

OAK PARK SCHOOL DISTRICT
REPORT ON FINANCIAL STATEMENTS
(with required and additional
supplementary information)
YEAR ENDED JUNE 30, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Oak Park School District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Park School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Oak Park School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Adjustments to Beginning Fund Balance/Net Position

As discussed in Note 13 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the District restated beginning fund balance to correct an error in previously issued financial statements and restated beginning net position to reflect a change in accounting principle. Our opinions are not modified with respect to these matters.

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 Oak Park School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oak Park School District's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, is presented for purposes 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 additional 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 30, 2025 on our consideration of Oak Park School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Oak Park School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oak Park School District's internal control over financial reporting and compliance.

Maner Costerian PC

October 30, 2025

OAK PARK SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Oak Park School District, a K-12 School District, is located in Oakland County, Michigan. The Management's Discussion and Analysis is intended to be the Oak Park School District administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2025.

Generally accepted accounting principles (GAAP) require reporting of two types of financial statements: District-wide financial statements and fund financial statements.

Fund Financial Statements

The fund level financial statements are reported on modified accrual basis. Only those assets "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in other funds including the major 2023 and 2025 Bond Capital Projects Funds, nonmajor Special Revenue Funds comprised of Food Service and Student/School Activities, nonmajor Capital Projects Sinking Fund, and nonmajor Debt Service Fund.

Some of these funds are established by State law and by bond covenants while others can be established for the District to control and manage money for a particular purpose, such as the Food Service Fund.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future years' debt obligations are not reported.

District-Wide Financial Statements

The District-wide financial statements are full accrual-based statements. They report all of the District's assets, deferred outflows, liabilities and deferred inflows, both short and long term, regardless if they are "currently available" or not.

Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the District-wide financial statements.

**OAK PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Summary of Net Position

The following is a summary of the District's net position at June 30, 2025 and 2024.

| | <u>June 30, 2025</u> | <u>June 30, 2024*</u> |
|--|------------------------|------------------------|
| ASSETS | | |
| Current and other assets | \$ 45,563,100 | \$ 37,443,368 |
| Net other post employment benefits asset | 9,891,916 | 1,301,349 |
| Capital assets, net of depreciation | <u>62,694,745</u> | <u>51,399,530</u> |
| TOTAL ASSETS | <u>118,149,761</u> | <u>90,144,247</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>19,788,958</u> | <u>27,421,635</u> |
| LIABILITIES | | |
| Other liabilities | 15,729,936 | 14,596,158 |
| Noncurrent liabilities | 48,538,817 | 26,246,347 |
| Net pension liability | <u>56,581,234</u> | <u>73,924,464</u> |
| TOTAL LIABILITIES | <u>120,849,987</u> | <u>114,766,969</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>35,942,926</u> | <u>28,469,630</u> |
| NET POSITION | | |
| Net investment in capital assets | 30,033,462 | 31,362,466 |
| Restricted | 12,393,222 | 2,854,320 |
| Unrestricted | <u>(61,280,878)</u> | <u>(59,887,503)</u> |
| TOTAL NET POSITION | <u>\$ (18,854,194)</u> | <u>\$ (25,670,717)</u> |

*The 2024 numbers have not been updated for the adoption of GASB 101 or the restatement

Analysis of Financial Position

During fiscal year ended June 30, 2025, and not including the adoption of GASB 101 and other restatements of net position, the District's net position improved by \$7,304,267. A few of the significant factors affecting net position during the year are discussed below:

A. Governmental Fund Operations

In the District's governmental funds, expenditures exceeded revenues by \$16,393,769 for the fiscal year ended June 30, 2025. When Other Financing Sources (Uses) are included, revenues and other financing sources exceeded expenditures and other financing uses by \$6,524,797, due in large part to proceeds from the 2025 Bond of \$22,395,000 and Bond Premium of \$523,566. See the section entitled Major Governmental Funds Budgeting and Operating Highlights below for further discussion of governmental fund operations.

**OAK PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Analysis of Financial Position (continued)

B. Depreciation Expense

The provisions of GASB Statement No. 34 require the District to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation is a reduction in net position. Depreciation expense is recorded using a straight-line method over the estimated useful lives of the assets. In accordance with generally accepted accounting principles, depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. For the year ended June 30, 2025, the depreciation expense was \$3,900,422.

