205,179	\$ 3,816,674
Contributions in relation to the statutorily required contribution	4,558,293	4,320,556	4,205,179	3,816,674
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 54,775,650	\$ 53,767,679	\$ 53,534,888	\$ 52,842,572
Contributions as a Percentage of Covered Payroll	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2021

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplemental Information

Grosse Pointe Public School System

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds				Debt Service Fund	Capital Project Fund	
	School Services Fund	Food Services Fund	Student Activities Fund	Special Education Center Programs Fund	Debt Fund	Sinking Fund	Total
Assets							
Cash and investments	\$ -	\$ 326,332	\$ 1,527,112	\$ -	\$ -	\$ -	\$ 1,853,444
Receivables:							
Property taxes receivable	-	-	-	-	445	91	536
Other receivables	(6,594)	79,421	12,299	3,082	-	-	88,208
Due from other funds	411,686	305,199	910,463	123,368	2,520,250	6,017,750	10,288,716
Prepaid expenses and other assets	8,125	-	-	-	-	-	8,125
Restricted assets	-	-	-	-	196,529	-	196,529
Total assets	\$ 413,217	\$ 710,952	\$ 2,449,874	\$ 126,450	\$ 2,717,224	\$ 6,017,841	\$ 12,435,558
Liabilities							
Accounts payable	\$ 4,505	\$ 59,514	\$ 61,081	\$ 18,177	\$ 500	\$ 117,511	\$ 261,288
Accrued liabilities and other	52,576	-	-	-	-	-	52,576
Unearned revenue	173,608	59,655	-	-	-	-	233,263
Other current liabilities	27,049	92,476	-	-	-	-	119,525
Total liabilities	257,738	211,645	61,081	18,177	500	117,511	666,652
Fund Balances							
Nonspendable - Prepaids	8,125	-	-	-	-	-	8,125
Restricted:							
Debt service	-	-	-	-	2,716,724	-	2,716,724
Capital projects	-	-	-	-	-	5,900,330	5,900,330
Special education	-	-	-	108,273	-	-	108,273
Food service	-	499,307	-	-	-	-	499,307
Committed - Student activities	-	-	2,388,793	-	-	-	2,388,793
Assigned - School services	147,354	-	-	-	-	-	147,354
Total fund balances	155,479	499,307	2,388,793	108,273	2,716,724	5,900,330	11,768,906
Total liabilities and fund balances	\$ 413,217	\$ 710,952	\$ 2,449,874	\$ 126,450	\$ 2,717,224	\$ 6,017,841	\$ 12,435,558

Grosse Pointe Public School System

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2021

	Special Revenue Funds				Debt Service Fund	Capital Project Fund	
	School Services Fund	Food Services Fund	Student Activities Fund	Special Education Center Programs Fund	Debt Fund	Sinking Fund	Total
Revenue							
Local sources	\$ 1,280,337	\$ 1,987	\$ 1,019,280	\$ -	\$ 9,403,705	\$ 2,934,155	\$ 14,639,464
State sources	-	49,128	-	3,842,899	-	-	3,892,027
Federal sources	71,600	787,669	-	-	-	-	859,269
Interdistrict	-	-	-	7,496,243	-	-	7,496,243
Total revenue	1,351,937	838,784	1,019,280	11,339,142	9,403,705	2,934,155	26,887,003
Expenditures							
Current:							
Instruction	-	-	-	6,777,322	-	-	6,777,322
Support services	-	-	1,003,825	2,995,052	60	-	3,998,937
Food services	-	681,995	-	-	-	-	681,995
Community services	1,846,354	-	-	-	-	-	1,846,354
Debt service:							
Principal	-	-	-	-	5,385,000	-	5,385,000
Interest	-	-	-	-	3,824,850	-	3,824,850
Other debt costs	-	-	-	-	1,248	-	1,248
Capital outlay	258	15,819	-	-	-	1,421,067	1,437,144
Total expenditures	1,846,612	697,814	1,003,825	9,772,374	9,211,158	1,421,067	23,952,850
Excess of Revenue (Under) Over Expenditures	(494,675)	140,970	15,455	1,566,768	192,547	1,513,088	2,934,153
Other Financing Uses - Transfers in	-	-	-	(1,458,495)	-	-	(1,458,495)
Net Change in Fund Balances	(494,675)	140,970	15,455	108,273	192,547	1,513,088	1,475,658
Fund Balances - Beginning of year	650,154	358,337	2,373,338	-	2,524,177	4,387,242	10,293,248
Fund Balances - End of year	<u>\$ 155,479</u>	<u>\$ 499,307</u>	<u>\$ 2,388,793</u>	<u>\$ 108,273</u>	<u>\$ 2,716,724</u>	<u>\$ 5,900,330</u>	<u>\$ 11,768,906</u>

Grosse Pointe Public School System

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2021

Years Ending June 30	2017 Refunding Bonds	2019 School Building and Site Bonds	Total
	Principal	Principal	
2022	\$ 3,035,000	\$ -	\$ 3,035,000
2023	3,195,000	-	3,195,000
2024	3,365,000	-	3,365,000
2025	3,510,000	-	3,510,000
2026	-	3,575,000	3,575,000
2027	-	3,720,000	3,720,000
2028	-	3,700,000	3,700,000
2029	-	3,850,000	3,850,000
2030	-	4,000,000	4,000,000
2031	-	4,150,000	4,150,000
2032	-	4,300,000	4,300,000
2033	-	4,450,000	4,450,000
2034	-	4,600,000	4,600,000
2035	-	4,750,000	4,750,000
2036	-	4,900,000	4,900,000
2037	-	5,050,000	5,050,000
2038	-	5,150,000	5,150,000
2039	-	5,175,000	5,175,000
Total remaining payments	\$ 13,105,000	\$ 61,370,000	\$ 74,475,000
Principal payments due	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	
Interest rate	3.00% to 5.00%	4.00% to 5.00%	
Original issue	\$ 24,995,000	\$ 65,760,000	