
Grosse Pointe Public School System

**Financial Report
with Supplementary Information
June 30, 2024**

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Independent Auditor's Report

To the Board of Education
Grosse Pointe Public School System

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2024 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.

In our opinion, the accompanying 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, 2024 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB schedules of proportionate share of liability and employer contributions, and the general fund budgetary comparison schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

To the Board of Education
Grosse Pointe Public School System

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2024 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 & Moreau, PLLC

October 4, 2024

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, 2024. 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 2021 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 Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary 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 (Asset)

Schedule of OPEB Contributions

Other Supplementary 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 Service 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, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Assets		
Current and other assets	\$ 45.7	\$ 48.1
Capital assets	150.2	150.7
Total assets	195.9	198.8
Deferred Outflows of Resources	64.6	85.6
Liabilities		
Current liabilities	18.4	17.4
Noncurrent liabilities	112.6	120.6
Net pension liability	191.0	231.5
Net OPEB liability	-	12.9
Total liabilities	322.0	382.4
Deferred Inflows of Resources	64.9	46.2
Net Position (Deficit)		
Net investment in capital assets	43.2	46.5
Restricted	11.7	6.3
Unrestricted	(181.3)	(197.0)
Total net position (deficit)	\$ (126.4)	\$ (144.2)

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 \$(126.4) million at June 30, 2024. Net investment in capital assets totaling \$43.2 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 (\$(181.3) million) was unrestricted.

The \$(181.3) 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 (assets) 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 (assets) 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, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 3.9	\$ 4.1
Operating grants	35.0	26.2
General revenue:		
Taxes	34.6	34.4
State aid not restricted to specific purposes	66.4	63.7
Other	6.0	6.5
Total revenue	145.9	134.9
Expenses		
Instruction	61.4	66.1
Support services	48.0	47.0
Athletics	2.4	2.3
Food services	2.3	1.1
Community services	3.0	3.2
Debt service	3.7	3.8
Depreciation expense (unallocated)	7.3	6.4
Total expenses	128.1	129.9
Change in Net Position	17.8	5.0
Net Position (Deficit) - Beginning of year	(144.2)	(149.2)
Net Position (Deficit) - End of year	<u>\$(126.4)</u>	<u>\$(144.2)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$128.1 million. Certain activities were partially funded from those who benefited from the programs (\$3.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$35.0 million). We paid for the remaining public benefit portion of our governmental activities with \$34.6 million in taxes, \$66.4 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

The School District experienced an increase in net position of approximately \$17.8 million. Total revenue increased by \$11 million, largely due to an increase in state funding through the foundation allowance and an increase in operating grants for the year. Total expenses decreased by \$1.8 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 and net other postemployment benefit programs (OPEB) associated with our required participation in the Michigan Public School Employees' Retirement System (MPERS) and the expected Series II issuance of voter-approved bonds. Information on the changes in the School District's funds is further described in *The School District's Funds* below.

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 \$24.8 million, which is a decrease of \$6.6 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, fund balance increased by \$1.0 million to \$10.8 million. The primary reasons for the increase were expenditures that came in lower than anticipated for year end.

The fund balance of our building and site fund decreased by \$8.6 million to \$3.3 million. The decrease was a result of the capital projects expenditures funded by both the Series I and II bond issue.

The fund balance of our special revenue funds decreased by \$0.8 million from last year to \$3.5 million this year as a result of no longer having the additional funding from the child care stability grants and due to the required spend down of the school food service fund because of an excess fund balance.

The fund balance of our debt service fund increased by \$0.4 million to \$3.4 million. 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 \$1.4 million to \$3.8 million. This increase is due primarily to having planned capital projects that are being funded by our Sinking Fund occurring over the summer. Keeping the reserve was necessary to ensure proper funding for the planned projects. The School District continues to remain 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 2024. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

Budgeted revenue increased by \$2.9 million to account for state and federal grant award allocations. Budgeted expenditures were also increased by \$4.6 million to account for the increase in the contract salaries and benefits, allocations of grant award expenditures, expense to tie out the mandatory unfunded actuarial accrued liability, interest on line of credit, and athletic expenses that aligned more with prior year actual expenditures.

Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

Overall, there was an approximately \$666,000 budget variance for revenue in the General Fund. Federal revenue was under budget due to not expending and receiving all of the federal awards. Due to timing of tax distributions and settlement of prior year allocations, the Wayne County Enhancement Millage, final Medicaid payments, final incoming transfers, and final MPSERS increases in the August State Aid Payment, the revenue was more than budgeted. This additional revenue helped to offset the loss in federal funding. There was a budget variance for expenditures of approximately \$821,000 less than what was budgeted in the General Fund. The large decreases in expenditures for basic programs, added needs, and instructional staff was due largely to earmarking of self-insured health insurance costs that do not get settled until months after year end and grant supply accounts not fully expended. The pupil services, general administration, school administration, operation and maintenance, and central actual expenditures were more than anticipated due primarily to contracted services for special education and overtime payments. The business services actuals were larger due to a worker's compensation liability adjustment at year end. The transportation actuals were greater than projected due to increased McKinney Vento transportation and final billings. The athletic line was increased because of a reclass from administration to athletic director for the year. The community service final expenditures increased due to hourly wages being more than anticipated and from grant expenditures not originally anticipated for the current year. There was a budget variance for other sources of approximately \$22,000 more in transfers in to the General Fund from indirect revenue received from other funds.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the School District had \$150.2 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$0.5 million from last year.

	2024	2023
Land and land improvements	\$ 4,744,095	\$ 4,744,095
Construction in progress	8,240,754	15,151,639
Buildings and equipment	248,285,872	234,631,789
Total capital assets	261,270,721	254,527,523
Less accumulated depreciation	111,076,390	103,812,100
Total capital assets - Net of accumulated depreciation	\$ 150,194,331	\$ 150,715,423

This year's additions of \$6.7 million were included in buildings and equipment that is related to the summer 2021 bond projects. The School District will continue to expect significant capital additions in fiscal year 2024 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 \$95.8 million in bonds outstanding versus \$101.7 million in the previous year. Those bonds consisted of the following:

	2024	2023
General obligation bonds	\$ 95,820,000	\$ 101,675,000

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 2024-2025 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 2024-2025 budget was adopted in June 2024 based on an estimate of students who will enroll in September 2024. Approximately 69.0 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 2024 school year, we anticipate that the fall student count will be more than the estimates used in creating the General Fund budget. Due to the School Aid Fund estimates during the May consensus revenue estimating conference, we budgeted for a \$241 per pupil increase in foundation allowance. The budget signed by the governor was much different than we anticipated, and the increase will help to offset the revenue reduction we will experience from additional enrollment loss and the per pupil increase that Michigan schools did not receive for 2024-2025. Once the final student count and related per pupil funding are 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 consensus 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.

Subsequent to year end, the School District settled a two-year labor contract with the GPEA union, which included step increases and salary schedule increases. As a result of the contract, the School District will incur additional expenditures in 2024-2025 and 2025-2026.

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 20601 Morningside Drive, Grosse Pointe Woods, MI 48236.

Grosse Pointe Public School System

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 21,461,869
Receivables:	
Other receivables	110,907
Due from other governments	16,660,576
Prepaid expenses and other assets	475,059
Restricted assets: (Note 4)	
Restricted cash and cash equivalents	199,763
Restricted investments	3,589,536
Net OPEB asset (Note 10)	3,237,426
Capital assets - Net (Note 6)	150,194,331
Total assets	195,929,467
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	27,981
Deferred pension costs (Note 10)	53,405,731
Deferred OPEB costs (Note 10)	11,150,421
Total deferred outflows of resources	64,584,133
Liabilities	
Accounts payable	1,348,978
Accrued liabilities and other:	
Accrued salaries and wages	7,787,826
Payroll taxes and withholdings	5,141,025
Accrued interest payable	709,425
Other accrued liabilities	30,816
Unearned revenue (Note 5)	3,305,161
Other current liabilities	113,129
Noncurrent liabilities:	
Due within one year (Note 9)	10,707,111
Due in more than one year (Note 9)	101,893,096
Net pension liability (Note 10)	190,981,004
Total liabilities	322,017,571
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	11,288,213
Deferred pension cost reductions (Note 10)	25,979,661
Deferred OPEB cost reductions (Note 10)	27,670,465
Total deferred inflows of resources	64,938,339
Net Position (Deficit)	
Net investment in capital assets	43,152,899
Restricted:	
Debt service	2,643,113
Food service	324,358
Capital projects	5,494,265
Net OPEB asset	3,237,426
Unrestricted	(181,294,371)
Total net position (deficit)	\$ (126,442,310)