C. Capital Acquisitions

Fixed asset additions for the year ended June 30, 2025 totaled \$15,195,637 primarily due to \$8.4 million and \$6.0 million in capital outlay expenditures in the 2023 Capital Projects Fund and 2025 Capital Projects Fund, respectively. Capital outlay was offset by current year depreciation expense of \$3,900,422. The result was an increase in net position from capital assets of \$11,295,215.

D. Debt Repayments and Issuance

The District repaid existing debt and issued new debt during the fiscal year. This resulted in a net increase in the District's long-term principal obligations. The District repaid \$1,940,000 of long-term obligations and issued \$22,395,000 of new debt and along with \$523,566 of issuance premiums during the year ended June 30, 2025.

Results of Operations

The results of this year's operations for the District as a whole are reported in the Statement of Activities. As the following table indicates, net position improved for the year ending June 30, 2025. With an increase in taxable values, an increase in operating grants and contributions, but a decrease in unrestricted state revenue, total revenue decreased in 2024-2025 when compared to 2023-2024. On the expense side, the District also experienced a decrease in operating expenses primarily due to the benefit the District received due to the funding status of the pension and other postemployment benefit plans. Capital outlay spending continues as the District spends for capital improvements in the capital projects sinking fund, and the 2023 and 2025 capital project funds.

**OAK PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Results of Operations (continued)

The following is a summary of the District's changes in net position for the year ended June 30, 2025 and 2024.

| | 2025 | 2024* |
|---|---------------------|---------------------|
| REVENUE | | |
| Program revenue | | |
| Charges for services | \$ 755,144 | \$ 664,866 |
| Operating grants and contributions | <u>30,030,776</u> | <u>28,869,188</u> |
| | | |
| Total program revenue | <u>30,785,920</u> | <u>29,534,054</u> |
| General revenue | | |
| Property taxes, levied for general purposes | 5,530,124 | 5,014,419 |
| Property taxes, levied for debt service | 3,342,140 | 2,944,379 |
| Property taxes, levied for sinking fund | 1,538,011 | 1,353,494 |
| State of Michigan aid, unrestricted | 23,609,362 | 26,806,309 |
| Interest and investment earnings | 1,246,229 | 1,606,555 |
| Other general revenue | <u>408</u> | <u>9,141</u> |
| | | |
| Total general revenue | <u>35,266,274</u> | <u>37,734,297</u> |
| TOTAL REVENUE | <u>66,052,194</u> | <u>67,268,351</u> |
| EXPENSES | | |
| Instruction | 27,167,580 | 30,947,140 |
| Supporting services | 25,027,880 | 25,165,526 |
| Community services | 2,225,464 | 2,369,074 |
| Food services | 2,822,189 | 2,524,115 |
| Student/school activities | 351,634 | 194,196 |
| Interest on long-term debt | <u>1,153,180</u> | <u>921,689</u> |
| | | |
| TOTAL EXPENSES | <u>58,747,927</u> | <u>62,121,740</u> |
| Change in net position | <u>\$ 7,304,267</u> | <u>\$ 5,146,611</u> |

*The 2024 numbers have not been updated for the adoption of GASB 101 or the restatement

Fund Financial Statements

The General Fund, 2023 Capital Projects Fund, and 2025 Capital Projects Fund are reported separately as major funds in the fund financial statements. Funds reported as "Other Governmental Funds" in the fund financial statements include the Special Revenue Funds, Capital Projects Sinking Fund, and Debt Service Fund.

**OAK PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements (continued)

The annual fund financial statements provide the following insights about the results of this year's operations:

A. Major Funds

➤ **General Fund**

As a percentage of total expenditures, the General Fund experienced a decrease in fund equity of \$3,037,189 or 5.1% of total expenditures for the year ending June 30, 2025. The beginning restated fund balance was \$14,483,707 as of July 1, 2024 and the ending total fund balance was \$11,446,518 at June 30, 2025.

➤ **2023 Capital Projects Fund**

Spending on the 2023 bond project concluded in the current fiscal year which translated to a decrease in fund balance of \$8,149,283. The beginning fund balance was \$8,149,283 as of July 1, 2024 and the ending total fund balance was \$0 at June 30, 2025, as the projects related to these bonds were completed.

