
Grand Rapids Public Schools

**Financial Report
with Supplementary Information
June 30, 2025**

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Independent Auditor's Report

To the Board of Education
Grand Rapids Public Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Public Schools (the "District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Grand Rapids Public Schools' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Public Schools as of June 30, 2025 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

To the Board of Education
Grand Rapids Public Schools

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025 on our consideration of Grand Rapids Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Rapids Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Rapids Public Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 27, 2025

This section of the annual financial report for Grand Rapids Public Schools (the "District") presents our discussion and analysis of the District's financial performance during the year ended June 30, 2025. Please read it in conjunction with the 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 Grand Rapids Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds, the General Fund and the Capital Projects 2024 Construction Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the statement of fiduciary net position and statement of changes in fiduciary net position, present financial information about activities for which the District acts solely as a trustee to provide cash grants for donor-specified purposes. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

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

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

Schedule of Pension Contributions

Schedule of OPEB Contributions

Other Supplementary Information

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

The government-wide financial statements appear first in this report and present an aggregate view of the financial position of the District. All governmental activities for the District are included, representing all of the services provided by the District. The statements are prepared using the accrual basis of accounting. This means that all assets and liabilities of the District are recorded, regardless of when related cash is received or paid. This is the basis of accounting utilized by most private sector companies.

The statement of net position reports all assets, deferred outflows, liabilities, and deferred inflows of the District, both short and long term. The difference between the total of assets and deferred outflows and the total of liabilities and deferred inflows is labeled as net position. The level of net position is one indicator of the financial health of the District. The statement of activities reports on the current year revenue and expense of the entire District. The total revenue less the total expense is referred to as the operating results for the current year. Sustained, positive operating results may indicate improving financial health, while decreasing operating results may indicate a deteriorating financial condition. It is important to keep in mind that, while we are required to report financial information in this manner, it is not the goal of the District to generate a profit. Financial reports are just one indicator of the overall health of the District.

Reporting the District's Fund Financial Statements

The District's fund-level financial statements provide information on the most significant funds, not the District as a whole. Governmental fund reporting provides a short-term view of the financial status of the District. The fund-level statements are prepared on the modified accrual basis of accounting and include only current assets and liabilities of the District, as well as deferred inflows and outflows. Unlike the government-wide statements, fixed asset purchases are expensed in the year of purchase, and long-term debt is not recorded as a liability.

Some funds are required to be established by state law and by bond covenants. However, the District establishes many other funds to record and analyze financial information. The District's major governmental funds are the General Fund and the Capital Project 2024 Construction Fund.

The District as a Trustee

Fiduciary Funds

The District is the trustee or fiduciary for two trust funds. All of the District's fiduciary activities are reported in separate statements titled the statement of fiduciary net position and the statement of changes in fiduciary net position. These funds are not available to finance the general operations of the District and, thus, are not included in either the government-wide financial statements or the fund-level statements. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as a Whole

Recall that the statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position as of June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in millions)	
Assets		
Current and other assets	\$ 243.5	\$ 231.7
Capital assets	323.6	314.8
Total assets	567.1	546.5
Deferred Outflows of Resources	81.8	109.1
Liabilities		
Current liabilities	67.8	64.2
Noncurrent liabilities	273.7	288.2
Net pension liability	235.3	313.5
Total liabilities	576.8	665.9
Deferred Inflows of Resources	148.3	123.1
Net Position (Deficit)		
Net investment in capital assets	144.3	138.1
Restricted	50.2	13.6
Unrestricted	(270.7)	(285.1)
Total net position (deficit)	\$ (76.2)	\$ (133.4)

The above analysis focuses on net position. The change in net position of the District's governmental activities is discussed below. The District's net position was \$(76.2) million at June 30, 2025. Net investment in capital assets totaling \$144.3 million compares the original cost, less depreciation of the 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 and includes the net OPEB asset and legal constraints from debt covenants and enabling legislation that limit the District's ability to use that net position for day-to-day operations.

Grand Rapids Public Schools

Management's Discussion and Analysis (Continued)

The \$(270.7) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the 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, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 6.9	\$ 6.4
Operating grants	120.7	162.9
Capital grants	2.8	-
General revenue:		
Taxes	80.9	73.8
State aid not restricted to specific purposes	76.3	82.8
Other	21.8	14.6
Total revenue	309.4	340.5
Expenses		
Instruction	99.5	108.3
Support services	108.3	115.8
Community services	2.3	1.6
GRASP	0.3	0.3
Food service	14.6	15.2
Debt service	11.9	10.0
Depreciation expense and amortization	12.8	11.5
Other	0.8	3.0
Total expenses	250.5	265.7
Change in Net Position	58.9	74.8
Net Position (Deficit) - Beginning of year, as previously reported	(133.4)	(208.2)
Cumulative Effect of Change in Accounting	(1.7)	-
Net Position (Deficit) - Beginning of year, as restated	(135.1)	(208.2)
Net Position (Deficit) - End of year	<u>\$ (76.2)</u>	<u>\$ (133.4)</u>

During the 2025 fiscal year, the net position of the District experienced an increase in net position of \$58.9 million.

As reported in the statement of activities, the cost of all of our governmental activities this year was \$250.5 million. Certain activities were partially funded from those who benefited from the programs (\$6.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$120.7 million). We paid for the remaining public benefit portion of our governmental activities with \$80.9 million in taxes, \$76.3 million in state foundation allowance, and other revenue. The reduction in operating grant revenue during 2025 was primarily a result of the completion of the COVID-19 pandemic relief federal funding.

As discussed above, the net cost shows the financial burden that was placed on the State and the 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 District and balance those needs with state-prescribed available unrestricted resources.

Grand Rapids Public Schools

Management's Discussion and Analysis (Continued)

The District's Funds

The District uses funds to record and analyze financial information. Different funds are utilized for different purposes.

General Fund

The General Fund is our primary operating fund. The General Fund had total revenue of \$254,121,601; total expenditures of \$266,700,228; and total other financing uses, net of sources, of \$2,920,399. It ended the fiscal year with a fund balance of \$30,920,914.

Special Revenue Funds

The District operates a total of five special revenue funds, the most significant of which is the Food Service Fund. The total revenue of all special revenue funds was \$15,629,002, with total expenditures of \$17,144,446 and total other financing uses, net of sources, of \$1,462,379. The ending fund balance was \$2,293,182. Of the ending fund balance, \$70,811 is attributable to the Food Service Fund.

Debt Service Funds

The District operates four debt service funds. Total revenue was \$28,011,860, and total expenses were \$31,654,966. The ending fund balance in the debt service funds was \$5,422,905.

Capital Project Funds

There are four capital project funds incorporated into the financial statements of the District. Total revenue was \$5,094,208, and total expenses were \$21,691,046. There were no other financing sources or uses. The ending fund balance in the capital projects funds was \$94,168,907.

Analysis of Differences Between Original and Final Budgeted Amounts and Between Actual and Budgeted Amounts

The District revises its budget several times throughout the course of the year as it attempts to recognize unexpected changes to revenue and expenses. The final amendment to the operating budget was prepared in May and adopted by the board in June 2025. A schedule showing the District's original and final adopted budgets, as well as final actual revenue and expense, is provided in the annual report.

General Fund Highlights

Over the course of the year, the District revises its budget as it accounts for 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 2025. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements.

During the year, budgets for local, state, and federal revenue were adjusted during the year to account for changes related to several grant awards, as well as budget for grants (new and continuing) where awards were not available prior to the completion of the original budget. Additionally, several grant awards were not entirely expended during the 2025 fiscal year but deferred into 2026, resulting in budget variances.

Grand Rapids Public Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025 and 2024, the District had \$323.6 million and \$314.8 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, building renovations, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$8.8 million from 2024 to 2025.

	2025	2024
Land	\$ 7,609,136	\$ 7,609,136
Construction in progress	17,729,854	4,287,954
Buildings	425,912,397	426,181,275
Furniture and equipment	105,394,812	97,564,713
Vehicles	2,870,652	3,153,974
Right-to-use assets - Buildings	1,954,000	1,954,000
Right-to-use assets - Equipment	4,382,778	1,541,936
Total capital assets	565,853,629	542,292,988
Less accumulated depreciation	242,217,258	227,495,676
Total capital assets - Net of accumulated depreciation	\$ 323,636,371	\$ 314,797,312

This year's additions, net of depreciation, amortization, and disposals, included major building renovations, vehicles, instructional computers, and other technology. We present more detailed information about our capital assets in the notes to the financial statements.

Debt Administration

At June 30, 2025, the outstanding bonded indebtedness of the District was \$230.9 million in general obligation bonds outstanding versus \$249.3 million in the previous year.

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the District's boundaries. The District's other obligations include accrued vacation pay, sick leave, and workers' compensation. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Other obligations include accrued vacation pay, sick leave, and right-to-use lease obligations. 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

Many factors are considered when the Board of Education and the district administration work to project financial information and to develop the budget and operation plan for the upcoming fiscal year. The District is aware of the following circumstances that could significantly affect its future financial health: the largest portion of the District's revenue available for general operations is derived from the state foundation grant. The foundation grant is based upon the student FTE count. Thus, projecting student FTE is the single most important factor in projecting revenue. Our state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Foundation revenue was calculated for the year ended June 30, 2025 using 90 percent of the audited October 2024 student count and 10 percent of the audited February 2024 student count.