Grosse Pointe Public School System

Statement of Activities

Year Ended June 30, 2024

	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 61,420,894	\$ 68,119	\$ 17,572,378	\$ (43,780,397)
Support services	47,993,539	-	15,700,861	(32,292,678)
Athletics	2,397,903	531,814	-	(1,866,089)
Food services	2,314,990	224,321	1,771,614	(319,055)
Community services	3,051,063	3,042,422	-	(8,641)
Interest	3,488,155	-	-	(3,488,155)
Other debt costs	223,107	-	-	(223,107)
Depreciation expense (unallocated)	7,264,290	-	-	(7,264,290)
Total primary government	\$ 128,153,941	\$ 3,866,676	\$ 35,044,853	(89,242,412)
General revenue:				
Taxes:				
Property taxes levied for general purposes				20,500,572
Property taxes levied for debt service				10,782,294
Property taxes levied for capital projects				3,281,454
State aid not restricted to specific purposes				66,433,762
Interest and investment earnings				549,222
Penalties, interest, and other taxes				933
County-wide enhancement millage				2,570,113
Other				2,862,733
Total general revenue				106,981,083
Change in Net Position				17,738,671
Net Position (Deficit) - Beginning of year				(144,180,981)
Net Position (Deficit) - End of year				<u>\$(126,442,310)</u>

Grosse Pointe Public School System

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	2021 School Building and Site Bond Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 18,394,185	\$ -	\$ 3,067,684	\$ 21,461,869
Receivables:				
Other receivables	98,308	-	12,599	110,907
Due from other governments	16,660,576	-	-	16,660,576
Due from other funds (Note 7)	-	-	8,072,569	8,072,569
Prepaid expenses and other assets	145,059	-	330,000	475,059
Restricted assets: (Note 4)				
Restricted cash and cash equivalents	-	-	199,763	199,763
Restricted investments	-	3,589,536	-	3,589,536
Total assets	\$ 35,298,128	\$ 3,589,536	\$ 11,682,615	\$ 50,570,279
Liabilities				
Accounts payable	\$ 770,445	\$ 328,453	\$ 250,080	\$ 1,348,978
Due to other funds (Note 7)	7,516,807	-	555,762	8,072,569
Accrued liabilities and other:				
Accrued salaries and wages	7,726,711	-	61,115	7,787,826
Payroll taxes and withholdings	5,141,025	-	-	5,141,025
Other accrued liabilities	30,816	-	-	30,816
Unearned revenue (Note 5)	3,305,161	-	-	3,305,161
Other current liabilities	-	-	113,129	113,129
Total liabilities	24,490,965	328,453	980,086	25,799,504
Fund Balances				
Nonspendable - Prepaids	145,059	-	324,358	469,417
Restricted:				
Debt service	-	-	3,352,538	3,352,538
Capital projects	-	3,261,083	3,848,559	7,109,642
Special education	-	-	56,270	56,270
Committed - Student activities	-	-	2,407,634	2,407,634
Assigned:				
Subsequent year's budget	1,000,000	-	-	1,000,000
Capital projects	972,223	-	-	972,223
School services	-	-	713,170	713,170
Unassigned	8,689,881	-	-	8,689,881
Total fund balances	10,807,163	3,261,083	10,702,529	24,770,775
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,298,128	\$ 3,589,536	\$ 11,682,615	\$ 50,570,279

Grosse Pointe Public School System

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

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 24,770,775
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	261,270,721
Accumulated depreciation	<u>(111,076,390)</u>
Net capital assets used in governmental activities	150,194,331
Deferred inflows and outflows related to bond refundings are not reported in the funds	27,981
Bonds payable, including unamortized bond premiums, are not due and payable in the current period and are not reported in the funds	(108,464,183)
Accrued interest is not due and payable in the current period and is not reported in the funds	(709,425)
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	(600,348)
Provision for health and workers' compensation claims	(3,315,069)
Net pension liability and related deferred inflows and outflows	(163,554,934)
Net OPEB liability and related deferred inflows and outflows	(13,282,618)
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	(11,288,213)
Arbitrage rebate liabilities do not present a claim on current financial resources and are not reported as fund liabilities	<u>(220,607)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (126,442,310)</u></u>

