
Wayne-Westland Community Schools

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

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This section of the annual financial report for Wayne-Westland Community Schools (the "School District") 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 Wayne-Westland Community Schools 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; the Federal, State, and Local Grant Programs Fund; and the 2019 Building and Site 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

Budgetary Comparison Schedule - Major Special Revenue Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability

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.

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 (Milk and Hot Lunch Fund). 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 Milk and Hot Lunch 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.

Wayne-Westland Community Schools

Management's Discussion and Analysis (Continued)

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	\$ 101.7	\$ 100.9
Capital assets	212.7	184.9
Total assets	314.4	285.8
Deferred Outflows of Resources	132.3	133.8
Liabilities		
Current liabilities	33.0	30.3
Noncurrent liabilities	129.8	135.1
Net pension liability	289.8	311.2
Net OPEB liability	-	17.8
Total liabilities	452.6	494.4
Deferred Inflows of Resources	91.7	62.6
Net Position (Deficit)		
Net investment in capital assets	105.3	104.5
Restricted:		
Debt service	2.6	2.5
Capital projects	-	3.2
OPEB asset	5.3	-
Capital projects	4.5	-
Unrestricted	(215.3)	(247.6)
Total net position (deficit)	<u>\$ (97.6)</u>	<u>\$ (137.4)</u>

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 a deficit of \$(97.6) million at June 30, 2024. Net investment in capital assets totaling \$105.3 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position of \$(215.3) million) was unrestricted.

The \$(215.3) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

Wayne-Westland Community Schools

Management's Discussion and Analysis (Continued)

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	\$ 2.0	\$ 2.2
Operating grants	138.0	101.2
General revenue:		
Taxes	31.1	29.4
State aid not restricted to specific purposes	72.8	65.5
Other	5.5	4.7
Total revenue	<u>249.4</u>	<u>203.0</u>
Expenses		
Instruction	109.1	108.4
Support services	84.6	82.8
Athletics	2.2	2.2
Milk and hot lunch	7.9	7.4
Community services	0.5	0.4
Other	5.3	3.9
Total expenses	<u>209.6</u>	<u>205.1</u>
Change in Net Position	39.8	(2.1)
Net Position (Deficit) - Beginning of year	<u>(137.4)</u>	<u>(135.3)</u>
Net Position (Deficit) - End of year	<u><u>\$ (97.6)</u></u>	<u><u>\$ (137.4)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$209.6 million. Certain activities were partially funded from those who benefited from the programs (\$2.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$138.0 million). We paid for the remaining public benefit portion of our governmental activities with \$31.1 million in taxes, \$72.8 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced a increase in net position of \$39.0 million. Key reasons for the change in net position are the GASB 68 and 75 related pension and OPEB adjustments and the School District's investment in capital assets (offset with the current year depreciation).

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 we 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 \$62.8 million, which is a decrease of \$7.3 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance increased by approximately \$22.9 million to \$32.2 million. The increase is mainly due to use of grant funds for instructional and support staff.

Wayne-Westland Community Schools

Management's Discussion and Analysis (Continued)

The fund balance of our debt service fund decreased by \$1.1 million. 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 approximately \$2.3 million. The fund balance of our 2019 Building and Site Fund capital projects fund decreased by \$32.0 million. This decrease is primarily due to continued construction related to the 2019 bond issue, ending the year with a fund balance of \$18.7 million. Proceeds from the bond funds are used for constructing buildings; acquiring and installing technology; furnishing and equipping additions to existing school buildings; partially remodeling, furnishing, refurbishing, equipping, and reequipping existing school district buildings; and improving and developing sites, including playgrounds, athletic fields, facilities, and structures, in the School District.

The Student Activities Fund fund balance remained consistent at \$1.1 million. The Milk and Hot Lunch Fund ended the year with a fund balance of 1.2 million.

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.

There were significant revisions made to the 2023-2024 original budget. Budgeted revenue was increased by \$1.9 million due in part to a large increase in state revenue sources, as per pupil revenue grew by \$458 per pupil. Additionally, local revenue experienced an increase from property tax revenue. Budgeted expenditures were also increased by \$4.3 million in the final budget due to a projected increase in operations/maintenance and other transfers. Total actual expenses were under budget due to the reallocation of instructional and support staff services to the Federal, State, and Local Grant Programs Fund.

The Federal, State, and Local Grant Programs Fund budgeted revenue and expense increased by \$22.2 million due to additional ESSER III funding, state source revenue, and interdistrict source revenue. The increase in budgeted expense primarily relates to the allocation of instructional and support staff to the ESSER III grant. Actual expense being over budget by \$2.7 million is due to additional community service and supplies expenses.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the School District had \$212.7 million invested in a broad range of capital assets, including land, construction in progress, building and improvements, buses and other vehicles, furniture and equipment, and land improvements. This represents a net increase (including additions, construction in progress, disposals, and depreciation) of approximately \$27.0 million from 2023 to 2024.