The District has experienced a declining enrollment trend in recent years. Enrollment for fall 2024 decreased to 13,536 from the fall 2023 enrollment of 13,694.

Grand Rapids Public Schools

Management's Discussion and Analysis (Continued)

Rising special education costs continue to financially burden the District. During the 2025 fiscal year, we had to use approximately \$4.3 million to cover the excess costs of special education. These are dollars that must come either from general education or from the unrestricted net assets of the District. Mandated special education services have never been adequately funded by the government bodies that made them law. Therefore, districts such as Grand Rapids Public Schools have struggled and have been forced to use dollars intended for general education programs to cover special education costs.

Grand Rapids Public Schools

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 56,091,367
Receivables:	
Property taxes receivable	883,254
State aid receivable	24,065,503
Accounts receivable	6,308,256
Interest receivable	17,632
Leases receivable	1,044,570
Due from other governments	6,458,085
Inventory	376,969
Prepaid expenses and other assets	2,129,777
Restricted assets (Notes 4 and 5)	104,205,240
Net OPEB asset (Note 13)	41,900,564
Capital assets - Net (Note 8)	323,636,371
Total assets	567,117,588
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	1,456,835
Deferred pension costs (Note 13)	69,947,500
Deferred OPEB costs (Note 13)	10,357,358
Total deferred outflows of resources	81,761,693
Liabilities	
Accounts payable	13,982,874
Due to other governmental units	4,529,073
Due to fiduciary fund	79,238
Accrued liabilities and other	21,141,070
Unearned revenue (Note 7)	28,000,799
Noncurrent liabilities:	
Due within one year (Note 9)	19,330,686
Due in more than one year (Note 9)	254,361,209
Net pension liability (Note 13)	235,345,001
Total liabilities	576,769,950
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 13)	13,307,007
Deferred pension cost reductions (Note 13)	76,006,577
Deferred OPEB cost reductions (Note 13)	57,967,465
Deferred inflows from leases (Note 12)	1,007,093
Total deferred inflows of resources	148,288,142
Net Position (Deficit)	
Net investment in capital assets	144,324,021
Restricted:	
Debt service	3,484,766
Capital projects	4,774,390
Net OPEB asset	41,900,564
Unrestricted	(270,662,552)
Total net position (deficit)	\$ (76,178,811)

Grand Rapids Public Schools

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenue			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Instruction	\$ 99,515,215	\$ 135,050	\$ 37,705,475	\$ -	\$ (61,674,690)
Support services	108,273,260	5,559,569	65,240,177	-	(37,473,514)
Community services	2,334,081	-	2,589,350	-	255,269
Food service	14,612,855	822,696	13,782,338	-	(7,821)
GRASP	283,762	278,460	-	-	(5,302)
Other	793,679	85,114	1,415,610	2,856,945	3,563,990
Interest	10,039,334	-	-	-	(10,039,334)
Other debt costs	1,887,063	-	-	-	(1,887,063)
Depreciation expense (unallocated)	12,793,440	-	-	-	(12,793,440)
Total	\$ 250,532,689	\$ 6,880,889	\$ 120,732,950	\$ 2,856,945	(120,061,905)
General revenue:					
Taxes:					
Property taxes, levied for general purposes					54,107,184
Property taxes, levied for debt service					26,760,534
State aid not restricted to specific purposes					76,320,831
Federal revenue not restricted to specific purposes					133,758
Interest and investment earnings					9,296,143
Other					12,418,616
Total general revenue					179,037,066
Change in Net Position					58,975,161
Net Position (Deficit) - Beginning of year, as previously reported					(133,421,724)
Cumulative Effect of Change in Accounting (Note 2)					(1,732,248)
Net Position (Deficit) - Beginning of year, as restated					(135,153,972)
Net Position (Deficit) - End of year					\$ (76,178,811)

Grand Rapids Public Schools

Governmental Funds Balance Sheet

June 30, 2025

	General Fund	Capital Projects 2024 Construction Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Notes 4 and 5)	\$ 52,660,508	\$ -	\$ 3,430,859	\$ 56,091,367
Receivables: (Note 6)				
State aid receivable	23,954,163	-	111,340	24,065,503
Accounts receivable	6,070,262	-	237,994	6,308,256
Property taxes receivable	883,254	-	-	883,254
Interest receivable	17,632	-	-	17,632
Due from other governments	5,416,467	-	1,041,618	6,458,085
Due from other funds (Note 14)	3,076,663	-	2,696,752	5,773,415
Inventory	306,158	-	70,811	376,969
Prepaid expenditures	2,129,777	-	-	2,129,777
Restricted assets	-	98,577,581	5,627,659	104,205,240
Total assets	\$ 94,514,884	\$ 98,577,581	\$ 13,217,033	\$ 206,309,498
Liabilities				
Accounts payable	\$ 7,735,575	\$ 6,153,526	\$ 93,773	\$ 13,982,874
Due to other governmental units	4,060,756	-	468,317	4,529,073
Due to other funds (Note 14)	2,775,990	312,979	2,763,684	5,852,653
Accrued payroll and other liabilities	19,141,596	-	117,341	19,258,937
Unearned revenue (Note 7)	28,000,799	-	-	28,000,799
Total liabilities	61,714,716	6,466,505	3,443,115	71,624,336
Deferred Inflows of Resources - Unavailable revenue (Note 7)	1,879,254	-	-	1,879,254
Total liabilities and deferred inflows of resources	63,593,970	6,466,505	3,443,115	73,503,590

Grand Rapids Public Schools

Governmental Funds Balance Sheet (Continued)

June 30, 2025

	General Fund	Capital Projects 2024 Construction Fund	Nonmajor Funds	Total Governmental Funds
Fund Balances				
Nonspendable:				
Inventory and prepaid expenditures	\$ 2,435,935	\$ -	\$ 70,811	\$ 2,506,746
Endowment	-	-	258,875	258,875
Restricted:				
Debt service	-	-	5,422,905	5,422,905
Capital projects	-	92,111,076	198,249	92,309,325
Special revenue	-	-	278,120	278,120
Committed - Student/school activity	-	-	967,624	967,624
Assigned:				
Budgeted use of fund balance for the 2025/2026 fiscal year	13,528,409	-	-	13,528,409
Capital projects	-	-	1,859,582	1,859,582
Special revenue	-	-	717,752	717,752
Unassigned	14,956,570	-	-	14,956,570
Total fund balances	30,920,914	92,111,076	9,773,918	132,805,908
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 94,514,884</u>	<u>\$ 98,577,581</u>	<u>\$ 13,217,033</u>	<u>\$ 206,309,498</u>

Grand Rapids Public Schools

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

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 132,805,908
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including right-to-use assets) are not financial resources and are not reported in the funds:	
Cost of capital assets (including right-to-use assets)	565,853,629
Accumulated depreciation and amortization	<u>(242,217,258)</u>
Net capital assets (including right-to-use assets) used in governmental activities	323,636,371
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	1,879,254
Deferred inflows related to leases and lease receivables	37,477
Deferred inflows and outflows related to bond refundings are not reported in the funds	1,456,835
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(266,497,605)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,882,133)
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, workers' compensation benefits, and unemployment compensation	(5,354,290)
Net pension liability and related deferred inflows and outflows	(241,404,078)
Net OPEB asset and related deferred inflows and outflows	(5,709,543)
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	(13,307,007)
Other long-term liabilities, including arbitrage liability, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(1,840,000)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (76,178,811)</u></u>

Grand Rapids Public Schools

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

Year Ended June 30, 2025

	General Fund	Capital Projects 2024 Construction Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 87,141,902	\$ 4,855,794	\$ 29,879,402	\$ 121,877,098
State sources	139,383,011	-	1,063,827	140,446,838
Federal sources	27,596,688	-	12,946,022	40,542,710
Total revenue	254,121,601	4,855,794	43,889,251	302,866,646
Expenditures				
Current:				
Instruction	123,857,643	-	-	123,857,643
Support services	135,352,686	-	-	135,352,686
Community services	2,657,725	-	-	2,657,725
Food service	-	-	15,984,283	15,984,283
GRASP	-	-	354,993	354,993
Other	-	-	793,679	793,679
Debt service:				
Principal	-	-	18,465,000	18,465,000
Interest	-	-	13,142,903	13,142,903
Other debt costs	-	-	47,063	47,063
Capital outlay	4,832,174	17,908,548	3,803,964	26,544,686
Total expenditures	266,700,228	17,908,548	52,591,885	337,200,661
Excess of Expenditures Over Revenue	(12,578,627)	(13,052,754)	(8,702,634)	(34,334,015)
Other Financing Sources (Uses)				
Lease proceeds (Note 9)	4,382,778	-	-	4,382,778
Transfers in (Note 14)	1,019,556	-	2,481,935	3,501,491
Transfers out (Note 14)	(2,481,935)	-	(1,019,556)	(3,501,491)
Total other financing sources	2,920,399	-	1,462,379	4,382,778
Net Change in Fund Balances	(9,658,228)	(13,052,754)	(7,240,255)	(29,951,237)
Fund Balances - Beginning of year	40,579,142	105,163,830	17,014,173	162,757,145
Fund Balances - End of year	\$ 30,920,914	\$ 92,111,076	\$ 9,773,918	\$ 132,805,908