Grosse Pointe Public School System

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

Year Ended June 30, 2024

	General Fund	2021 School Building and Site Bond Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 22,023,141	\$ 395,448	\$ 19,425,295	\$ 41,843,884
State sources	71,744,926	-	8,107,271	79,852,197
Federal sources	7,458,114	-	807,449	8,265,563
Interdistrict	2,108,166	-	6,056,894	8,165,060
County-wide enhancement millage	2,570,113	-	-	2,570,113
Total revenue	105,904,460	395,448	34,396,909	140,696,817
Expenditures				
Current:				
Instruction	62,263,498	-	7,609,584	69,873,082
Support services	40,791,310	37,743	6,955,744	47,784,797
Athletics	2,507,216	-	-	2,507,216
Food services	-	-	2,243,549	2,243,549
Community services	642,514	-	2,675,688	3,318,202
Debt service:				
Principal (Note 9)	-	-	5,855,000	5,855,000
Interest	-	-	4,549,300	4,549,300
Other debt costs	-	-	2,500	2,500
Capital outlay	718,057	8,954,440	1,480,212	11,152,709
Total expenditures	106,922,595	8,992,183	31,371,577	147,286,355
Excess of Revenue (Under) Over Expenditures	(1,018,135)	(8,596,735)	3,025,332	(6,589,538)
Other Financing Sources (Uses)				
Transfers in (Note 7)	2,032,378	-	-	2,032,378
Transfers out (Note 7)	-	-	(2,032,378)	(2,032,378)
Total other financing sources (uses)	2,032,378	-	(2,032,378)	-
Net Change in Fund Balances	1,014,243	(8,596,735)	992,954	(6,589,538)
Fund Balances - Beginning of year	9,792,920	11,857,818	9,709,575	31,360,313
Fund Balances - End of year	<u>\$ 10,807,163</u>	<u>\$ 3,261,083</u>	<u>\$ 10,702,529</u>	<u>\$ 24,770,775</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, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ (6,589,538)
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	6,743,198
Depreciation expense	(7,264,290)
Revenue in support of pension contributions made subsequent to the measurement date	5,195,795
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium and outflows related to bond refundings are not expenses in the governmental funds	6,867,353
Interest expense is recognized in the government-wide statements as it accrues	48,792
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	12,957,968
Arbitrage claims and similar costs that do not use current financial resources are not reported as expenditures in the governmental funds	(220,607)
Change in Net Position of Governmental Activities	<u>\$ 17,738,671</u>

June 30, 2024

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, 2024

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 because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2021 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 and equipment, and 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 sources from food sales and federal and state grants), school services (primary revenue sources from community swim, Kids Club, Camp O' Fun, and preschool tuition and federal grants), student activities (primary revenue sources from fundraising and donations earned and received by student groups), and the special education center programs (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, 2024**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 2021 School Building and Site Bond Fund are required to be set aside for construction or other allowable bond purchases.
- Unspent property taxes levied and 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.

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 bond 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, 2024**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 exist only 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.

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.

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.

Note 2 - Significant Accounting Policies (Continued)**Pension and Other Postemployment Benefit (OPEB) Plans**

For the purpose of measuring the net pension liability and net OPEB asset, 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 Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 4, 2024, 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, except that capital outlay is budgeted by function. 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. Budgeted revenue increased by \$2.9 million to account for state and federal grant award allocations. Budgeted expenditures were also increased by \$4.6 million to account for the increase in the contract salaries and benefits, allocations of grant award expenditures, expense to tie out the mandatory unfunded actuarial accrued liability, interest on line of credit, and athletic expenses that aligned more with prior year actual expenditures.

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

During the year, the School District incurred expenditures in the General Fund that were in excess of the amounts budgeted as follows:

	Budget	Actual
Support services - Business	\$ 1,811,664	\$ 1,978,158
Athletics	2,353,678	2,507,216
Community services	584,237	642,514
Total	\$ 4,749,579	\$ 5,127,888

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 three 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.

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 bank deposits totaling approximately \$21,781,000 (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.

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, 2024, 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
Bank investment pool	\$ 3,589,536

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, 2024, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Bank investment pool	\$ 3,589,536	AAA-mf	Moody's

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. At June 30, 2024, all of the School District's investments are in a bank investment pool.

June 30, 2024

Note 4 - Deposits and Investments (Continued)

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.

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, 2024, the School District had \$3,305,161 of unearned revenue related to grant and categorical aid payments received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:					
Land and land improvements	\$ 4,744,095	\$ -	\$ -	\$ -	\$ 4,744,095
Construction in progress	15,151,639	(12,385,131)	5,474,246	-	8,240,754
Subtotal	19,895,734	(12,385,131)	5,474,246	-	12,984,849
Capital assets being depreciated -					
Buildings and equipment	234,631,789	12,385,131	1,268,952	-	248,285,872
Accumulated depreciation -					
Buildings and equipment	103,812,100	-	7,264,290	-	111,076,390
Net capital assets being depreciated	130,819,689	12,385,131	(5,995,338)	-	137,209,482
Net governmental activities capital assets	<u>\$ 150,715,423</u>	<u>\$ -</u>	<u>\$ (521,092)</u>	<u>\$ -</u>	<u>\$ 150,194,331</u>