	2024	2023
Land	\$ 1,213,987	\$ 1,213,987
Construction in progress	95,327,154	107,118,329
Buildings and improvements	105,215,297	64,180,915
Furniture and equipment	3,460,214	3,769,382
Buses and other vehicles	4,021,904	4,534,212
Land improvements	3,443,974	4,072,069
Total capital assets - Net of accumulated depreciation	\$ 212,682,530	\$ 184,888,894

Wayne-Westland Community Schools

Management's Discussion and Analysis (Continued)

This year's additions of \$1.3 million included buses, technology, and building construction and renovations. Several major capital projects were started in the 2022-2023 fiscal year and continued to be ongoing in the 2023-2024 fiscal year, which related to \$46.2 million of additions and \$94.5 million of ongoing projects during the year. Additional major capital projects are also planned for the 2024-2025 fiscal year in connection with the 2019 Building and Site Fund. 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 \$116.5 million in bonds outstanding versus \$121.7 million in the previous year.

Other obligations include compensated absences and workers' compensation. We present more detailed information about our long-term liabilities in the notes to the financial statements.

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. 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 2025 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2025 budget. 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.

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.

Wayne-Westland Community Schools

Statement of Net Position

June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 4)	\$ 30,347,299
Receivables:	
Property taxes receivable	23,876
Other receivables	5,021,441
Due from other governments	34,305,625
Inventory	100,134
Prepaid expenses	75,000
Restricted assets (Notes 4 and 5)	26,596,237
Net OPEB asset (Note 11)	5,322,642
Capital assets: (Note 7)	
Assets not subject to depreciation	96,541,141
Assets subject to depreciation - Net	<u>116,141,389</u>
Total assets	314,474,784
Deferred Outflows of Resources	
Deferred pension costs (Note 11)	107,231,531
Deferred OPEB costs (Note 11)	<u>25,035,971</u>
Total deferred outflows of resources	132,267,502
Liabilities	
Accounts payable	8,681,234
Due to other governmental units	3,100,745
Accrued liabilities and other	19,320,622
Unearned revenue (Note 6)	1,877,871
Noncurrent liabilities:	
Due within one year (Note 9)	6,074,792
Due in more than one year (Note 9)	123,743,681
Net pension liability (Note 11)	<u>289,802,638</u>
Total liabilities	452,601,583
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	18,554,813
Deferred pension cost reductions (Note 11)	30,539,970
Deferred OPEB cost reductions (Note 11)	<u>42,627,961</u>
Total deferred inflows of resources	<u>91,722,744</u>
Net Position (Deficit)	
Net investment in capital assets	105,366,045
Restricted:	
Debt service	2,581,745
Net OPEB asset	5,322,642
Capital projects	4,500,857
Unrestricted	<u>(215,353,330)</u>
Total net position (deficit)	<u><u>\$ (97,582,041)</u></u>

Wayne-Westland Community Schools

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Change in Net Position
Primary government - Governmental activities:				
Instruction	\$ 109,098,333	\$ 1,713,630	\$ 58,530,060	\$ (48,854,643)
Support services	84,555,050	-	71,536,739	(13,018,311)
Athletics	2,214,344	97,459	-	(2,116,885)
Milk and hot lunch	7,970,845	219,555	7,940,330	189,040
Community services	524,783	-	-	(524,783)
Interest	4,724,480	-	-	(4,724,480)
Other	594,762	-	-	(594,762)
Total primary government	\$ 209,682,597	\$ 2,030,644	\$ 138,007,129	(69,644,824)
General revenue (expense):				
Taxes:				
Property taxes levied for general purposes				18,349,530
Property taxes levied for debt service				10,531,443
Property taxes levied for capital projects				2,266,519
State aid not restricted to specific purposes				72,787,214
Interest and investment earnings				2,841,357
Loss on sale of capital assets				(95,212)
Other				2,750,950
Total general revenue				109,431,801
Change in Net Position				39,786,977
Net Position (Deficit) - Beginning of year				(137,369,018)
Net Position (Deficit) - End of year				\$ (97,582,041)

Wayne-Westland Community Schools

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	Federal, State, and Local Grant Programs Fund	2019 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 26,445,178	\$ -	\$ -	\$ 3,902,121	\$ 30,347,299
Receivables:					
Property taxes receivable	23,876	-	-	-	23,876
Other receivables	3,593,782	-	-	1,427,659	5,021,441
Due from other governments	25,243,707	9,024,453	-	37,465	34,305,625
Due from other funds (Note 8)	-	-	-	12,974,745	12,974,745
Inventory	42,650	-	-	57,484	100,134
Prepaid expenses	75,000	-	-	-	75,000
Restricted assets (Notes 4 and 5)	-	-	25,716,404	879,833	26,596,237
Total assets	\$ 55,424,193	\$ 9,024,453	\$ 25,716,404	\$ 19,279,307	\$ 109,444,357
Liabilities					
Accounts payable	\$ 797,037	\$ 1,190,438	\$ 6,505,713	\$ 188,046	\$ 8,681,234
Due to other governmental units	3,100,745	-	-	-	3,100,745
Due to other funds (Note 8)	7,218,531	1,400,204	1,632,056	2,723,954	12,974,745
Accrued liabilities and other	12,137,516	4,491,257	-	1,854,555	18,483,328
Unearned revenue (Note 6)	-	1,877,871	-	-	1,877,871
Total liabilities	23,253,829	8,959,770	8,137,769	4,766,555	45,117,923
Deferred Inflows of Resources -					
Unavailable revenue (Note 6)	-	64,683	-	1,437,285	1,501,968
Total liabilities and deferred inflows of resources	23,253,829	9,024,453	8,137,769	6,203,840	46,619,891
Fund Balances					
Nonspendable:					
Inventory	42,650	-	-	57,484	100,134
Prepaid expenses	75,000	-	-	-	75,000
Restricted:					
Debt service	-	-	-	3,419,039	3,419,039
Capital projects	-	-	17,578,635	6,607,537	24,186,172
Special education	-	-	-	696,294	696,294
Food service	-	-	-	1,182,138	1,182,138
Committed - Student activities	-	-	-	1,112,975	1,112,975
Assigned - Subsequent use of fund balance	12,528,639	-	-	-	12,528,639
Unassigned	19,524,075	-	-	-	19,524,075
Total fund balances	32,170,364	-	17,578,635	13,075,467	62,824,466
Total liabilities, deferred inflows of resources, and fund balances	\$ 55,424,193	\$ 9,024,453	\$ 25,716,404	\$ 19,279,307	\$ 109,444,357