Grand Rapids Public Schools

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

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds \$ (29,951,237)

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 and amortization:

Capitalized capital outlay	29,107,434
Depreciation and amortization expense	(20,264,550)
Net book value of assets disposed of	(3,825)

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	1,009,254
--	-----------

Revenue in support of pension contributions made subsequent to the measurement date	5,711,661
---	-----------

Entering into leases provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(4,382,778)
--	-------------

Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	21,439,487
--	------------

Interest expense is recognized in the government-wide statements as it accrues	896,026
--	---------

Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	57,329,575
--	------------

Arbitrage rebate costs that do not use current financial resources are not reported as expenditures in the governmental funds	(1,840,000)
---	-------------

Deferred inflows and receivables related to leases	(75,886)
--	----------

Change in Net Position of Governmental Activities **\$ 58,975,161**

Grand Rapids Public Schools

Fiduciary Funds
Statement of Fiduciary Net Position

	June 30, 2025
	<u>Private Purpose Trust Funds</u>
Assets - Due from other funds	\$ 79,238
Liabilities	<u>-</u>
Net Position - Restricted for endowments	<u><u>\$ 79,238</u></u>

Grand Rapids Public Schools

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Private Purpose Trust Funds
Additions - Investment income	\$ 4,373
Deductions - Other	-
Net Increase in Fiduciary Net Position	4,373
Net Position - Beginning of year	74,865
Net Position - End of year	<u><u>\$ 79,238</u></u>

June 30, 2025

Note 1 - Nature of Business

Grand Rapids Public Schools (the "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 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 District:

Reporting Entity

The District is governed by an elected nine-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 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 basis 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of these statements is on major funds, rather than fund type. Each major fund is presented separately, with all nonmajor funds aggregated into a single column. Additional information about nonmajor funds can be found in the additional information accompanying these 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 District has spent its resources.

Note 2 - Significant Accounting Policies (Continued)

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. Employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the 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. Under the modified accrual basis, the following revenue sources are considered to be measurable and available to meet current resources: property taxes, state aid, interest income, grants, and charges for services.

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting

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

Governmental Funds

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

- The General Fund is used to record transactions relating to general operating activities needed to provide a full range of educational programs for students. These programs are funded primarily by the District's share of property taxes that are collected by the City of Grand Rapids, Michigan; state aid revenue; and various grants and awards from other governmental agencies.
- The Capital Projects 2024 Construction Fund is used to record bond proceeds or other revenue and disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment and for major remodeling and repairs. The fund will operate until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to record transactions and funds received for designated purposes that require separate accounting because of legal or regulatory provisions or administrative action. Separate funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The District maintains full control of these funds. The special revenue funds maintained by the District are the Food Service, Grand Rapids Academic Summer Program (GRASP), Houseman Field, Student Activity, and Public Purpose Trust funds. Any operating deficit generated by these activities is the responsibility of the General Fund.

Note 2 - Significant Accounting Policies (Continued)

- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment and for major remodeling and repairs. The nonmajor capital projects funds maintained by the District are the 2012 Sinking Fund, which is used to account for construction and repair of buildings that are funded by a specific millage, and the Unrestricted General Purpose Fund, which is used to account for non-bond-funded resources designed for the acquisition and construction of facilities and for major capital improvements. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Fiduciary Funds

The Private Purpose Trust Funds are used to account for assets held by the District in a trustee capacity. The District has certain fiduciary responsibility for its custodial funds. All of the District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District accounts for a nonexpendable trust fund entrusted to the District to provide cash grants for student scholarships. Only the income portion of this trust may be spent. The District also maintains an expendable trust fund to account for funds entrusted to the District for general school needs for Lincoln School. The entire amount of this trust, both the principal and interest, may be spent for the donor-specified purposes.

Interfund Activity

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to 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 due to fiduciary fund in the governmental activities column.

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

Specific Balances and Transactions**Cash and Investments**

Cash includes cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market prices or estimated fair value, except for investments in MILAF and Michigan CLASS, which are valued at amortized cost or net asset value (NAV).

Inventories and Prepaid Items

Inventories of supplies are stated at the lower of average cost or market on a first-in, first-out basis. Inventory purchases are expensed in the period that the related items are consumed. United States Department of Agriculture commodities inventory received by the Food Service Fund is recorded as expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and fund-level financial statements.

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

The unspent bond proceeds and related interest of the 2024 capital projects bonds and the cash proceeds from the sinking fund millage are required to be set aside for capital projects. Additionally, the debt service funds' cash is required to be used for future bond payments. As such, these amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, vehicles, and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the 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.

Depreciation is calculated on all capital assets with the exception of land and construction in progress. Depreciation or amortization is computed on the straight-line basis over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	20 - 99
Furniture and equipment	5 - 10
Vehicles	5 - 10
Lease assets - Equipment	5 - 10

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

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

The District has two items that qualify for reporting in this category. The District has a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The other item is the deferred outflow related to the District's participation in the statewide pension and other post-employment benefits plans, as disclosed in Note 13.

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

Note 2 - Significant Accounting Policies (Continued)

The District has four types that qualify for reporting in this category. The District has deferred inflows related to pensions and revenue in support of pension payment, deferred inflows related to OPEB and revenue in support of OPEB payment, unavailable revenue from property taxes, and grant and categorical state aid payments and future lease payments receivable. The unavailable revenue arises only under a modified accrual basis of accounting and is, therefore, only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, grants, and categorical state aid payments that are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization and is reduced by the current balances if 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 capital or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

The 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 District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Nonspendable fund balance 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 District 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 District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

June 30, 2025**Note 2 - Significant Accounting Policies (Continued)**

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 District has, by resolution, authorized the superintendent or designee 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.

Amounts that do not fall into any other categories above are considered unassigned fund balance. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

Property Tax Revenue

Property taxes are recorded in the year the taxes are levied. Under this method, revenue for 2025 generally includes property taxes that were levied on July 1, 2024. Delinquent taxes will have penalties and interest assessed, and the total obligation is added to the county tax rolls. The District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences, Unemployment, and Self-insurance

In accordance with GASB Statement No. 101, *Compensated Absences*, the District has accrued a liability for future absences, recognizing the obligation relating to compensation for absences attributable to services already rendered. The liabilities for employee-compensated absences, unemployment, and self-insurance are recorded in the government-wide financial statements. The number of days compensated for leave is based on years of service to the District. It is the policy of the District to accumulate earned but unused annual leave benefits, which will be paid to employees upon separation from the District. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Note 2 - Significant Accounting Policies (Continued)**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.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria are satisfied or eligibility requirements are met. In subsequent periods, when both revenue recognition criteria and eligibility requirements are met, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Leases

The District is a lessee for noncancelable leases of a building and copiers. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The District recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Accounting Changes**Adoption of New Accounting Pronouncement**

During the current year, the District adopted GASB Statement No. 101, *Compensated Absences*. As a result, the District is required to restate liabilities for compensated absences to 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. The financial statements for the year ended June 30, 2024 have been restated in order to adopt GASB Statement No. 101. The effects of the adoption of this new accounting pronouncement are shown in the table at the end of this section.

Note 2 - Significant Accounting Policies (Continued)

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, the changes noted above resulted in adjustments to and restatements of beginning net position as follows:

	June 30, 2024		June 30, 2024
	As Previously Reported	Adoption of GASB 101	As Restated
Government-wide - Governmental activities	\$ (133,421,724)	\$ (1,732,248)	\$ (135,153,972)

Upcoming Accounting Pronouncements

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 District's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2026.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 27, 2025, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Formal budgets are adopted at the function level for the General Fund and special revenue funds in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriations action to implement these budgets. Debt service fund budgets are also adopted on an activity level. Budgets are prepared on a basis consistent with generally accepted accounting principles. All budget amendments are approved by the Board of Education. In addition, an unappropriated budget is prepared for the capital projects funds.

Budget requests are presented to the chief financial officer each year. During May and June prior to the fiscal year for which the budgets are being adopted, the proposed budgets are finalized, and the superintendent recommends their adoption to the Board of Education. A public hearing is held to review the budgets, and, prior to July, the budgets are approved by the Board of Education. Budgets for the current year are continually reviewed for required revisions. Major changes are reviewed by the chief financial officer prior to presentation to the superintendent, the finance committee of the Board of Education and the Board of Education. Budgets for full and multifunded programs are adjusted as notices of funding changes are received.