➤ **2025 Capital Projects Fund**

Spending on the 2025 bond project commenced in the current fiscal year. The primary activity in this fund was related to the proceeds of the bond and bond premiums, and spending on debt issuance costs and capital outlay, which translated to an increase in fund balance of \$16,654,500. The beginning fund balance was \$0 as of July 1, 2024 and the ending total fund balance was \$16,645,500 at June 30, 2025.

B. Other Nonmajor Funds

Other nonmajor governmental funds experienced an increase in fund balance of \$1,056,769 during the year. The beginning restated fund balance on July 1, 2024 was \$2,076,169 and at June 30, 2025 the fund balance was \$3,132,938.

The restated fund balance in the Food Service Fund decreased during 2024-2025 by \$4,312 for a total fund balance at year-end of \$464,611. The fund balance in the Student/School Activities Fund increased during 2024-2025 by \$61,005 for a total fund balance at year-end of \$250,011.

The Capital Projects Sinking Fund experienced an increase in fund balance of \$586,594 to a balance of \$959,253 at the end of 2024-2025. The Capital Projects Sinking Fund was renewed in November 2016 at a millage rate of 2.7511 mills. Major uses of the Capital Projects Sinking Fund include the purchase of property and renovations to the existing capital infrastructure.

The Debt Service Fund experienced an increase in fund balance of \$413,482 to a balance of \$1,459,063 at the end of 2024-2025.

**OAK PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Major Governmental Funds Budgeting and Operating Highlights

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, based on facts and assumptions known at the time of the initial budget preparation. It is expected that there will be changes between the initial budget and subsequent budgets, as many factors are not known at the time of adoption of the initial budget. Some of these factors include enrollment changes and resulting staffing adjustments, staffing changes that take place during the year, state school aid adjustments, grant allocations, and other unforeseeable events. As a matter of practice, the District amends its budget periodically during the fiscal year to adjust for these changes. The District prepares budgets, as required, for the General Fund and Special Revenue Funds.

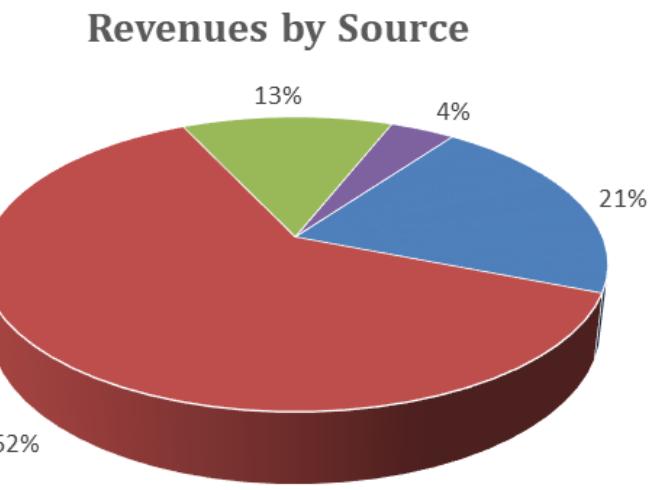
General Fund

In the General Fund, actual revenue was \$56.4 million. This is below the original budget estimate of \$57.9 million and below the final amended budgeted amount of \$58.8 million. The actual expenditures of the General Fund were \$59.4 million. This is above the original budget estimate of \$58.3 million and below the final amended budgeted amount of \$60.5 million, a variance of \$1,068,155 or 1.77%.

The General fund expenditures exceeded revenues by \$3,063,459 for the year ending June 30, 2025. After adjusting for net sources of Other Financing Sources and Uses of \$26,270, expenditures and other financing uses exceeded revenues and other financing sources by \$3,037,189. The ending fund balance in the General Fund for the year ending June 30, 2025 was \$11,446,518, which is 19.26% of expenditures of \$59,418,773.