Wayne-Westland Community Schools

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

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 62,824,466
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds:	
Cost of capital assets	359,713,266
Accumulated depreciation	<u>(147,030,736)</u>
Net capital assets used in governmental activities	212,682,530
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,501,968
Bonds payable and related premiums are not due and payable in the current period and are not reported in the funds	(126,408,580)
Accrued interest is not due and payable in the current period and is not reported in the funds	(837,294)
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	(2,417,711)
Provision for workers' compensation claims	(398,962)
Net pension liability and related deferred inflows and outflows	(213,111,077)
Net OPEB asset and related deferred inflows and outflows	(12,269,348)
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	(18,554,813)
Other long-term liabilities, consist of arbitrage rebate liabilities, that do not present a claim on current financial resources and are not reported as fund liabilities	<u>(593,220)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (97,582,041)</u>

Wayne-Westland Community Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	General Fund	Federal, State, and Local Grant Programs Fund	2019 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 22,563,842	\$ 372,212	\$ 1,969,815	\$ 13,867,873	\$ 38,773,742
State sources	113,108,104	12,151,124	-	8,224,940	133,484,168
Federal sources	155,735	38,493,492	-	7,494,581	46,143,808
Interdistrict sources	10,225,881	2,192,462	-	14,511,918	26,930,261
Total revenue	146,053,562	53,209,290	1,969,815	44,099,312	245,331,979
Expenditures					
Current:					
Instruction	59,843,538	38,838,155	-	10,719,299	109,400,992
Support services	61,235,914	13,071,307	-	11,554,268	85,861,489
Athletics	2,308,506	-	-	-	2,308,506
Milk and hot lunch	-	21,024	-	7,964,314	7,985,338
Community services	118,125	430,538	-	-	548,663
Other:					
Principal (Note 9)	-	-	-	5,250,000	5,250,000
Interest	-	-	-	5,302,026	5,302,026
Other	-	-	-	1,542	1,542
Capital outlay	375,986	635,713	35,066,111	123,652	36,201,462
Total expenditures	123,882,069	52,996,737	35,066,111	40,915,101	252,860,018
Excess of Revenue Over (Under) Expenditures	22,171,493	212,553	(33,096,296)	3,184,211	(7,528,039)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	239,109	-	-	-	239,109
Transfers in (Note 8)	512,491	-	-	62	512,553
Transfers out (Note 8)	-	(212,553)	-	(300,000)	(512,553)
Total other financing sources (uses)	751,600	(212,553)	-	(299,938)	239,109
Net Change in Fund Balances	22,923,093	-	(33,096,296)	2,884,273	(7,288,930)
Fund Balances - Beginning of year	9,247,271	-	50,674,931	10,191,194	70,113,396
Fund Balances - End of year	\$ 32,170,364	\$ -	\$ 17,578,635	\$ 13,075,467	\$ 62,824,466

Wayne-Westland Community Schools

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	\$ (7,288,930)
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	35,703,351
Depreciation expense	(7,575,394)
Net book value of assets disposed of	(334,321)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(2,866)
Revenue in support of pension contributions made subsequent to the measurement date	4,235,673
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premium not expenses in the governmental funds	5,734,792
Interest expense is recognized in the government-wide statements as it accrues	92,754
Some employee costs (pension, OPEB, compensated absences, and workers compensation) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	9,815,138
Arbitrage rebate costs that do not use current financial resources are not reported as expenditures in the governmental funds	(593,220)
Change in Net Position of Governmental Activities	<u>\$ 39,786,977</u>

June 30, 2024

Note 1 - Nature of Business

Wayne-Westland Community Schools (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. 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 eight-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.

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 government 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.

Note 2 - Significant Accounting Policies (Continued)

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.

Fund Accounting

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

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital projects 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 Federal, State, and Local Grant Programs Fund (special revenue fund) records all the revenue and expenditures of the local, state, and federal grants except for the Child Nutrition Cluster. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The 2019 Building and Site Fund (capital projects fund) is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology updates; and remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.