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

Construction Commitments

The School District has active construction projects at year end. The projects include the 2021 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 Commitments
District-wide projects	\$ 5,556,412	\$ 407,240
Construction	19,444,453	597,491
Technology	938,515	175,672
Total	<u>\$ 25,939,380</u>	<u>\$ 1,180,403</u>

June 30, 2024

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From		
	General Fund	Nonmajor Funds	Total
Nonmajor funds	\$ 7,516,807	\$ 555,762	\$ 8,072,569

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 and School Services Fund transferred \$1,711,295 and \$321,083, respectively, to the General Fund to cover overhead and building use costs related to the operations of the various funds, which were 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 \$16,000,000 or 30 percent of the state school aid for the fiscal year ended June 30, 2024. Interest is payable monthly at a rate of (a) the daily adjusting Bloomberg Short-Term Bank Yield Index rate (BSBY), (b) the daily adjusting term SOFR plus a margin of 1.50 percent, or (c) the prime referenced rate (which shall not be less than 2.50 percent) plus 0.50 percent. The revolving line of credit is collateralized by 30 percent of the state school aid and matured on June 30, 2024.

The School District renewed the line of credit on August 29, 2024 with maximum borrowings of \$16,000,000 and an expiration date of June 30, 2025. The interest rate provisions remained the same. The School District had no outstanding borrowings on the line of credit at June 30, 2024.

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.

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	\$ 101,675,000	\$ -	\$ (5,855,000)	\$ 95,820,000	\$ 6,175,000
Unamortized bond premiums	13,761,284	-	(1,117,101)	12,644,183	815,570
Total bonds payable	115,436,284	-	(6,972,101)	108,464,183	6,990,570
Compensated absences	543,543	183,493	(126,688)	600,348	180,865
Claims and judgments - Self-insurance (Note 11)	4,665,338	11,344,732	(12,695,001)	3,315,069	3,315,069
Arbitrage rebate payable	-	220,607	-	220,607	220,607
Total governmental activities long-term debt	<u>\$ 120,645,165</u>	<u>\$ 11,748,832</u>	<u>\$ (19,793,790)</u>	<u>\$ 112,600,207</u>	<u>\$ 10,707,111</u>

The School District had deferred outflows of \$27,981 related to deferred charges on bond refundings at June 30, 2024.

June 30, 2024

Note 9 - Long-term Debt (Continued)

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, 2024 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	\$ 3,510,000
\$65,760,000 Qualified General Obligation (2019 School Building and Site Bonds)	2019	4.00-5.00%	2039	61,370,000
\$37,300,000 Qualified General Obligation (2021 School Building and Site Bonds)	2021	3.00-5.00%	2041	30,940,000
Total governmental activities				<u>\$ 95,820,000</u>

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 asset will be liquidated from the funds from which the individual employee salaries are paid.

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		Total
	Principal	Interest	
2025	\$ 6,175,000	\$ 4,256,550	\$ 10,431,550
2026	4,850,000	4,018,000	8,868,000
2027	5,060,000	3,811,250	8,871,250
2028	5,110,000	3,595,450	8,705,450
2029	5,335,000	3,339,950	8,674,950
2030-2034	29,980,000	12,577,900	42,557,900
2035-2039	34,960,000	5,372,950	40,332,950
2040-2041	4,350,000	195,900	4,545,900
Total	<u>\$ 95,820,000</u>	<u>\$ 37,167,950</u>	<u>\$ 132,987,950</u>

June 30, 2024

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 supplementary 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 by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

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

Members are eligible for 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 supplementary payment in those years when investment earnings exceed actuarial assumptions.

MPERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPERS, with the balance deducted from the monthly pension of each retiree 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.

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

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, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

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, 2024 were \$24,048,262, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the School District's required and actual pensions contributions include an allocation of \$11,288,213 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$4,900,051, which includes the School District's contributions required for those members with a defined contribution benefit.

June 30, 2024

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

Net Pension Liability

At June 30, 2024, the School District reported a liability of \$190,981,004 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. 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, 2023 and 2022, the School District's proportion was 0.59 and 0.62 percent, respectively, representing a change of (4.12) percent.

Net OPEB Asset

At June 30, 2024, the School District reported an asset of \$(3,237,426) for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated asset to September 30, 2023. The School District's proportion of the net OPEB asset 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, 2023 and 2022, the School District's proportion was 0.57 and 0.61 percent, respectively, representing a change of (5.84) percent.