State law requires the District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The District revised budgeted amounts during the year in response to unexpected changes in revenue and expenditures.

June 30, 2025**Note 3 - Stewardship, Compliance, and Accountability (Continued)**

Encumbrance accounting is employed in governmental funds. 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 District incurred expenditures in the General Fund that had variances from the amounts budgeted. The amount budgeted for capital outlay was \$1,686,851, and actual expenditures were \$4,941,538.

Capital Projects Fund Compliance

The Capital Projects 2024 Construction Fund includes capital project activities funded with bonds. For these capital projects, the District has complied with the applicable provisions of §1351a of the Revised School Code. The Capital Projects 2024 Construction Fund is not yet considered substantially complete, and a subsequent year audit is expected.

The 2012 Sinking Fund capital projects fund records capital project activities funded with sinking fund millage. For this fund, authorized prior to March 29, 2017, the District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Note 4 - Deposits and Investments

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

The District has designated three banks for the deposit of its funds. Currently, the District has funds on deposit at each of those banks.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a 1-day minimum investment period on Michigan Liquid Asset Fund (MILAF) cash management fund.

The 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 District's deposits may not be returned to it. The District's investment policy requires that financial institutions be evaluated, and only those with an acceptable risk level are used for the District's deposits for custodial credit risk. The District's deposits were reflected in the accounts of the banks (without recognition of checks written but not yet cleared or deposits in transit) at \$5,768,149. Of that amount, \$501,636 was covered by federal depository insurance and \$5,266,513 was uninsured and uncollateralized. The District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

June 30, 2025

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

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy 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, broker/dealers, intermediaries, and advisors with which the District will do business using the criteria established in the investment policy. At June 30, 2025, the District held no investment securities that were uninsured and unregistered.

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 District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements. At June 30, 2025, the District had investments in Michigan CLASS and Federated Government Securities, which are considered current investments.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy does not further limit its investment choices.

As of June 30, 2025, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Michigan Liquid Asset Fund - Cash Management	\$ 98,577,581	AAAm	Standard & Poor's
PNC Money Market Fund	8,244,320	AAAm	Standard & Poor's
Fifth Third Securities Money Market Fund	498,702	AAAm	Standard & Poor's
Federated Government Securities	891,409	AAAm	Standard & Poor's
Michigan CLASS	42,598,392	AAAm	Standard & Poor's

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District's 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. More than 5 percent of the District's investments are in PNC Bank, totaling 5.27 percent of the District's total investments.

June 30, 2025

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 District's investment policy prohibit investments in foreign currency.

Note 5 - Fair Value Measurements

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

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

The District has the following recurring fair value measurements as of June 30, 2025:

<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2025</u>			
<u>Quoted Prices in</u>			
<u>Active Markets</u>	<u>Significant Other</u>	<u>Significant</u>	<u>Balance at</u>
<u>for Identical</u>	<u>Observable</u>	<u>Unobservable</u>	
<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>	
<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>June 30, 2025</u>
Investment - Corporate stock - Donated	\$ 30,445	\$ -	\$ 30,445

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded</u>	<u>Redemption</u>	<u>Redemption</u>
		<u>Commitments</u>	<u>Frequency</u>	<u>Notice Period</u>
Michigan CLASS investment pool	\$ 42,598,392	\$ -	N/A	None

The valuation method for the Michigan Class investment pool measured at net asset value per share (or its equivalent) is principally based on the use of prices that are quoted in active markets for the respective securities. The Michigan Class investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A-1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by Treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan counties, cities, townships, school districts, authorities, and other public agencies.

June 30, 2025

Note 6 - Receivables

Receivables as of June 30, 2025 for the District's individual major funds and the nonmajor funds are as follows:

	General Fund	Nonmajor Funds	Total Governmental Activities
Receivables:			
State aid receivable	\$ 23,954,163	\$ 111,340	\$ 24,065,503
Accounts receivable	6,070,262	237,994	6,308,256
Property taxes receivable	883,254	-	883,254
Interest receivable	17,632	-	17,632
Due from other governments	5,416,467	1,041,618	6,458,085
Allowance for doubtful accounts	-	-	-
Net receivables	<u>\$ 36,341,778</u>	<u>\$ 1,390,952</u>	<u>\$ 37,732,730</u>

Note 7 - 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, 2025, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Unavailable grant revenue	\$ 1,879,254	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	28,000,799
Total	<u>\$ 1,879,254</u>	<u>\$ 28,000,799</u>

June 30, 2025

Note 8 - Capital Assets

Capital asset activity of the District was as follows:

	Balance July 1, 2024	Transfers	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 7,609,136	\$ -	\$ -	\$ -	\$ 7,609,136
Construction in progress	4,287,954	(8,249,895)	21,691,795	-	17,729,854
Subtotal	11,897,090	(8,249,895)	21,691,795	-	25,338,990
Capital assets being depreciated:					
Buildings and improvements	426,181,275	-	-	(268,878)	425,912,397
Furniture and equipment	97,564,713	8,249,895	2,716,215	(3,136,011)	105,394,812
Vehicles	3,153,974	-	316,646	(599,968)	2,870,652
Right-to-use assets - Buildings	1,954,000	-	-	-	1,954,000
Right-to-use assets - Equipment	1,541,936	-	4,382,778	(1,541,936)	4,382,778
Subtotal	530,395,898	8,249,895	7,415,639	(5,546,793)	540,514,639
Accumulated depreciation and amortization:					
Buildings and improvements	182,578,487	-	9,433,159	(267,468)	191,744,178
Furniture and equipment	41,066,129	-	9,864,768	(3,133,596)	47,797,301
Vehicles	2,315,593	-	176,341	(599,968)	1,891,966
Right-to-use assets - Buildings	157,899	-	19,737	-	177,636
Right-to-use assets - Equipment	1,377,568	-	770,545	(1,541,936)	606,177
Subtotal	227,495,676	-	20,264,550	(5,542,968)	242,217,258
Net capital assets being depreciated	302,900,222	8,249,895	(12,848,911)	(3,825)	298,297,381
Net governmental activities capital assets	<u>\$ 314,797,312</u>	<u>\$ -</u>	<u>\$ 8,842,884</u>	<u>\$ (3,825)</u>	<u>\$ 323,636,371</u>

Depreciation and amortization expense was charged to activities of the District as follows:

Instruction	\$ 5,027,481
Support services	2,030,213
Food service	413,416
Unallocated	12,793,440
Total governmental activities	<u>\$ 20,264,550</u>

June 30, 2025

Note 8 - Capital Assets (Continued)

Construction Commitments

The District has active construction projects at year end. The projects include the bond issue and the project. At year end, the District's commitments with contractors are as follows:

	Total Contract	Remaining Commitment at June 30, 2025
Sigsbee building renovation	\$ 6,164,363	\$ 1,654,612
Athletic fields	5,721,676	3,667,173
Coit building renovation	5,686,781	2,202,831
Aberdeen new building construction	4,012,800	2,737,677
Riverside building renovation	2,869,362	2,804,482
Ken-O-Sha building renovation	2,574,935	2,086,299
Sibley building renovation	2,476,835	578,138
School building parking lots	740,832	580,781
Ottawa building renovation	624,250	623,777
Auditorium projects	682,818	620,633
Dickinson building renovation	579,073	538,730
Alger building renovation	416,000	287,040
School building health centers	390,813	62,622
Cesar Chavez building renovation	374,647	217,195
Kent Hills building renovation	349,689	313,541
District elevator evaluation	144,940	144,940
Innovation Central building commissioning	58,294	58,294

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Serial and variable bonds payable	\$ 249,340,000	\$ -	\$ (18,465,000)	\$ 230,875,000	\$ 15,440,000
Unamortized bond premiums	32,561,009	-	(2,491,369)	30,069,640	2,489,954
Total bonds payable	281,901,009	-	(20,956,369)	260,944,640	17,929,954
Leases	1,937,131	4,382,778	(766,944)	5,552,965	857,689
Compensated absences - Vacation	2,203,132	-	(74,239)	2,128,893	212,889
Compensated absences - Sick leave	3,545,325	-	(668,024)	2,877,301	287,730
Workers' compensation	349,901	-	(7,616)	342,285	42,424
Unemployment	18,743	-	(12,932)	5,811	-
Arbitrage liability	-	1,840,000	-	1,840,000	-
Total governmental activities long-term debt	<u>\$ 289,955,241</u>	<u>\$ 6,222,778</u>	<u>\$ (22,486,124)</u>	<u>\$ 273,691,895</u>	<u>\$ 19,330,686</u>

The table above discloses the net change in the compensated absence, workers compensation, and unemployment liability of the District.

The District had deferred outflows of \$1,456,835 related to deferred charges on bond refundings at June 30, 2025.