Governmental Fund Revenues

Revenues for all governmental funds totaled \$65.0 million for 2024-2025. The following graph illustrates the District's revenues by source as a percentage of total revenue:



- Local Sources
- State Sources
- Federal Sources
- Incoming Transfers and Other

**OAK PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Fund Revenues (continued)

A. Unrestricted State Aid

Unrestricted state aid is determined by the following three variables: (1) State of Michigan student foundation allowance; (2) student enrollment for the year, blended at 90 percent of the current year's fall student count and 10 percent of the prior year's spring student count; and (3) the District's non-homestead property tax levy.

Annually, the State of Michigan establishes the per student foundation allowance. For the year ended June 30, 2025, the foundation allowance for Oak Park School District was established at \$9,608, resulting in no increase from the funding level from 2023-2024. Student enrollment for state aid for the 2024-2025 year was 2,993, a decrease of 62 full time equivalent students over the prior year.

The following schedule summarizes the District's blended student enrollment in full-time equivalencies and per student Foundation Allowance for the 2024-2025 and the previous ten years:

| Year | Student Enrollment | Change from Prior Year | Foundation Allowance | Change from Prior Year |
|-------------|--------------------|------------------------|----------------------|------------------------|
| 2024 / 2025 | 2,993 | (62) | \$ 9,608 | \$ - |
| 2023 / 2024 | 3,055 | (555) | 9,608 | 458 |
| 2022 / 2023 | 3,610 | 27 | 9,150 | 450 |
| 2021 / 2022 | 3,583 | (674) | 8,700 | 183 |
| 2020 / 2021 | 4,257 | (144) | 8,517 | - |
| 2019 / 2020 | 4,401 | (46) | 8,517 | 184 |
| 2018 / 2019 | 4,447 | (711) | 8,333 | 188 |
| 2017 / 2018 | 5,158 | 185 | 8,145 | 93 |
| 2016 / 2017 | 4,973 | 190 | 8,052 | 93 |
| 2015 / 2016 | 4,783 | (200) | 7,959 | 602 |

B. Property Taxes

The District levies 18 mills of property taxes on all Non-Principal Residence Exemption (PRE) property and 6 mills on Commercial Property located within the District for General Fund operations. The levy is assessed on the Taxable Value of the property. The increase in taxable value is limited to the lesser of the inflation rate or 5%. When a property is sold, the Taxable Valuation of the sold property is adjusted to the State Equalized Value, which is approximately 50% of market value. This levy is subject to millage reduction fractions. In anticipation of future rollbacks, voters have approved a "Headlee Override" millage authorization of up to 3 mills. For the tax year 2024, the District levied the full 18 mills on non-homestead property that is required to earn per pupil funding.

The District levied 5.98 mills on all classes of property located within the District for retirement of bonded debt proposals approved by the voters. This levy is not subject to the Headlee millage reduction fractions and taxes are used to pay the principal and interest on bond obligations. The total amount collected for debt retirement was approximately \$3.3 million for the year ended June 30, 2025.

**OAK PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Fund Revenues (continued)

B. Property Taxes (continued)

The District's Capital Projects Sinking Fund is used for the repairs and replacement of buildings and sites. The District's voters renewed the sinking fund levy at a reduced rated of 2.7511 mills. This levy is subject to future millage reduction fractions.

Governmental Fund Expenditures

The chart below illustrates that the General Fund comprises 73% of all expenditures within the governmental funds of the District. As of June 30, 2025, expenditures were \$81.3 million for all District programs. The ending fund equity for all funds was \$31.2 million.

| | Expenditures and Other Uses (in millions) | Percent of Total |
|--------------------------|---|---------------------|
| General fund | \$ 59.4 | 73% |
| Other governmental funds | 21.9 | 27% |
| Total | \$ 81.3 | 100% |

Capital Asset and Debt Administration

A. Capital Assets

At June 30, 2025, the District had \$111.3 million invested in land, buildings, improvements, machinery and equipment, and vehicles. Of this amount, \$48.6 million has been depreciated resulting in a net book value of \$62.7 million. The District is committed to timely repairs and maintenance of its facilities. Equipment purchases, taken in the aggregate, that are above the District's capitalization threshold of \$5,000 are capitalized accordingly.