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

For 2024, the School District recognized pension expense of \$21,426,409, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,028,688	\$ (292,553)
Changes in assumptions	25,878,795	(14,921,125)
Net difference between projected and actual earnings on pension plan investments	-	(3,908,090)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	810,670	(6,857,893)
The School District's contributions to the plan subsequent to the measurement date	20,687,578	-
Total	<u>\$ 53,405,731</u>	<u>\$ (25,979,661)</u>

The \$11,288,213 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, 2025. 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
2025	\$ 2,362,739
2026	1,356,254
2027	6,593,818
2028	(3,574,319)
Total	<u>\$ 6,738,492</u>

June 30, 2024

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

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, 2024, the School District recognized OPEB recovery of \$(6,268,379).

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (24,463,651)
Changes in assumptions	7,207,074	(867,868)
Net difference between projected and actual earnings on OPEB plan investments	9,871	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	516,535	(2,338,946)
Employer contributions to the plan subsequent to the measurement date	3,416,941	-
Total	<u>\$ 11,150,421</u>	<u>\$ (27,670,465)</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
2025	\$ (6,369,951)
2026	(5,890,170)
2027	(2,391,379)
2028	(2,436,564)
2029	(1,895,218)
Thereafter	(953,703)
Total	<u>\$ (19,936,985)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2023 are based on the results of an actuarial valuation as of September 30, 2022 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%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	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	6.25% - 7.50%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100% (retirees: 116% for males and 116% for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

June 30, 2024

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

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

Significant assumption changes since the prior measurement date, September 30, 2022, for the OPEB plan include a decrease in the health care cost trend rate of 0.25 percent for members under 65 and an increase of 1.0 percent for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2023. 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 %	5.80 %
Private equity pools	16.00	9.60
International equity pools	15.00	6.80
Fixed-income pools	13.00	1.30
Real estate and infrastructure pools	10.00	6.40
Absolute return pools	9.00	4.80
Real return/opportunistic pools	10.00	7.30
Short-term investment pools	2.00	0.30
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.7 percent.

June 30, 2024

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

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%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 258,014,777	\$ 190,981,004	\$ 135,172,964

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

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability (asset) 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%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability (asset) of the School District	\$ 3,356,239	\$ (3,237,426)	\$ (8,904,033)

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

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB (asset) 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	Current Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the School District	\$ (8,918,161)	\$ (3,237,426)	\$ 2,910,993

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, 2024, the School District reported a payable of \$3,738,413 and \$612,578 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

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.

Note 11 - Risk Management (Continued)

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:

	2024	2023
Estimated liability - Beginning of year	\$ 4,665,338	\$ 5,147,460
Estimated claims incurred, including changes in estimates	11,344,732	12,081,642
Claim payments	(12,695,001)	(12,563,764)
Estimated liability - End of year	<u>\$ 3,315,069</u>	<u>\$ 4,665,338</u>

Note 12 - 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, 2024, the School District had no significant tax abatements.

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 \$2,900 in reimbursements from the State of Michigan for the fiscal year ended June 30, 2024. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.

Required Supplementary Information

Grosse Pointe Public School System

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 22,073,629	\$ 21,793,861	\$ 22,023,141	\$ 229,280
State sources	69,196,934	71,232,042	71,744,926	512,884
Federal sources	7,383,445	7,941,170	7,458,114	(483,056)
Interdistrict	-	2,012,531	2,108,166	95,635
County-wide enhancement millage	3,541,506	2,258,450	2,570,113	311,663
Total revenue	102,195,514	105,238,054	105,904,460	666,406
Expenditures				
Current:				
Instruction:				
Basic programs	52,252,882	53,814,532	52,207,084	(1,607,448)
Added needs	10,182,652	10,194,012	10,081,019	(112,993)
Support services:				
Pupil	7,242,699	7,887,081	8,175,857	288,776
Instructional staff	4,108,500	3,989,545	3,829,915	(159,630)
General administration	1,144,200	1,645,295	1,666,942	21,647
School administration	7,027,243	7,103,610	7,260,200	156,590
Business	1,554,104	1,811,664	1,978,158	166,494
Operations and maintenance	12,260,414	12,043,000	12,175,578	132,578
Pupil transportation services	1,551,500	2,035,845	2,089,974	54,129
Central	3,249,754	3,827,273	3,853,030	25,757
Other	-	59,508	61,304	1,796
Athletics	1,858,860	2,353,678	2,507,216	153,538
Community services	634,241	584,237	642,514	58,277
Facilities construction and improvements	72,000	393,804	393,804	-
Total expenditures	103,139,049	107,743,084	106,922,595	(820,489)
Excess of Expenditures Over Revenue	(943,535)	(2,505,030)	(1,018,135)	1,486,895
Other Financing Sources - Transfers in	2,172,656	2,009,975	2,032,378	22,403
Net Change in Fund Balance	1,229,121	(495,055)	1,014,243	1,509,298
Fund Balance - Beginning of year	9,792,920	9,792,920	9,792,920	-
Fund Balance - End of year	<u>\$ 11,022,041</u>	<u>\$ 9,297,865</u>	<u>\$ 10,807,163</u>	<u>\$ 1,509,298</u>