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

- The Special Education Fund (special revenue fund) is used to record all transactions associated with the special education center programs administered by the School District on behalf of the county. The Special Education Fund is funded primarily by property taxes from interdistrict sources and state aid, which is restricted to expenditures for specified purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Milk and Hot Lunch Fund (special revenue fund) is used to record all transactions of food sales to pupils at all school district buildings. The Milk and Hot Lunch Fund is funded primarily by federal grants awarded to the School District to reimburse the cost of providing meals to students. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Student Activities Fund (special revenue fund) is used to record transactions of student groups for school and school-related purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The debt service fund is used to record tax and interest revenue and transfers in from the General Fund and the payment of interest, principal, and other expenditures on bonded debt.
- The Sinking Fund (capital projects fund) is used to record revenue and the disbursement of moneys specifically designated for major remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.

Note 2 - Significant Accounting Policies (Continued)

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 the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the 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.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, money market demand deposit accounts, 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.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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.

Restricted Assets

The unspent property taxes levied in the debt service fund and Sinking Fund are required to be set aside for future bond principal and interest and approved Sinking Fund projects, respectively. In addition, the unspent bond proceeds and related interest of the 2019 Building and Site Fund require amounts to be set aside for construction and technology. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental 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. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized.

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

	Depreciable Life - Years
Buildings (with 20 percent salvage value)	50
Building improvements (with 20 percent salvage value)	25
Land improvements	20
Buses and other vehicles	10
Furniture and other equipment	10

Note 2 - Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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 service funds 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 a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District has deferred outflows of resources related to 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 a future period and will not be recognized as an inflow of resources (revenue) until that time.

The School District has deferred inflows of resources related to revenue in support of pension payments made subsequent to the measurement date and deferred pension and OPEB costs.

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 assets or restricted.

Net Position Flow Assumption

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

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 government'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.

Note 2 - Significant Accounting Policies (Continued)

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 government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 finance director 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.

The fund balance policy prescribes the minimum fund balance between 5 percent and 10 percent of the School District's operating expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year. If a fund balance declines below the 5 percent to 10 percent range, it shall be recovered at a rate directed by the Board of Education.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. 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

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

Note 2 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Costs

For the purpose of measuring the net pension and net OPEB (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from 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

The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated annual sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

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 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 major special revenue funds. The presentation of the budget information and the basic financial statements is consistent, except that capital outlay is presented within the functional categories in the budget. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the 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. The required supplementary information - budgetary comparison schedules are presented on the same basis of accounting used to prepare the budget that includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balances. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

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 and major special revenue fund that were in excess of the amounts budgeted as follows:

	Budget	Actual
General Fund - School administration	\$ 8,260,488	\$ 9,101,013
General Fund - Business	1,226,239	1,423,112
Federal, State, and Local Grant Programs Fund - Community service	-	3,865,311
Federal, State, and Local Grant Programs Fund - Purchased services (contracted)	-	467,588
Federal, State, and Local Grant Programs Fund - Supplies and materials	-	4,611,789
Federal, State, and Local Grant Programs Fund - Capital outlay	-	635,713
Federal, State, and Local Grant Programs Fund - Other expenditures	-	100,961

The budget overruns above are due to reallocation for staffing and other expenses that were not broken out in the final approved budget.

Capital Projects Fund Compliance

The 2019 Building and Site Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan’s School Code.

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

Note 4 - Deposits and Investments

The School District has designated two banks for the deposit of its funds. The School District’s investments comply with all required laws and regulations.

Note 4 - Deposits and Investments (Continued)

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for MILAF MAX Class funds, which may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

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. At year end, the School District had bank deposits of \$29,506,430 (checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amount 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's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. 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 does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

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
Primary Government			
Money market	\$ 177,975	AAAm	S&P
MILAF	27,784,131	AAAm	S&P

Concentration of Credit Risk

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

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 - Restricted Assets

At June 30, 2024, restricted assets are composed of the following:

Description	Governmental Activities
Restricted for debt service fund	\$ 776,520
Restricted for Sinking Fund	103,313
Restricted for capital projects	<u>25,716,404</u>
Total	<u>\$ 26,596,237</u>

Note 6 - 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 \$1,501,968 in unavailable revenue related to amounts that were not received within 60 days of year end and \$1,877,871 in unearned revenue primarily related to grant and categorical aid payment received prior to meeting all eligibility requirements.

June 30, 2024

Note 7 - Capital Assets

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

	Balance July 1, 2023	Reclassifications	Additions and Transfers	Disposals	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 1,213,987	\$ -	\$ -	\$ -	\$ 1,213,987
Construction in progress	107,118,329	(46,203,705)	34,412,530	-	95,327,154
Subtotal	108,332,316	(46,203,705)	34,412,530	-	96,541,141
Capital assets being depreciated:					
Buildings and improvements	177,154,860	46,087,606	-	-	223,242,466
Furniture and equipment	9,374,674	116,099	19,538	-	9,510,311
Buses and other vehicles	7,816,157	-	1,271,283	(680,428)	8,407,012
Land improvements	22,012,336	-	-	-	22,012,336
Subtotal	216,358,027	46,203,705	1,290,821	(680,428)	263,172,125
Accumulated depreciation:					
Buildings and improvements	112,973,945	-	5,053,224	-	118,027,169
Furniture and equipment	5,605,292	-	444,805	-	6,050,097
Buses and other vehicles	3,281,945	-	1,449,270	(346,107)	4,385,108
Land improvements	17,940,267	-	628,095	-	18,568,362
Subtotal	139,801,449	-	7,575,394	(346,107)	147,030,736
Net capital assets being depreciated	76,556,578	46,203,705	(6,284,573)	(334,321)	116,141,389
Net governmental activities capital assets	<u>\$ 184,888,894</u>	<u>\$ -</u>	<u>\$ 28,127,957</u>	<u>\$ (334,321)</u>	<u>\$ 212,682,530</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 4,848,252
Support services	2,499,880
Food services	227,262
Total governmental activities	<u>\$ 7,575,394</u>