| | 2025 | 2024 |
|-----------------------------------|-------------------|-------------------|
| Land | \$ 341,499 | \$ 341,499 |
| Construction in progress | 12,588,356 | 2,761,294 |
| Land improvements | 6,961,640 | 6,673,069 |
| Buildings and improvements | 81,993,059 | 77,080,785 |
| Equipment and furniture | 9,033,197 | 8,865,467 |
| Buses and other vehicles | 340,189 | 340,189 |
| Total | 111,257,940 | 96,062,303 |
| Less accumulated depreciation | 48,563,195 | 44,662,773 |
| Net capital assets | \$ 62,694,745 | \$ 51,399,530 |

**OAK PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration (continued)

B. Long-Term Obligations

At June 30, 2025, the District had \$50.5 million in outstanding bonds, direct borrowings, and other liabilities. The District collects revenues to meet its outstanding debt obligations across total property values. Therefore, total growth in valuation is an important element in determining the District's ability to retire bonded debt and/or to incur additional bonded debt as increased enrollment may require.

For more detailed information regarding capital assets and debt administration, please review the Notes to Financial Statements located in the financial section of this report.

Conditions that will Significantly Affect Financial Position and Results of Operations in Future Years

Our elected officials and administration consider many factors when setting the School District's 2025-2026 fiscal year budget. One of the most important factors impacting the budget is student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2025-2026 fiscal year used for the budget was 90 percent of the October student count and 10 percent of the current fiscal year's February's count. The 2025-2026 budget was adopted in June 2025. Based on early enrollment data at the start of the 2025-2026 school year, we anticipate that the fall student count will be slightly higher than the estimates used in creating the 2025-2026 projected budget.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's financial position and the results of operations for fiscal year 2024-2025 and to demonstrate the District's fiscal responsibility and accountability over its financial resources. The financial report is available on the District's website and at the Administrative Building for public inspection. If you have any questions or would like additional information, please contact the Finance Department at 13900 Granzon, Oak Park, MI 48237.

BASIC FINANCIAL STATEMENTS

**OAK PARK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 15,631,679 |
| Receivables | |
| Accounts | 123 |
| Lease | 898,564 |
| Intergovernmental | 7,588,435 |
| Inventories | 54,766 |
| Prepays | 48,367 |
| Restricted cash and cash equivalents | 914,747 |
| Restricted investments | 20,426,419 |
| Net other post employment benefits asset | 9,891,916 |
| Capital assets not being depreciated | 12,929,855 |
| Capital assets net of accumulated depreciation | <u>49,764,890</u> |
| TOTAL ASSETS | <u>118,149,761</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Related to other postemployment benefits | 2,762,639 |
| Related to pensions | <u>17,026,319</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>19,788,958</u> |
| LIABILITIES | |
| Accounts payable | 4,693,145 |
| Accrued salaries and related items | 3,518,334 |
| Accrued retirement | 1,604,262 |
| Accrued interest | 326,855 |
| Unearned revenue | 3,650,331 |
| Noncurrent liabilities | |
| Due within one year | 1,937,009 |
| Due in more than one year | 48,538,817 |
| Net pension liability | <u>56,581,234</u> |
| TOTAL LIABILITIES | <u>120,849,987</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to other postemployment benefits | 13,674,663 |
| Related to pensions | 18,330,121 |
| Related to state aid funding for pension benefits | 3,075,070 |
| Related to unavailable revenue - leases | <u>863,072</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>35,942,926</u> |
| NET POSITION | |
| Net investment in capital assets | 30,033,462 |
| Restricted for capital projects (sinking fund) | 959,253 |
| Restricted for food service | 409,845 |
| Restricted for debt service | 1,132,208 |
| Restricted for net other postemployment benefits | 9,891,916 |
| Unrestricted | <u>(61,280,878)</u> |
| TOTAL NET POSITION | <u>\$ (18,854,194)</u> |

See notes to financial statements.