June 30, 2025

Note 9 - Long-term Debt (Continued)***General Obligation Bonds and Contracts***

The 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 District. Qualified bonds are fully guaranteed by the State of Michigan. The District does not have any qualified bonds. At June 30, 2025, the District's legal debt limit for total bonded debt is \$1.69 billion. After reducing this limit for bonded debt currently outstanding, the District's legal debt margin is approximately \$1.46 billion at June 30, 2025. General obligations outstanding at June 30, 2025 are as follows:

Purpose	Annual Installments	Interest Rate (Percent)	Maturing	Outstanding
March 16, 2016 Serial Bonds	\$4,935,000 - \$9,410,000	4.00 - 5.00	2039	\$ 65,695,000
March 21, 2017 Serial Bonds	\$4,580,000 - \$5,295,000	5.00	2029	19,730,000
May 14, 2019 Serial Bonds	\$2,000,000 - \$4,150,000	5.00	2044	58,250,000
March 6, 2024 Serial Bonds	\$0 - \$6,785,000	5.00	2049	87,200,000
Total				<u>\$ 230,875,000</u>

Proceeds of the March 16, 2016 serial bonds were used to advance refund a portion of the District's April 1, 2007 bonds and to finance major construction and renovation projects, as well as security and technology projects throughout the District. The advance refunding resulted in a difference between the acquisition price and the net carrying amount. This difference is reported as a deferred outflow - deferred interest and is charged to operations through the year 2030 using the straight-line method of amortization. Additionally, the bond premium is reported as an addition to bonds payable and has been allocated to the advance refunding and the building and site construction. The premium for the advance refunding will be credited to interest expense annually through the year 2031 using the straight-line method of amortization. The premium for the building and site construction was proportionately reduced in 2022 in the amount of \$1,512,884 resulting from the issuance of the December 21, 2021 refunding bonds, which reduced the March 2016 serial bond principal by \$9,725,000. The amortization of premium was reduced annually by \$24,877 to \$974,008 and will be credited to interest expense annually through the year 2039 using the straight-line method of amortization. The debt service on the March 16, 2016 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

Proceeds of the March 21, 2017 serial bonds were used to currently refund \$51,910,000 of the March 6, 2007 bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of the March 6, 2007 bonds of \$1,050,974. This difference is reported as a deferred outflow - deferred interest and will be charged to operations through the year 2029 in the amount of \$87,581 using the straight-line method of amortization. Additionally, the bond premium amount of \$6,833,343 is reported as an addition to bonds payable. The premium for the current refunding will be credited to interest expense annually through the year 2029 in the amount of \$569,445 using the straight-line method of amortization. The debt service on the March 21, 2017 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

Proceeds of the May 14, 2019 issue were used to provide approximately \$87 million (net of total issuance costs of approximately \$653,000) of funding for school building and site construction, as well as security and technology projects throughout the District. The bond premium amount of \$12,266,836 is reported in the accompanying statements as an addition to bonds payable and will be credited to interest expense annually through the year 2044 in the amount of \$521,993 using the straight-line method. The debt service on the May 14, 2019 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

June 30, 2025

Note 9 - Long-term Debt (Continued)

Proceeds of the March 6, 2024 issue were used to provide approximately \$105 million (net of total issuance cost of approximately \$675,000) of funding for school building and site construction, as well as security and technology projects throughout the District. The bond premium amount of \$10,648,067 is reported in the accompanying statements as an addition to bonds payable and will be credited to interest expense annually through the year 2049 in the amount of \$424,508 using the straight-line method. The debt service on the March 6, 2024 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

In prior years, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2025, \$60,190,000 of bonds outstanding is considered defeased.

Other Long-term Liabilities

The liabilities for compensated absences, workers' compensation, and unemployment will be paid with the District's General Fund resources.

The District has negotiated contracts with its employees, which provide for payments for accumulated unused sick days to eligible employees upon retirement. Exempt staff are eligible for payment of unused sick days, upon separation from the District, if they are vested in their retirement plan. Teachers are also eligible upon resignation after 20 years of service, if notice is given before spring break. Payments vary up to a maximum of \$60 per day for each credited sick day, as specified in the contracts. Sick leave benefits totaling approximately \$2,877,000 at June 30, 2025 are recorded in the government-wide financial statements as part of the liability for compensated absences.

Debt Service Requirements to Maturity

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

Years Ending June 30	Bonds Payable		
	Principal	Interest	Total
2026	\$ 15,440,000	\$ 11,493,750	\$ 26,933,750
2027	12,045,000	10,719,250	22,764,250
2028	12,630,000	10,114,500	22,744,500
2029	13,200,000	9,480,500	22,680,500
2030	11,725,000	8,816,750	20,541,750
2031 - 2035	48,970,000	36,041,000	85,011,000
2036 - 2040	50,335,000	23,488,250	73,823,250
2041 - 2045	41,270,000	11,864,250	53,134,250
2046 - 2049	25,260,000	3,234,500	28,494,500
Total	<u>\$ 230,875,000</u>	<u>\$ 125,252,750</u>	<u>\$ 356,127,750</u>

Note 10 - Restricted Assets

At June 30, 2025, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds	\$ 98,577,581
Unspent debt service funds	5,429,410
Unspent sinking fund millage	198,249
Total	<u>\$ 104,205,240</u>

Note 11 - Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The District has purchased commercial insurance for employee medical, dental, and vision claims, as well as errors and omissions, foreign travel, board of education personal liability, workers' compensation excess, and athletic accident claims. The District participates in the Middle Cities Risk Management Trust for claims relating to general liability, employers' liability, property, auto, and boiler and machinery. 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 District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The District is partially self-insured for workers' compensation and unemployment claims. The District estimates, by using methods described below, the liabilities for claims that have been incurred through the end of the fiscal year. This estimate includes claims that have been reported, as well as those that have not yet been reported. The portion of these liabilities considered due is recorded in the General Fund. The remaining estimated liabilities are recorded as long-term liabilities in the government-wide financial statements. Management believes such reserves are reasonable estimates of ultimate liabilities. However, these estimates may be more or less than the amounts actually paid when the claims are resolved.

Workers' Compensation

The District is exposed to various risks of loss related to employees' job-related injuries. The District, in an effort to control the rising costs of insurance, has decided to pay the first \$500,000 of each workers' compensation claim. Excess insurance is purchased to pay claims above this amount, to the statutory limit for workers' compensation for the State of Michigan for employee injury and \$1,000,000 for employer's liability. The District pays all claims, settlements, and judgments from its General Fund resources.

The liability presented as of June 30, 2025 has been established by the District's third-party claims administrator. As of June 30, 2025, the District recorded claims reserves of \$342,285 as a long-term liability.

Unemployment

The District is a reimbursing employer for unemployment. The District paid the 2023 calendar year claims invoiced by the State of Michigan in the current fiscal year. In the fund-level statements, the District has recorded the liability for the calendar year 2024 claims. In the government-wide statements, the additional liability for claims from January 1, 2025 to June 30, 2025 has been recorded. The District believes that any claims incurred but not reported would be insignificant. The District pays all claims from its General Fund resources.

Note 12 - Leases

The District leases certain assets from various third parties. The assets leased include copiers and a school building. Payments are generally fixed monthly for copiers with certain variable payments not included in the measurement of the lease liability as they are based on usage of the asset. Payments for the school building are fixed with an annual escalation based on the State of Michigan foundation allowance, or 3 percent, if there is no increase in the foundation allowance. There are also certain variable payments for use of staff and premises not included in the measurement of the lease liability as they are based on usage of the asset.

Lease asset activity of the District is included in Note 8.

June 30, 2025

Note 12 - Leases (Continued)

Future principal and interest payment requirements related to the District's lease liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 857,689	\$ 176,489	\$ 1,034,178
2027	887,579	147,757	1,035,336
2028	918,536	117,976	1,036,512
2029	950,596	87,108	1,037,704
2030	257,595	63,570	321,165
Thereafter	1,680,970	12,428,884	14,109,854
Total	<u>\$ 5,552,965</u>	<u>\$ 13,021,784</u>	<u>\$ 18,574,749</u>

The District, as lessor, has entered into agreements to lease land for a cell tower and buildings for transportation to other organizations. The land lease is for 30 years, and the District will receive annual payments of approximately \$24,000. The building lease is for 10 years, and the District will receive monthly payments of approximately \$12,500. The District recognized approximately \$158,000 in lease revenue and \$30,000 in interest revenue during the current fiscal year related to these leases. As of June 30, 2025, the District's receivable for lease payments was \$1,044,570. The District has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was \$1,007,093. In each case, ownership of the property remains with the District during and at the conclusion of the term of the leases.

Future minimum lease payments related to the District's lease receivable at June 30, 2025 are as follows:

Years Ending	Payments
2026	\$ 148,362
2027	159,090
2028	170,365
2029	182,214
2030	194,661
Thereafter	189,878
Total	<u>\$ 1,044,570</u>

Note 13 - Michigan Public School Employees' Retirement System***Plan Description***

The 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 District. Certain 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>.

June 30, 2025**Note 13 - Michigan Public School Employees' Retirement System (Continued)*****Benefits Provided***

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

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

Depending on the member's date of hire, 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.