Construction Commitments

The School District has active construction projects at year end. The projects are related to the 2019 Building and Site Fund and General Fund. At year end, the School District's commitments are as follows:

	Remaining Commitment
General Fund commitments	\$ 291,346
Bond Fund commitments	18,658,635
Total	<u>\$ 18,949,981</u>

June 30, 2024

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	Federal, State, and Local Grant Programs Fund	2019 Building and Site Fund	Nonmajor Funds	
Nonmajor funds	\$ 7,218,531	\$ 1,400,204	\$ 552,056	\$ 2,723,954	\$ 11,894,745

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Federal, State, and Local Grant Programs Fund	General Fund	\$ 212,491
	Special Education Fund	62
	Total Federal, State, and Local Grant Programs Fund	212,553
Nonmajor funds	General Fund	300,000
	Total	<u>\$ 512,553</u>

Transfers between funds are to primarily cover excess costs related to operations of the funds for the purposes for which they were created.

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 obligations	\$ 121,700,000	\$ -	\$ (5,250,000)	\$ 116,450,000	\$ 5,590,000
Unamortized bond premiums	10,443,372	-	(484,792)	9,958,580	484,792
Total bonds payable	132,143,372	-	(5,734,792)	126,408,580	6,074,792
Compensated absences	2,516,676	361,058	(460,023)	2,417,711	-
Workers' compensation	428,214	279,333	(308,585)	398,962	-
Arbitrage liability	-	593,220	-	593,220	-
Total governmental activities long-term debt	<u>\$ 135,088,262</u>	<u>\$ 1,233,611</u>	<u>\$ (6,503,400)</u>	<u>\$ 129,818,473</u>	<u>\$ 6,074,792</u>

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 obligation bonds are direct obligations and pledge the full faith and credit of the School District. 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 consist of \$116,450,000 of qualified serial bonds due in annual installments of \$130,000 to \$5,925,000 on May 1 and November 1, bearing interest between 3.00 and 5.00 percent.

Other Long-term Liabilities

Compensated absences and workers' compensation liabilities attributable to the governmental activities will be liquidated primarily by the General Fund. Arbitrage liability attributable to the 2019 Building and Site Bond Series II and III will be liquidated by the General Fund.

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Other Debt		Total
	Principal	Interest	
2025	\$ 5,590,000	\$ 4,881,712	\$ 10,471,712
2026	6,200,000	4,602,662	10,802,662
2027	4,610,000	4,317,112	8,927,112
2028	4,415,000	4,107,887	8,522,887
2029	3,440,000	3,922,937	7,362,937
2030-2034	19,165,000	17,195,810	36,360,810
2035-2039	23,850,000	12,808,060	36,658,060
2040-2044	29,290,000	7,548,507	36,838,507
2045-2047	19,890,000	1,432,288	21,322,288
Total	\$ 116,450,000	\$ 60,816,975	\$ 177,266,975

Note 10 - 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. The School District has purchased commercial insurance for health claims and participates in the Metropolitan Association for Improved School Legislation risk pool for claims relating to property loss, torts, and errors and omissions; the School District is partially self-insured for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 10 - Risk Management (Continued)

For risk retention situations (other than commercial coverage or risk-sharing pools), the School District estimates the liability for workers' compensation 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. These estimates are recorded in long-term debt. Changes in the estimated liability for the past two fiscal years were as follows:

	Workers' Compensation	
	2024	2023
Estimated liability - Beginning of year	\$ 428,214	\$ 367,069
Estimated claims incurred, including changes in estimates	279,333	283,628
Claim payments	(308,585)	(222,483)
Estimated liability - End of year	\$ 398,962	\$ 428,214

Note 11 - 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 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, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

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.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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.

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

Contributions

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to 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.

June 30, 2024

Note 11 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual pension contributions to the plan for the year ended June 30, 2024 were \$40,781,078, 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 pension contributions include an allocation of \$18,554,813 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 \$8,510,260, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2024, the School District reported a liability of \$289,802,638 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 approximately 0.89 percent and 0.82 percent, respectively, representing a change of 8.21 percent.

Net OPEB Asset

At June 30, 2024, the School District reported an asset of \$(5,322,642) 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 approximately 0.94 percent and 0.84 percent, respectively, representing a change of 11.97 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 \$44,548,585, 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	\$ 9,148,185	\$ (443,932)
Changes in assumptions	39,269,576	(22,641,945)
Net difference between projected and actual earnings on pension plan investments	-	(5,930,300)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	23,843,323	(1,523,793)
The School District's contributions to the plan subsequent to the measurement date	34,970,447	-
Total	<u>\$ 107,231,531</u>	<u>\$ (30,539,970)</u>

June 30, 2024

Note 11 - Michigan Public School Employees' Retirement System (Continued)

The \$18,554,813 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	\$ 14,826,600
2026	11,387,847
2027	17,775,888
2028	<u>(2,269,221)</u>
Total	<u>\$ 41,721,114</u>

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

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

For the year ended June 30, 2024, the School District recognized OPEB recovery of \$8,193,791.