**OAK PARK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities | | | | |
| Instruction | \$ 27,167,580 | \$ - | \$ 20,697,842 | \$ (6,469,738) |
| Support services | 25,027,880 | 168,909 | 6,828,264 | (18,030,707) |
| Community services | 2,225,464 | - | - | (2,225,464) |
| Food services | 2,822,189 | 183,460 | 2,504,670 | (134,059) |
| Student/school activities | 351,634 | 402,775 | - | 51,141 |
| Interest on long-term debt | 1,153,180 | - | - | (1,153,180) |
| Total governmental activities | \$ 58,747,927 | \$ 755,144 | \$ 30,030,776 | (27,962,007) |
| General revenues | | | | |
| Property taxes, levied for general purposes | | | | 5,530,124 |
| Property taxes, levied for debt service | | | | 3,342,140 |
| Property taxes, levied for sinking fund | | | | 1,538,011 |
| Investment earnings | | | | 1,246,229 |
| State sources - unrestricted | | | | 23,609,362 |
| Other | | | | 408 |
| Total general revenues | | | | 35,266,274 |
| CHANGE IN NET POSITION | | | | |
| NET POSITION, beginning of year, as previously stated | | | | (25,670,717) |
| Adjustment to beginning net position | | | | (487,744) |
| NET POSITION, beginning of year, as restated | | | | (26,158,461) |
| NET POSITION, end of year | | | | \$ (18,854,194) |

See notes to financial statements.

**OAK PARK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

| | General Fund | 2023 Capital Projects | 2025 Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------|-----------------------|-----------------------------|--------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 13,479,463 | \$ - | \$ - | \$ 2,152,216 | \$ 15,631,679 |
| Receivables | | | | | |
| Accounts | - | - | - | 123 | 123 |
| Lease | 898,564 | - | - | - | 898,564 |
| Intergovernmental | 7,482,044 | - | - | 106,391 | 7,588,435 |
| Due from other funds | - | - | 591,181 | 214,570 | 805,751 |
| Inventories | - | - | - | 54,766 | 54,766 |
| Prepays | 48,367 | - | - | - | 48,367 |
| Restricted cash and cash equivalents | - | - | - | 914,747 | 914,747 |
| Restricted investments | - | 680,088 | 19,746,331 | - | 20,426,419 |
| TOTAL ASSETS | \$ 21,908,438 | \$ 680,088 | \$ 20,337,512 | \$ 3,442,813 | \$ 46,368,851 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 767,468 | \$ - | \$ 3,683,012 | \$ 242,665 | \$ 4,693,145 |
| Due to other funds | 125,663 | 680,088 | - | - | 805,751 |
| Accrued salaries and related items | 3,518,334 | - | - | - | 3,518,334 |
| Accrued retirement | 1,604,262 | - | - | - | 1,604,262 |
| Unearned revenue | 3,583,121 | - | - | 67,210 | 3,650,331 |
| TOTAL LIABILITIES | 9,598,848 | 680,088 | 3,683,012 | 309,875 | 14,271,823 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - leases | 863,072 | - | - | - | 863,072 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | - | - | - | 54,766 | 54,766 |
| Prepays | 48,367 | - | - | - | 48,367 |
| Restricted for | | | | | |
| Food service | - | - | - | 409,845 | 409,845 |
| Debt service | - | - | - | 1,459,063 | 1,459,063 |
| Capital projects | - | - | 16,654,500 | 959,253 | 17,613,753 |
| Committed for | | | | | |
| Student/school activities | - | - | - | 250,011 | 250,011 |
| Unassigned | 11,398,151 | - | - | - | 11,398,151 |
| TOTAL FUND BALANCES | 11,446,518 | - | 16,654,500 | 3,132,938 | 31,233,956 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 21,908,438 | \$ 680,088 | \$ 20,337,512 | \$ 3,442,813 | \$ 46,368,851 |

See notes to financial statements.

OAK PARK SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

| | |
|---|-------------------------------|
| Total governmental fund balances | \$ 31,233,956 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Deferred outflows of resources - related to pensions | \$ 17,026,319 |
| Deferred inflows of resources - related to pensions | (18,330,121) |
| Deferred outflows of resources - related to other postemployment benefits | 2,762,639 |
| Deferred inflows of resources - related to other postemployment benefits | (13,674,663) |
| Deferred inflows of resources - related to state funding for pension benefits | <u>(3,075,070)</u> |
| | (15,290,896) |
| Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. | |
| Noncurrent assets at year-end consist of: | |
| Net other postemployment benefits asset | 9,891,916 |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds: | |
| The cost of the capital assets is | 111,257,940 |
| Accumulated depreciation is | <u>(48,563,195)</u> |
| | 62,694,745 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds: | |
| General obligation bonds | (46,545,000) |
| Premiums on bonds | (2,770,783) |
| Compensated absences | (1,160,043) |
| Accrued interest | (326,855) |
| Net pension liability | <u>(56,581,234)</u> |
| Net position of governmental activities | <u><u>\$ (18,854,194)</u></u> |