Grosse Pointe Public School System

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

	Last Ten Plan Years Plan Years Ended September 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.59007 %	0.61544 %	0.61147 %	0.60970 %	0.61927 %	0.62972 %	0.63725 %	0.64755 %	0.65777 %	0.64854 %
School District's proportionate share of the net pension liability	\$ 190,981,004	\$ 231,457,692	\$ 144,768,360	\$ 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	\$ 57,110,233	\$ 58,905,778	\$ 55,649,969	\$ 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	334.41 %	392.93 %	260.14 %	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	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Grosse Pointe Public School System

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

	Last Ten Fiscal Years Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 23,436,785	\$ 27,924,550	\$ 20,873,483	\$ 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	23,436,785	27,924,550	20,873,483	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	\$ 55,073,086	\$ 57,309,590	\$ 56,280,255	\$ 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	42.56 %	48.73 %	37.09 %	33.81 %	31.52 %	30.89 %	30.41 %	27.81 %	26.94 %	21.34 %

Grosse Pointe Public School System

Required Supplementary Information Schedule of Proportionate Share of the Net OPEB Liability (Asset) Michigan Public School Employees' Retirement System

	Last Seven Plan Years Plan Years Ended September 30						
	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.57229 %	0.60776 %	0.61719 %	0.60468 %	0.61474 %	0.62317 %	0.63704 %
School District's proportionate share of the net OPEB (asset) liability	\$ (3,237,426)	\$ 12,872,712	\$ 9,420,706	\$ 32,394,124	\$ 44,124,183	\$ 49,535,767	\$ 56,412,508
School District's covered payroll	\$ 57,110,233	\$ 58,905,778	\$ 55,649,969	\$ 53,470,601	\$ 53,643,692	\$ 53,068,689	\$ 53,031,858
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.67)%	21.85 %	16.93 %	60.58 %	82.25 %	93.34 %	106.37 %
Plan fiduciary net position as a percentage of total OPEB liability	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Grosse Pointe Public School System

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

	Last Seven Fiscal Years						
	Years Ended June 30						
	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 4,524,488	\$ 4,612,963	\$ 4,586,391	\$ 4,558,293	\$ 4,320,556	\$ 4,205,179	\$ 3,816,674
Contributions in relation to the statutorily required contribution	4,524,488	4,612,963	4,586,391	4,558,293	4,320,556	4,205,179	3,816,674
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 55,073,086	\$ 57,309,590	\$ 56,280,255	\$ 54,775,650	\$ 53,767,679	\$ 53,534,888	\$ 52,842,572
Contributions as a Percentage of Covered Payroll	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2024

Pension Information

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:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 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:

- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 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.

Grosse Pointe Public School System

Notes to Required Supplementary Information (Continued)

June 30, 2024

- 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 Supplementary Information

Grosse Pointe Public School System

Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds				Debt Service Fund	Capital Project Fund	
	School Services Fund	Food Service Fund	Student Activities Fund	Special Education Center Programs Fund	Debt Fund	Sinking Fund	Total
Assets							
Cash and investments	\$ -	\$ 422,320	\$ 2,645,364	\$ -	\$ -	\$ -	\$ 3,067,684
Receivables - Other receivables	-	-	12,599	-	-	-	12,599
Due from other funds	775,170	-	-	66,109	3,152,775	4,078,515	8,072,569
Prepaid expenses and other assets	-	330,000	-	-	-	-	330,000
Restricted assets	-	-	-	-	199,763	-	199,763
Total assets	\$ 775,170	\$ 752,320	\$ 2,657,963	\$ 66,109	\$ 3,352,538	\$ 4,078,515	\$ 11,682,615
Liabilities							
Accounts payable	\$ 885	\$ -	\$ 9,400	\$ 9,839	\$ -	\$ 229,956	\$ 250,080
Due to other funds	-	314,833	240,929	-	-	-	555,762
Accrued liabilities and other	61,115	-	-	-	-	-	61,115
Other current liabilities	-	113,129	-	-	-	-	113,129
Total liabilities	62,000	427,962	250,329	9,839	-	229,956	980,086
Fund Balances							
Nonspendable - Prepaids	-	324,358	-	-	-	-	324,358
Restricted:							
Debt service	-	-	-	-	3,352,538	-	3,352,538
Capital projects	-	-	-	-	-	3,848,559	3,848,559
Special education	-	-	-	56,270	-	-	56,270
Committed - Student activities	-	-	2,407,634	-	-	-	2,407,634
Assigned - School services	713,170	-	-	-	-	-	713,170
Total fund balances	713,170	324,358	2,407,634	56,270	3,352,538	3,848,559	10,702,529
Total liabilities and fund balances	\$ 775,170	\$ 752,320	\$ 2,657,963	\$ 66,109	\$ 3,352,538	\$ 4,078,515	\$ 11,682,615