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	\$ -	\$ (40,220,615)
Changes in assumptions	11,849,129	(1,426,859)
Net difference between projected and actual earnings on OPEB plan investments	16,229	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	7,203,056	(980,487)
Employer contributions to the plan subsequent to the measurement date	<u>5,967,557</u>	<u>-</u>
Total	<u>\$ 25,035,971</u>	<u>\$ (42,627,961)</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 asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2025	\$ (8,310,648)
2026	(7,285,278)
2027	(2,590,760)
2028	(2,417,100)
2029	(1,928,368)
Thereafter	<u>(1,027,393)</u>
Total	<u>\$ (23,559,547)</u>

June 30, 2024

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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

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 plans 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 was 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.

June 30, 2024

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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.

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	\$ 391,522,514	\$ 289,802,638	\$ 205,117,162

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	\$ 5,517,983	\$ (5,322,642)	\$ (14,639,094)

June 30, 2024

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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	\$ (14,662,323)	\$ (5,322,642)	\$ 4,785,954

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 \$5,469,135 and \$761,235 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Note 12 - Tax Abatements

For the fiscal year ended June 30, 2024, the School District had no significant tax abatements.

Note 13 - Subsequent Event

On August 20, 2024, the School District borrowed \$30,000,000 in state aid anticipation notes with an interest rate of 3.33 percent. The borrowings were from the Michigan Finance Authority in order to provide sufficient resources before receiving its scheduled state aid. The liability was recorded as a fund liability in the General Fund in fiscal year 2025.

In September 2024, the School District determined the proceeds from the state aid anticipation notes were no longer necessary. The School District made an advanced payment on the notes, plus interest that will accrue over the term, in the amount of \$30,097,046. Escrow funds will be used to pay off the state aid anticipation notes plus interest in July and August 2025.

Required Supplementary Information

Wayne-Westland Community Schools

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	\$ 21,749,789	\$ 21,408,198	\$ 22,563,842	\$ 1,155,644
State sources	111,794,609	112,219,037	113,108,104	889,067
Federal sources	87,566	143,000	155,735	12,735
Interdistrict sources	8,087,316	9,823,872	10,225,881	402,009
Total revenue	141,719,280	143,594,107	146,053,562	2,459,455
Expenditures				
Current:				
Instruction:				
Basic programs	62,292,981	47,359,293	43,198,045	(4,161,248)
Added needs	17,607,571	19,007,286	16,814,277	(2,193,009)
Adult/Continuing education	130,492	176,828	103,243	(73,585)
Support services:				
Pupil	12,454,006	12,445,977	8,875,605	(3,570,372)
Instructional staff	5,719,669	10,425,118	4,667,981	(5,757,137)
General administration	2,840,879	2,814,427	2,793,773	(20,654)
School administration	9,067,912	8,260,488	9,101,013	840,525
Business	1,291,009	1,226,239	1,423,112	196,873
Operations and maintenance	18,019,848	20,669,443	17,835,860	(2,833,583)
Pupil transportation services	8,377,137	9,995,277	7,934,037	(2,061,240)
Central	7,908,214	5,533,835	5,496,718	(37,117)
Other	-	9,753,743	3,211,774	(6,541,969)
Athletics	-	2,339,020	2,308,506	(30,514)
Community services	129,788	122,378	118,125	(4,253)
Total expenditures	145,839,506	150,129,352	123,882,069	(26,247,283)
Excess of Revenue (Under) Over Expenditures	(4,120,226)	(6,535,245)	22,171,493	28,706,738
Other Financing Sources				
Proceeds from sale of capital assets	-	550,000	239,109	(310,891)
Transfers in	300,000	339,000	512,491	173,491
Total other financing sources	300,000	889,000	751,600	(137,400)
Net Change in Fund Balance	(3,820,226)	(5,646,245)	22,923,093	28,569,338
Fund Balance - Beginning of year	9,247,271	9,247,271	9,247,271	-
Fund Balance - End of year	<u>\$ 5,427,045</u>	<u>\$ 3,601,026</u>	<u>\$ 32,170,364</u>	<u>\$ 28,569,338</u>

Wayne-Westland Community Schools

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Fund Federal, State, and Local Grant Programs Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 1,539,844	\$ 459,655	\$ 372,212	\$ (87,443)
State sources	7,898,242	8,965,378	12,151,124	3,185,746
Federal sources	18,726,065	38,807,818	38,493,492	(314,326)
Interdistrict sources	-	2,108,097	2,192,462	84,365
Total revenue	28,164,151	50,340,948	53,209,290	2,868,342
Expenditures				
Current:				
Instruction	14,047,056	26,752,473	25,882,637	(869,836)
Support services	14,117,095	23,588,475	17,432,738	(6,155,737)
Community services	-	-	3,865,311	3,865,311
Purchased services (contracted)	-	-	467,588	467,588
Supplies and materials	-	-	4,611,789	4,611,789
Capital outlay	-	-	635,713	635,713
Other expenditures	-	-	100,961	100,961
Total expenditures	28,164,151	50,340,948	52,996,737	2,655,789
Excess of Revenue Over Expenditures	-	-	212,553	212,553
Other Financing Uses - Transfers out	-	-	(212,553)	(212,553)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Wayne-Westland Community Schools