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

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

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

Contributions

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

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

The 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, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

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

The District's required and actual pension contributions to the plan for the year ended June 30, 2025 were \$47,531,998, which includes the District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2025, the District's required and actual pension contributions include an allocation of \$10,842,470 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as \$2,464,537 of a one-time payment received and remitted to the System for the purpose of contribution of additional assets to the System.

The District's required and actual OPEB contributions to the plan for the year ended June 30, 2025 were \$4,547,998, which includes the District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2025, the District reported a liability of \$235,345,001 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the District's proportion was 0.9613 and 0.9685 percent, respectively, representing a change of (0.7547) percent.

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)***Net OPEB Asset***

At June 30, 2025, the District reported an asset of \$41,900,564 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The 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, 2024 and 2023, the District's proportion was 0.9734 and 0.9677 percent, respectively, representing a change of 0.5969 percent.

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

For 2025, the District recognized pension expense of \$6,425,328, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,385,075	\$ (2,557,056)
Changes in assumptions	24,536,111	(17,243,345)
Net difference between projected and actual earnings on pension plan investments	-	(44,913,802)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	(11,292,374)
The District's contributions to the plan subsequent to the measurement date	39,026,314	-
Total	<u>\$ 69,947,500</u>	<u>\$ (76,006,577)</u>

The \$13,307,007 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, 2026. 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
2026	\$ (13,348,158)
2027	(1,518,819)
2028	(18,198,762)
2029	(12,019,652)
Total	<u>\$ (45,085,391)</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, 2025, the District recognized OPEB recovery of \$18,674,554.

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (44,401,802)
Changes in assumptions	9,151,686	(1,051,911)
Net difference between projected and actual earnings on OPEB plan investments	-	(7,932,257)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	160,452	(4,581,495)
Employer contributions to the plan subsequent to the measurement date	1,045,220	-
Total	<u>\$ 10,357,358</u>	<u>\$ (57,967,465)</u>

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

Years Ending	Amount
2026	\$ (17,455,930)
2027	(9,372,850)
2028	(8,853,829)
2029	(7,895,857)
2030	(4,283,273)
Thereafter	(793,588)
Total	<u>\$ (48,655,327)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2024 are based on the results of an actuarial valuation as of September 30, 2023 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 percent
Health care cost trend rate - OPEB	6.50% - 7.25%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Mortality tables, scaled 100 percent (retirees: 116 percent for males and 116 percent 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 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2013 valuation. The total pension liability and OPEB liability as of September 30, 2024 are based on the results of an actuarial calculation date of September 30, 2023 and rolled forward using generally accepted actuarial procedures, including the experience study.

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plans include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 0.25 percentage points for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability and OPEB liability was 6.00 percent as of September 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.30 %
Private equity pools	16.00	9.00
International equity pools	15.00	6.50
Fixed-income pools	13.00	2.20
Real estate and infrastructure pools	10.00	7.10
Absolute return pools	9.00	5.20
Real return/opportunistic pools	10.00	6.90
Short-term investment pools	2.00	1.40
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the District	\$ 345,018,299	\$ 235,345,001	\$ 144,020,878

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)***Sensitivity of the Net OPEB Asset to Changes in the Discount Rate***

The following presents the net OPEB asset of the District, calculated using the current discount rate. It also reflects what the District's net OPEB 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 asset of the District	\$ (32,381,101)	\$ (41,900,564)	\$ (50,131,145)

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

The following presents the net OPEB asset of the District, calculated using the current health care cost trend rate. It also reflects what the District's net OPEB asset 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 of the District	\$ (50,131,235)	\$ (41,900,564)	\$ (33,073,214)

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, 2025, the District reported a payable of \$8,329,207 and \$218,290 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 14 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	2017 Refunding Bond Fund	\$ 9,205
	Capital Projects 2024 Construction Fund	312,979
	Food Service Fund	2,113,386
	Student/School Activity Fund	641,093
	Total General Fund	3,076,663
Nonmajor capital project funds	General Fund	1,479,301
Nonmajor special revenue funds	General Fund	1,214,751
Nonmajor debt service funds	General Fund	2,700
Trust funds	General Fund	79,238
	Total	\$ 5,852,653

Interfund balances represent routine and temporary cash flow assistance from other funds until amounts are transferred from fund investment accounts.

June 30, 2025

Note 14 - Interfund Receivables, Payables, and Transfers (Continued)

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

<u>Paying Fund (Transfer Out)</u>	<u>Receiving Fund (Transfer In)</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 2,481,935
Nonmajor governmental funds	General Fund	1,019,556
	Total	<u>\$ 3,501,491</u>

Transfers provided funding for the excess cost of operating Houseman Field, excess cost of operating the food service program, and indirect costs associated with operating the Food Service program.

Note 15 - Tax Abatements

The District receives reduced property tax revenue as a result of Commercial Rehabilitation Act agreements; Industrial Facilities Tax exemptions (PA 198 of 1974); brownfield redevelopment agreements; Neighborhood Enterprise Zone agreements; Obsolete Properties Rehabilitation Act agreements; New Personal Property agreements (PA 328); Payment in Lieu of Taxes (PA 326 of 1966) agreements; ad valorem extension agreements; and air and water pollution agreements granted by the City of Grand Rapids, Michigan within the boundaries of the District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. Other agreements are intended to promote economic development in specific areas.

For the fiscal year ended June 30, 2025, the District's property tax revenue was reduced by \$10,482,982 under these programs.

The District is reimbursed for lost revenue caused by tax abatements on the operating millage of non-homestead properties from the State of Michigan under the School Aid formula. The District received approximately \$10,200,162 in reimbursements from the State of Michigan. The District is not reimbursed for lost revenue from the sinking fund or debt service millages. There are no abatements made by the District.

Required Supplementary Information

Grand Rapids Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 83,208,455	\$ 86,398,217	\$ 87,141,902	\$ 743,685
State sources	152,381,784	144,095,616	139,383,011	(4,712,605)
Federal sources	23,916,444	32,630,025	27,596,688	(5,033,337)
Total revenue	259,506,683	263,123,858	254,121,601	(9,002,257)
Expenditures				
Current:				
Instruction:				
Basic programs	99,023,644	100,915,180	100,128,497	(786,683)
Added needs	26,889,432	25,733,764	23,729,146	(2,004,618)
Support services:				
Pupil	32,383,961	32,187,180	29,287,879	(2,899,301)
Instructional staff	19,566,391	20,115,900	18,449,430	(1,666,470)
General administration	2,711,478	2,758,902	2,520,126	(238,776)
School administration	19,700,422	20,344,894	19,427,400	(917,494)
Business	4,845,387	5,153,023	5,037,014	(116,009)
Operations and maintenance	31,549,737	31,481,593	30,467,150	(1,014,443)
Pupil transportation	14,229,747	14,419,437	14,193,291	(226,146)
Staff and personnel	14,126,101	14,362,971	13,456,884	(906,087)
Other	2,827,445	2,594,702	2,513,512	(81,190)
Community services	1,886,326	3,549,644	2,657,725	(891,919)
Capital outlay	836,851	1,686,851	4,832,174	3,145,323
Total expenditures	270,576,922	275,304,041	266,700,228	(8,603,813)
Excess of Expenditures Over Revenue	(11,070,239)	(12,180,183)	(12,578,627)	(398,444)
Other Financing Sources (Uses)				
Lease proceeds	-	-	4,382,778	4,382,778
Transfers in	1,176,252	1,045,778	1,019,556	(26,222)
Transfers out	(1,140,294)	(1,189,458)	(2,481,935)	(1,292,477)
Total other financing sources (uses)	35,958	(143,680)	2,920,399	3,064,079
Net Change in Fund Balance	(11,034,281)	(12,323,863)	(9,658,228)	2,665,635
Fund Balance - Beginning of year	40,579,142	40,579,142	40,579,142	-
Fund Balance - End of year	<u><u>\$ 29,544,861</u></u>	<u><u>\$ 28,255,279</u></u>	<u><u>\$ 30,920,914</u></u>	<u><u>\$ 2,665,635</u></u>

Grand Rapids Public Schools

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

	Last Ten Plan Years Plan Years Ended September 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.96130 %	0.96852 %	0.99334 %	1.00330 %	1.08829 %	1.26830 %	1.23533 %	1.24286 %	1.25721 %	1.28950 %
District's proportionate share of the net pension liability	\$ 235,345,001	\$ 313,471,751	\$ 373,581,019	\$ 237,535,563	\$ 373,841,016	\$ 399,661,878	\$ 371,363,022	\$ 322,077,024	\$ 313,664,456	\$ 314,961,612
District's covered payroll	\$ 104,504,265	\$ 97,636,225	\$ 96,435,886	\$ 90,496,986	\$ 91,513,934	\$ 105,026,809	\$ 105,272,446	\$ 104,116,904	\$ 106,030,863	\$ 107,761,376
District's proportionate share of the net pension liability as a percentage of its covered payroll	225.20 %	321.06 %	387.39 %	262.48 %	408.51 %	380.53 %	352.76 %	309.34 %	295.82 %	292.28 %
Plan fiduciary net position as a percentage of total pension liability	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %

Grand Rapids Public Schools

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

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 45,565,181	\$ 41,474,243	\$ 44,731,970	\$ 34,150,282	\$ 30,836,485	\$ 30,459,877	\$ 32,722,887	\$ 31,690,726	\$ 30,422,546	\$ 29,481,660
Contributions in relation to the statutorily required contribution	45,565,181	41,474,243	44,731,970	34,150,282	30,836,485	30,459,877	32,722,887	31,690,726	30,422,546	29,481,660
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 114,938,276	\$ 101,797,792	\$ 90,881,215	\$ 92,522,602	\$ 89,290,688	\$ 90,890,180	\$ 105,815,232	\$ 104,453,405	\$ 110,194,656	\$ 104,923,104
Contributions as a Percentage of Covered Payroll	39.64 %	40.74 %	49.22 %	36.91 %	34.53 %	33.51 %	30.92 %	30.34 %	27.61 %	28.10 %

Grand Rapids Public Schools

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

	Last Eight Plan Years							
	Plan Years Ended September 30							
	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB (asset) liability	0.97344 %	0.96766 %	0.98384 %	0.99112 %	1.02562 %	1.19704 %	1.23140 %	1.24324 %
District's proportionate share of the net OPEB (asset) liability	\$ (41,900,564) \$	(5,474,023) \$	20,838,303 \$	15,128,186 \$	54,945,346 \$	85,920,837 \$	97,883,616 \$	110,094,965
District's covered-employee payroll	\$ 104,504,265 \$	97,636,225 \$	96,435,886 \$	90,496,986 \$	91,513,934 \$	105,026,809 \$	105,272,446 \$	104,116,904
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered-employee payroll	(40.09)%	(5.61)%	21.61 %	16.72 %	60.04 %	81.81 %	92.98 %	105.74 %
Plan fiduciary net position as a percentage of total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Grand Rapids Public Schools

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

Last Eight Fiscal Years Years Ended June 30								
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 3,422,287	\$ 8,363,121	\$ 7,315,211	\$ 7,539,852	\$ 7,430,548	\$ 7,303,571	\$ 8,311,813	\$ 7,544,382
Contributions in relation to the statutorily required contribution	3,422,287	8,363,121	7,315,211	7,539,852	7,430,548	7,303,571	8,311,813	7,544,382
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-employee Payroll	\$ 114,938,276	\$ 101,797,792	\$ 90,881,215	\$ 92,522,602	\$ 89,290,688	\$ 90,890,180	\$ 105,815,232	\$ 104,453,405
Contributions as a Percentage of Covered-employee Payroll	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2025

Pension Information

The required contributions for the year ended June 30, 2025 include a one-time contribution of \$2,464,537, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

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 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:

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 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 point 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, 2022 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.

June 30, 2025

- 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 costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

Grand Rapids Public Schools

Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets				
Cash and investments	\$ 3,046,973	\$ -	\$ 383,886	\$ 3,430,859
Receivables:				
State aid receivable	111,340	-	-	111,340
Accounts receivable	237,994	-	-	237,994
Due from other governments	1,041,618	-	-	1,041,618
Due from other funds	1,214,751	2,700	1,479,301	2,696,752
Inventory	70,811	-	-	70,811
Restricted assets	-	5,429,410	198,249	5,627,659
Total assets	\$ 5,723,487	\$ 5,432,110	\$ 2,061,436	\$ 13,217,033
Liabilities				
Accounts payable	\$ 90,168	\$ -	\$ 3,605	\$ 93,773
Due to other governmental units	468,317	-	-	468,317
Due to other funds	2,754,479	9,205	-	2,763,684
Accrued liabilities and other	117,341	-	-	117,341
Total liabilities	3,430,305	9,205	3,605	3,443,115
Fund Balances				
Nonspendable:				
Inventory and prepaid expenditures	70,811	-	-	70,811
Endowment	258,875	-	-	258,875
Restricted:				
Debt service	-	5,422,905	-	5,422,905
Capital projects	-	-	198,249	198,249
Special revenue	278,120	-	-	278,120
Committed - Student/School activity	967,624	-	-	967,624
Assigned:				
Capital projects	-	-	1,859,582	1,859,582
Special revenue	717,752	-	-	717,752
Total fund balances	2,293,182	5,422,905	2,057,831	9,773,918
Total liabilities and fund balances	\$ 5,723,487	\$ 5,432,110	\$ 2,061,436	\$ 13,217,033

Grand Rapids Public Schools

Other Supplementary Information Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2025

	Special Revenue Funds					Total Special Revenue Funds
	Food Service	GRASP	Houseman Field	Student Activity	Public Purpose Trust	
Assets						
Cash and investments	\$ 1,417,940	\$ -	\$ 2,000	\$ 1,627,033	\$ -	\$ 3,046,973
Receivables:						
State aid receivable	111,340	-	-	-	-	111,340
Accounts receivable	164,048	68,490	-	5,456	-	237,994
Due from other governments	1,041,618	-	-	-	-	1,041,618
Due from other funds	-	662,911	14,845	-	536,995	1,214,751
Inventory	70,811	-	-	-	-	70,811
Total assets	\$ 2,805,757	\$ 731,401	\$ 16,845	\$ 1,632,489	\$ 536,995	\$ 5,723,487
Liabilities						
Accounts payable	\$ 35,902	\$ 29,442	\$ 1,052	\$ 23,772	\$ -	\$ 90,168
Due to other governmental units	468,317	-	-	-	-	468,317
Due to other funds	2,113,386	-	-	641,093	-	2,754,479
Accrued liabilities and other	117,341	-	-	-	-	117,341
Total liabilities	2,734,946	29,442	1,052	664,865	-	3,430,305
Fund Balances						
Nonspendable:						
Inventory and prepaid expenditures	70,811	-	-	-	-	70,811
Endowment	-	-	-	-	258,875	258,875
Restricted - Special revenue	-	-	-	-	278,120	278,120
Committed - Student/School activity	-	-	-	967,624	-	967,624
Assigned - Special revenue	-	701,959	15,793	-	-	717,752
Total fund balances	70,811	701,959	15,793	967,624	536,995	2,293,182
Total liabilities and fund balances	\$ 2,805,757	\$ 731,401	\$ 16,845	\$ 1,632,489	\$ 536,995	\$ 5,723,487

Grand Rapids Public Schools

Other Supplementary Information Combining Balance Sheet Nonmajor Debt Service Funds

June 30, 2025

	Debt Service Funds				
	2016 Voted Debt and Refunding	2017 Refunding Bonds	2019 Voted Debt Bonds	2024 Voted Debt Bonds	Total Debt Service Funds
Assets					
Due from other funds	\$ 675	\$ -	\$ 440	\$ 1,585	\$ 2,700
Restricted assets	1,721,706	1,457,344	1,139,878	1,110,482	5,429,410
Total assets	<u><u>\$ 1,722,381</u></u>	<u><u>\$ 1,457,344</u></u>	<u><u>\$ 1,140,318</u></u>	<u><u>\$ 1,112,067</u></u>	<u><u>\$ 5,432,110</u></u>
Liabilities - Due to other funds	\$ -	\$ 9,205	\$ -	\$ -	\$ 9,205
Fund Balances - Restricted - Debt service	1,722,381	1,448,139	1,140,318	1,112,067	5,422,905
Total liabilities and fund balances	<u><u>\$ 1,722,381</u></u>	<u><u>\$ 1,457,344</u></u>	<u><u>\$ 1,140,318</u></u>	<u><u>\$ 1,112,067</u></u>	<u><u>\$ 5,432,110</u></u>

Grand Rapids Public Schools

Other Supplementary Information Combining Balance Sheet Nonmajor Capital Projects Funds

June 30, 2025

	Capital Project Funds		
	Unrestricted General Purpose	2012 Sinking	Total Capital Project Funds
Assets			
Cash and investments	\$ 383,886	\$ -	\$ 383,886
Due from other funds	1,479,301	-	1,479,301
Restricted assets	-	198,249	198,249
Total assets	<u><u>\$ 1,863,187</u></u>	<u><u>\$ 198,249</u></u>	<u><u>\$ 2,061,436</u></u>
Liabilities - Accounts payable	\$ 3,605	\$ -	\$ 3,605
Fund Balances			
Restricted - Capital projects	-	198,249	198,249
Assigned - Capital projects	1,859,582	-	1,859,582
Total fund balances	1,859,582	198,249	2,057,831
Total liabilities and fund balances	<u><u>\$ 1,863,187</u></u>	<u><u>\$ 198,249</u></u>	<u><u>\$ 2,061,436</u></u>