Grosse Pointe Public School System

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

Year Ended June 30, 2024

	Special Revenue Funds				Debt Service Fund	Capital Project Fund	
	School Services Fund	Food Service Fund	Student Activity Fund	Special Education Center Programs Fund	Debt Fund	Sinking Fund	Total
Revenue							
Local sources	\$ 2,777,587	\$ 224,321	\$ 2,355,260	\$ -	\$ 10,786,497	\$ 3,281,630	\$ 19,425,295
State sources	-	972,241	-	7,135,030	-	-	8,107,271
Federal sources	-	807,449	-	-	-	-	807,449
Interdistrict	-	-	-	6,056,894	-	-	6,056,894
Total revenue	2,777,587	2,004,011	2,355,260	13,191,924	10,786,497	3,281,630	34,396,909
Expenditures							
Current:							
Instruction	-	-	-	7,609,584	-	-	7,609,584
Support services	-	182,334	2,320,476	3,871,045	882	581,007	6,955,744
Food services	-	2,243,549	-	-	-	-	2,243,549
Community services	2,675,688	-	-	-	-	-	2,675,688
Debt service:							
Principal	-	-	-	-	5,855,000	-	5,855,000
Interest	-	-	-	-	4,549,300	-	4,549,300
Other debt costs	-	-	-	-	2,500	-	2,500
Capital outlay	-	198,220	-	-	-	1,281,992	1,480,212
Total expenditures	2,675,688	2,624,103	2,320,476	11,480,629	10,407,682	1,862,999	31,371,577
Excess of Revenue Over (Under) Expenditures	101,899	(620,092)	34,784	1,711,295	378,815	1,418,631	3,025,332
Other Financing Uses - Transfers out	(321,083)	-	-	(1,711,295)	-	-	(2,032,378)
Net Change in Fund Balances	(219,184)	(620,092)	34,784	-	378,815	1,418,631	992,954
Fund Balances - Beginning of year	932,354	944,450	2,372,850	56,270	2,973,723	2,429,928	9,709,575
Fund Balances - End of year	<u>\$ 713,170</u>	<u>\$ 324,358</u>	<u>\$ 2,407,634</u>	<u>\$ 56,270</u>	<u>\$ 3,352,538</u>	<u>\$ 3,848,559</u>	<u>\$ 10,702,529</u>

Grosse Pointe Public School System

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2024

Years Ended June 30	2017 Refunding Bonds Principal	2019 School Building and Site Bonds Principal	2021 School Building and Site Bonds Principal	Total
2025	\$ 3,510,000	\$ -	\$ 2,665,000	\$ 6,175,000
2026	-	3,575,000	1,275,000	4,850,000
2027	-	3,720,000	1,340,000	5,060,000
2028	-	3,700,000	1,410,000	5,110,000
2029	-	3,850,000	1,485,000	5,335,000
2030	-	4,000,000	1,560,000	5,560,000
2031	-	4,150,000	1,640,000	5,790,000
2032	-	4,300,000	1,705,000	6,005,000
2033	-	4,450,000	1,760,000	6,210,000
2034	-	4,600,000	1,815,000	6,415,000
2035	-	4,750,000	1,870,000	6,620,000
2036	-	4,900,000	1,930,000	6,830,000
2037	-	5,050,000	1,985,000	7,035,000
2038	-	5,150,000	2,045,000	7,195,000
2039	-	5,175,000	2,105,000	7,280,000
2040	-	-	2,170,000	2,170,000
2041	-	-	2,180,000	2,180,000
Total remaining payments	\$ 3,510,000	\$ 61,370,000	\$ 30,940,000	\$ 95,820,000
Principal payments due	May 1	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	3.00% to 5.00%	4.00% to 5.00%	3.00% to 5.00%	
Original issue	\$ 24,995,000	\$ 65,760,000	\$ 37,300,000	