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

	Last Ten Fiscal 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	0.89539 %	0.82743 %	0.79823 %	0.77490 %	0.75239 %	0.78147 %	0.79252 %	0.79846 %	0.80569 %	0.82760 %
School District's proportionate share of the net pension liability	\$ 289,802,638	\$ 311,187,567	\$ 188,984,394	\$ 266,187,428	\$ 249,167,513	\$ 234,923,827	\$ 205,376,286	\$ 199,209,317	\$ 196,791,039	\$ 182,286,041
School District's covered payroll	\$ 93,800,432	\$ 81,431,906	\$ 71,993,271	\$ 70,936,312	\$ 64,684,563	\$ 66,155,580	\$ 66,346,717	\$ 67,182,765	\$ 67,287,675	\$ 70,574,097
School District's proportionate share of the net pension liability as a percentage of its covered payroll	308.96 %	382.14 %	262.50 %	375.25 %	385.20 %	355.11 %	309.55 %	296.52 %	292.46 %	258.29 %
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 %

Wayne-Westland Community Schools

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	\$ 39,771,833	\$ 40,904,345	\$ 27,707,064	\$ 24,236,699	\$ 21,452,805	\$ 20,200,490	\$ 20,157,276	\$ 19,248,704	\$ 18,723,482	\$ 13,595,967
Contributions in relation to the statutorily required contribution	39,771,833	40,904,345	27,707,064	24,236,699	21,452,805	20,200,490	20,157,276	19,248,704	18,723,482	13,595,967
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 96,183,053	\$ 90,738,525	\$ 76,257,179	\$ 70,939,418	\$ 70,172,100	\$ 64,464,552	\$ 66,468,856	\$ 68,972,120	\$ 66,966,671	\$ 68,291,413
Contributions as a Percentage of Covered Payroll	41.35 %	45.08 %	36.33 %	34.17 %	30.57 %	31.34 %	30.33 %	27.91 %	27.96 %	19.91 %

Wayne-Westland Community Schools

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

	Last Seven Plan Years						
	Plan Years Ended September 30						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB (asset) liability	0.94090 %	0.84031 %	0.79675 %	0.79938 %	0.73915 %	0.77598 %	0.79373 %
School District's proportionate share of the net OPEB (asset) liability	\$ (5,322,642)	\$ 17,798,371	\$ 12,161,409	\$ 42,825,071	\$ 53,054,107	\$ 61,681,968	\$ 70,288,095
School District's covered payroll	\$ 93,800,432	\$ 81,431,906	\$ 71,993,271	\$ 70,936,312	\$ 64,684,563	\$ 66,155,580	\$ 66,346,717
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.67)%	21.86 %	16.89 %	60.37 %	82.02 %	93.24 %	105.94 %
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 %

Wayne-Westland Community Schools

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

	Last Seven Fiscal Years						
	Plan Years Ended June 30						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 7,901,847	\$ 7,303,725	\$ 6,214,350	\$ 5,903,401	\$ 5,638,749	\$ 5,063,707	\$ 4,800,863
Contributions in relation to the statutorily required contribution	<u>7,901,847</u>	<u>7,303,725</u>	<u>6,214,350</u>	<u>5,903,401</u>	<u>5,638,749</u>	<u>5,063,707</u>	<u>4,800,863</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 96,183,053	\$ 90,738,525	\$ 76,257,179	\$ 70,939,418	\$ 70,172,100	\$ 64,464,552	\$ 66,468,856
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, 2023 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 a 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 by 1.75 percentage points for members over 65. In addition, actual per person health benefit cost was 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 the actual per person health benefit cost being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

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 a lower than projected per person health benefit cost 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 a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

Wayne-Westland Community Schools

Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds			Debt Service Funds	Capital Projects Fund	Total
	Milk and Hot Lunch Fund	Student Activities Fund	Special Education Fund	2019 Bond Fund	Sinking Fund	
Assets						
Cash and investments	\$ -	\$ 3,902,121	\$ -	\$ -	\$ -	\$ 3,902,121
Receivables	27,839	-	1,437,285	-	-	1,465,124
Due from other funds	1,432,058	-	2,395,944	2,642,519	6,504,224	12,974,745
Inventory	57,484	-	-	-	-	57,484
Restricted assets	-	-	-	776,520	103,313	879,833
Total assets	\$ 1,517,381	\$ 3,902,121	\$ 3,833,229	\$ 3,419,039	\$ 6,607,537	\$ 19,279,307
Liabilities						
Accounts payable	\$ 93,666	\$ 65,192	\$ 29,188	\$ -	\$ -	\$ 188,046
Due to other funds	-	2,723,954	-	-	-	2,723,954
Accrued liabilities and other	184,093	-	1,670,462	-	-	1,854,555
Deferred Inflows of Resources -						
Unavailable revenue	-	-	1,437,285	-	-	1,437,285
Total liabilities and deferred inflows of resources	277,759	2,789,146	3,136,935	-	-	6,203,840
Fund Balances						
Nonspendable	57,484	-	-	-	-	57,484
Restricted:						
Debt service	-	-	-	3,419,039	-	3,419,039
Capital projects	-	-	-	-	6,607,537	6,607,537
Special education	-	-	696,294	-	-	696,294
Food service	1,182,138	-	-	-	-	1,182,138
Committed - Student activities	-	1,112,975	-	-	-	1,112,975
Total fund balances	1,239,622	1,112,975	696,294	3,419,039	6,607,537	13,075,467
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,517,381	\$ 3,902,121	\$ 3,833,229	\$ 3,419,039	\$ 6,607,537	\$ 19,279,307