OAK PARK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

| | General Fund | 2023 Capital Projects | 2025 Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--------------------|-----------------------|-----------------------|-----------------------------|--------------------------|
| REVENUES | | | | | |
| Local sources | | | | | |
| Property taxes | \$ 5,530,124 | \$ - | \$ - | \$ 4,880,151 | \$ 10,410,275 |
| Food sales | - | - | - | 183,460 | 183,460 |
| Student/school activities | - | - | - | 402,775 | 402,775 |
| Investment earnings | 618,315 | 257,739 | 352,513 | 17,662 | 1,246,229 |
| Other | 1,136,928 | - | - | - | 1,136,928 |
| Total local sources | 7,285,367 | 257,739 | 352,513 | 5,484,048 | 13,379,667 |
| State sources | 39,950,156 | - | - | 268,902 | 40,219,058 |
| Federal sources | 6,179,694 | - | - | 2,235,768 | 8,415,462 |
| Incoming transfers and other | 2,940,097 | - | - | - | 2,940,097 |
| TOTAL REVENUES | 56,355,314 | 257,739 | 352,513 | 7,988,718 | 64,954,284 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | 31,341,960 | - | - | - | 31,341,960 |
| Supporting services | 25,495,245 | - | - | - | 25,495,245 |
| Community service activities | 2,442,946 | - | - | - | 2,442,946 |
| Food service activities | - | - | - | 2,666,172 | 2,666,172 |
| Student/school activities | - | - | - | 351,634 | 351,634 |
| Capital outlay | 138,622 | 8,407,022 | 5,960,319 | 951,417 | 15,457,380 |
| Debt service | | | | | |
| Principal repayment | - | - | - | 1,940,000 | 1,940,000 |
| Interest expense | - | - | - | 994,456 | 994,456 |
| Bond issuance costs and other | - | - | 656,260 | 2,000 | 658,260 |
| TOTAL EXPENDITURES | 59,418,773 | 8,407,022 | 6,616,579 | 6,905,679 | 81,348,053 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (3,063,459) | (8,149,283) | (6,264,066) | 1,083,039 | (16,393,769) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from issuance of bonds | - | - | 22,395,000 | - | 22,395,000 |
| Bond premium | - | - | 523,566 | - | 523,566 |
| Transfers in | 26,270 | - | - | - | 26,270 |
| Transfers out | - | - | - | (26,270) | (26,270) |
| TOTAL OTHER FINANCING SOURCES (USES) | 26,270 | - | 22,918,566 | (26,270) | 22,918,566 |
| NET CHANGE IN FUND BALANCES | (3,037,189) | (8,149,283) | 16,654,500 | 1,056,769 | 6,524,797 |
| FUND BALANCES | | | | | |
| Beginning of year, as previously stated | 14,649,768 | 8,149,283 | - | 1,910,108 | 24,709,159 |
| Adjustments to beginning fund balance | (166,061) | - | - | 166,061 | - |
| Beginning of year, as restated | 14,483,707 | 8,149,283 | - | 2,076,169 | 24,709,159 |
| End of year | \$ 11,446,518 | \$ - | \$ 16,654,500 | \$ 3,132,938 | \$ 31,233,956 |

See notes to financial statements.

OAK PARK SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

| | |
|---|---------------------|
| Net change in fund balances total governmental funds | \$ 6,524,797 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation: | |
| Depreciation expense | (3,900,422) |
| Capital outlay | 15,195,637 |
| Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid: | |
| Accrued interest payable, beginning of the year | 168,131 |
| Accrued interest payable, end of the year | (326,855) |
| The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows: | |
| Proceeds from issuance of bonds | (22,395,000) |
| Bond issuance premium | (523,566) |
| Payments on general obligation bonds | 1,940,000 |
| Amortization of bond premium | 103,846 |
| Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available: | |
| Deferred inflows of resources - unavailable revenue, beginning of the year | (344,287) |
| Deferred inflows of resources - unavailable revenue, end of the year | - |
| Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds: | |
| Accrued compensated absences, beginning of the year, as restated | 1,242,347 |
| Accrued compensated absences, end of the year | (1,160,043) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: | |
| Pension related items | 8,479,600 |
| Other postemployment benefits related items | 857,885 |
| Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period: | |
| State aid funding, beginning of year | 4,517,267 |
| State aid funding, end of year | (3,075,070) |
| Change in net position of governmental activities | \$ 7,304,267 |

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Oak Park School District (the "District") is governed by the Oak Park School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements (GASB).