Grand Rapids Public Schools

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

Year Ended June 30, 2025

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenue				
Local sources	\$ 1,856,639	\$ 27,784,349	\$ 238,414	\$ 29,879,402
State sources	836,316	227,511	-	1,063,827
Federal sources	12,946,022	-	-	12,946,022
Total revenue	15,638,977	28,011,860	238,414	43,889,251
Expenditures				
Current:				
GRASP	354,993	-	-	354,993
Food service	15,984,283	-	-	15,984,283
Other	793,679	-	-	793,679
Debt service:				
Principal	-	18,465,000	-	18,465,000
Interest	-	13,142,903	-	13,142,903
Other debt costs	-	47,063	-	47,063
Capital outlay	21,466	-	3,782,498	3,803,964
Total expenditures	17,154,421	31,654,966	3,782,498	52,591,885
Excess of Expenditures Over Revenue	(1,515,444)	(3,643,106)	(3,544,084)	(8,702,634)
Other Financing Sources (Uses)				
Transfers in	2,481,935	-	-	2,481,935
Transfers out	(1,019,556)	-	-	(1,019,556)
Total other financing sources	1,462,379	-	-	1,462,379
Net Change in Fund Balances	(53,065)	(3,643,106)	(3,544,084)	(7,240,255)
Fund Balances - Beginning of year	2,346,247	9,066,011	5,601,915	17,014,173
Fund Balances - End of year	<u><u>\$ 2,293,182</u></u>	<u><u>\$ 5,422,905</u></u>	<u><u>\$ 2,057,831</u></u>	<u><u>\$ 9,773,918</u></u>

Grand Rapids Public Schools

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

Year Ended June 30, 2025

	Special Revenue Funds					Total Special Revenue Funds
	Food Service	GRASP	Houseman Field	Student Activity	Public Purpose Trust	
Revenue						
Local sources	\$ 847,499	\$ 312,773	\$ 85,114	\$ 570,161	\$ 41,092	\$ 1,856,639
State sources	836,316	-	-	-	-	836,316
Federal sources	12,946,022	-	-	-	-	12,946,022
Total revenue	14,629,837	312,773	85,114	570,161	41,092	15,638,977
Expenditures						
Current:						
GRASP	-	354,993	-	-	-	354,993
Food service	15,984,283	-	-	-	-	15,984,283
Other	-	-	193,177	596,918	3,584	793,679
Capital outlay	18,102	-	3,364	-	-	21,466
Total expenditures	16,002,385	354,993	196,541	596,918	3,584	17,154,421
Excess of Revenue (Under) Over Expenditures	(1,372,548)	(42,220)	(111,427)	(26,757)	37,508	(1,515,444)
Other Financing Sources (Uses)						
Transfers in	2,370,508	-	111,427	-	-	2,481,935
Transfers out	(1,019,556)	-	-	-	-	(1,019,556)
Total other financing sources	1,350,952	-	111,427	-	-	1,462,379
Net Change in Fund Balances	(21,596)	(42,220)	-	(26,757)	37,508	(53,065)
Fund Balances - Beginning of year	92,407	744,179	15,793	994,381	499,487	2,346,247
Fund Balances - End of year	<u>\$ 70,811</u>	<u>\$ 701,959</u>	<u>\$ 15,793</u>	<u>\$ 967,624</u>	<u>\$ 536,995</u>	<u>\$ 2,293,182</u>

Grand Rapids Public Schools

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

Year Ended June 30, 2025

	Debt Service Funds				
	2016 Voted Debt and Refunding Bonds	2017 Refunding Bonds	2019 Voted Debt Bonds	2024 Voted Debt Bonds	Total Debt Service Funds
Revenue					
Local sources	\$ 6,341,773	\$ 3,291,013	\$ 4,080,575	\$ 14,070,988	\$ 27,784,349
State sources	-	227,511	-	-	227,511
Total revenue	6,341,773	3,518,524	4,080,575	14,070,988	28,011,860
Expenditures					
Debt service:					
Principal	4,705,000	4,360,000	1,900,000	7,500,000	18,465,000
Interest	3,520,000	1,204,500	2,960,000	5,458,403	13,142,903
Other debt costs	518	45,527	500	518	47,063
Total expenditures	8,225,518	5,610,027	4,860,500	12,958,921	31,654,966
Net Change in Fund Balances	(1,883,745)	(2,091,503)	(779,925)	1,112,067	(3,643,106)
Fund Balances - Beginning of year	3,606,126	3,539,642	1,920,243	-	9,066,011
Fund Balances - End of year	<u>\$ 1,722,381</u>	<u>\$ 1,448,139</u>	<u>\$ 1,140,318</u>	<u>\$ 1,112,067</u>	<u>\$ 5,422,905</u>

Grand Rapids Public Schools

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

Year Ended June 30, 2025

	Capital Project Funds		
	Unrestricted General Purpose	2012 Sinking	Total Capital Project Funds
Revenue - Local sources	\$ 230,588	\$ 7,826	\$ 238,414
Expenditures - Capital outlay	3,782,498	-	3,782,498
Net Change in Fund Balances	(3,551,910)	7,826	(3,544,084)
Fund Balances - Beginning of year	5,411,492	190,423	5,601,915
Fund Balances - End of year	<u>\$ 1,859,582</u>	<u>\$ 198,249</u>	<u>\$ 2,057,831</u>

Grand Rapids Public Schools

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2025

Years Ended June 30	Issue of 2016		Issue of 2016		Issue of 2017		Issue of 2019		Issue of 2024		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 3,010,000	\$ 1,299,750	\$ 1,925,000	\$ 1,985,000	\$ 4,580,000	\$ 986,500	\$ 2,000,000	\$ 2,862,500	\$ 3,925,000	\$ 4,360,000	\$ 26,933,750
2027	3,160,000	1,149,250	1,975,000	1,888,750	4,810,000	757,500	2,100,000	2,760,000	-	4,163,750	22,764,250
2028	3,335,000	991,250	2,050,000	1,790,000	5,045,000	517,000	2,200,000	2,652,500	-	4,163,750	22,744,500
2029	3,505,000	824,500	2,100,000	1,687,500	5,295,000	264,750	2,300,000	2,540,000	-	4,163,750	22,680,500
2030	6,475,000	649,250	2,800,000	1,582,500	-	-	2,450,000	2,421,250	-	4,163,750	20,541,750
2031	6,510,000	325,500	2,900,000	1,442,500	-	-	2,550,000	2,296,250	-	4,163,750	20,188,000
2032	-	-	3,050,000	1,297,500	-	-	2,650,000	2,166,250	2,960,000	4,163,750	16,287,500
2033	-	-	3,150,000	1,145,000	-	-	2,800,000	2,030,000	3,110,000	4,015,750	16,250,750
2034	-	-	3,275,000	987,500	-	-	2,900,000	1,887,500	3,265,000	3,860,250	16,175,250
2035	-	-	3,375,000	823,750	-	-	3,050,000	1,738,750	3,425,000	3,697,000	16,109,500
2036	-	-	3,500,000	655,000	-	-	3,200,000	1,582,500	3,600,000	3,525,750	16,063,250
2037	-	-	3,625,000	480,000	-	-	3,350,000	1,418,750	3,780,000	3,345,750	15,999,500
2038	-	-	3,750,000	298,750	-	-	3,500,000	1,247,500	3,965,000	3,156,750	15,918,000
2039	-	-	2,225,000	111,250	-	-	3,600,000	1,070,000	4,165,000	2,958,500	14,129,750
2040	-	-	-	-	-	-	3,700,000	887,500	4,375,000	2,750,250	11,712,750
2041	-	-	-	-	-	-	3,800,000	700,000	4,590,000	2,531,500	11,621,500
2042	-	-	-	-	-	-	3,900,000	507,500	4,820,000	2,302,000	11,529,500
2043	-	-	-	-	-	-	4,050,000	308,750	5,065,000	2,061,000	11,484,750
2044	-	-	-	-	-	-	4,150,000	103,750	5,315,000	1,807,750	11,376,500
2045	-	-	-	-	-	-	-	-	5,580,000	1,542,000	7,122,000
2046	-	-	-	-	-	-	-	-	5,860,000	1,263,000	7,123,000
2047	-	-	-	-	-	-	-	-	6,155,000	970,000	7,125,000
2048	-	-	-	-	-	-	-	-	6,460,000	662,250	7,122,250
2049	-	-	-	-	-	-	-	-	6,785,000	339,250	7,124,250
Total remaining payments	<u>\$ 25,995,000</u>	<u>\$ 5,239,500</u>	<u>\$ 39,700,000</u>	<u>\$ 16,175,000</u>	<u>\$ 19,730,000</u>	<u>\$ 2,525,750</u>	<u>\$ 58,250,000</u>	<u>\$ 31,181,250</u>	<u>\$ 87,200,000</u>	<u>\$ 70,131,250</u>	<u>\$356,127,750</u>
Principal payments due	May 1		May 1		May 1		November 1		May 1		
Interest payments due	November 1 and May 1		November 1 and May 1		November 1 and May 1		November 1 and May 1		November 1 and May 1		
Interest rate	4.0% - 5.0%		4.0% - 5.0%		5.00%		5.00%		5.00%		
Original issue	<u>\$ 45,415,000</u>		<u>\$ 77,100,000</u>		<u>\$ 45,760,000</u>		<u>\$ 75,630,000</u>		<u>\$ 94,700,000</u>		