Wayne-Westland Community Schools

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 Funds	Capital Projects Fund	Total
	Milk and Hot Lunch Fund	Student Activities Fund	Special Education Fund	2019 Bond Fund	Sinking Fund	
Revenue						
Local sources	\$ 222,854	\$ 807,274	\$ -	\$ 10,569,473	\$ 2,268,272	\$ 13,867,873
State sources	442,450	-	7,782,490	-	-	8,224,940
Federal sources	7,494,581	-	-	-	-	7,494,581
Interdistrict sources	-	-	14,511,918	-	-	14,511,918
Total revenue	8,159,885	807,274	22,294,408	10,569,473	2,268,272	44,099,312
Expenditures						
Current:						
Instruction:						
Basic programs	-	-	7,974	-	-	7,974
Added needs	-	-	10,711,325	-	-	10,711,325
Support services:						
Pupil	-	-	7,507,741	-	-	7,507,741
Instructional staff	-	-	873,887	-	-	873,887
School administration	-	-	72,754	-	-	72,754
Pupil transportation services	-	-	2,208	-	-	2,208
Other	-	796,813	2,300,865	-	-	3,097,678
Milk and hot lunch	7,964,314	-	-	-	-	7,964,314
Other:						
Principal	-	-	-	5,250,000	-	5,250,000
Interest	-	-	-	5,302,026	-	5,302,026
Other	-	-	-	1,542	-	1,542
Capital outlay	2,292	-	121,360	-	-	123,652
Total expenditures	7,966,606	796,813	21,598,114	10,553,568	-	40,915,101
Excess of Revenue Over (Under) Expenditures	193,279	10,461	696,294	15,905	2,268,272	3,184,211
Other Financing Sources (Uses)						
Transfers in	62	-	-	-	-	62
Transfers out	(300,000)	-	-	-	-	(300,000)
Total other financing uses	(299,938)	-	-	-	-	(299,938)
Net Change in Fund Balances	(106,659)	10,461	696,294	15,905	2,268,272	2,884,273
Fund Balances - Beginning of year	1,346,281	1,102,514	-	3,403,134	4,339,265	10,191,194
Fund Balances - End of year	\$ 1,239,622	\$ 1,112,975	\$ 696,294	\$ 3,419,039	\$ 6,607,537	\$ 13,075,467

Wayne-Westland Community Schools

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2024

Years Ending June 30	2019 Building and Site Bond (Series III)	2019 Building and Site Bond (Series II)	2019 Building and Site Bond (Series I)	Total
	Principal	Principal	Principal	
2025	\$ 130,000	\$ 3,380,000	\$ 2,080,000	\$ 5,590,000
2026	3,415,000	705,000	2,080,000	6,200,000
2027	1,720,000	810,000	2,080,000	4,610,000
2028	1,390,000	950,000	2,075,000	4,415,000
2029	275,000	1,095,000	2,070,000	3,440,000
2030	160,000	1,240,000	2,070,000	3,470,000
2031	185,000	1,395,000	2,070,000	3,650,000
2032	220,000	1,545,000	2,070,000	3,835,000
2033	255,000	1,690,000	2,070,000	4,015,000
2034	290,000	1,835,000	2,070,000	4,195,000
2035	320,000	1,990,000	2,070,000	4,380,000
2036	340,000	2,155,000	2,070,000	4,565,000
2037	435,000	2,260,000	2,065,000	4,760,000
2038	550,000	2,350,000	2,065,000	4,965,000
2039	695,000	2,420,000	2,065,000	5,180,000
2040	930,000	2,405,000	2,065,000	5,400,000
2041	1,300,000	2,255,000	2,065,000	5,620,000
2042	1,555,000	2,230,000	2,065,000	5,850,000
2043	1,880,000	2,135,000	2,065,000	6,080,000
2044	3,285,000	990,000	2,065,000	6,340,000
2045	5,630,000	985,000	-	6,615,000
2046	5,925,000	980,000	-	6,905,000
2047	5,875,000	495,000	-	6,370,000
Total remaining payments	\$ 36,760,000	\$ 38,295,000	\$ 41,395,000	\$ 116,450,000
Principal payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	4.5% to 5.0%	3.0% to 4.0%	3.25% to 5.0%	
Original issue	\$ 36,760,000	\$ 45,355,000	\$ 64,770,000	

Interest payments for the bond issues are due on May 1 and November 1 of each year.