Basis of Presentation - Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities, if any, are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2023 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects associated with the 2023 bonds. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. Beginning with the year of bond issuance, the District has reported the annual construction activity in the *2023 Capital Projects Fund*. The projects for which the 2023 bonds were issued were considered complete on June 30, 2025.

The *2025 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects associated with the 2025 bonds. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The projects for which the 2025 bonds were issued are not yet considered substantially complete and a subsequent year audit is expected.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The District issued \$22,395,000 and \$15,155,000 of bonds on February 27, 2025 and March 9, 2023, respectively, at which time all funds were available for the purpose of the bond issues. The following is a summary of the cumulative revenues, expenditures, and other financing sources and uses for the 2025 Capital Projects Fund and 2023 Capital Projects Fund, respectively, since inception:

| | <u>2025 Capital Projects</u> | <u>2023 Capital Projects</u> |
|---------------------------------------|------------------------------|------------------------------|
| Revenues and other financing sources | <u>\$ 23,271,079</u> | <u>\$ 17,270,333</u> |
| Expenditures and other financing uses | <u>\$ 6,616,579</u> | <u>\$ 17,270,333</u> |

The above revenues and other financing sources figures include bond proceeds and premium of \$22,918,566 and \$16,224,761 for the 2025 Capital Projects Fund and 2023 Capital Projects Fund, respectively.

The District reports the following *other Nonmajor Governmental Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in the special revenue funds.

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligations of the governmental funds.

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 and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, 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, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, deferred outflows, deferred inflows, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end, or shortly thereafter).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30, 2025. The District does not consider these amendments to be significant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported 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. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress, if any, are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| <u>Capital Asset Classes</u> | <u>Lives (in years)</u> |
|------------------------------|-------------------------|
| Land improvements | 20 - 25 |
| Buildings and improvements | 8 - 50 |
| Equipment and furniture | 5 - 25 |
| Buses and other vehicles | 5 - 8 |

Defined Benefit Plans

For purposes of measuring the net pension liability and net other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so 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. They are pension and other postemployment benefits related items reported in the government-wide statement of net position as deferred outflows are recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted Section 147c state aid deferred to offset deferred outflows related to Section 147c pension benefit contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The District also reports unavailable revenues from one source: leases. These amounts are long-term leases entered into by the District in which the District is a lessor. These amounts are recognized as revenue over the term of the lease agreements at both the government-wide and fund levels.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position 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

Sometimes the District will 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. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the 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 adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

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

Leases

Lessor: The District is a lessor for a noncancelable lease of a building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2025, the District levied the following amounts per \$1,000 of assessed valuation:

| Fund | Mills |
|--|---------|
| General Fund | |
| Non-Principal Residence Exemption (PRE) | 18.0000 |
| Commercial Personal Property | 6.0000 |
| Debt service fund | |
| PRE, Non-PRE, Commercial Personal Property | 5.9800 |
| Sinking fund | |
| PRE, Non-PRE, Commercial Personal Property | 2.7511 |

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2025 the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. As of June 30, 2025, \$17,575,096 of the District's bank balance of \$17,825,096 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$16,546,426.

Custodial Credit Risk - Investments

For an investment, this 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 will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, 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

| Investment Type | Fair Value | Weighted Average Maturity (Years) |
|--------------------------------------|-----------------------------|-----------------------------------|
| MILAF External Investment Pool - CMC | \$ 649,086 | N/A |
| MILAF External Investment Pool - Max | <u>19,777,333</u> | <u>N/A</u> |
| Total fair value | <u><u>\$ 20,426,419</u></u> | |
| Portfolio weighted average maturity | | <u><u>N/A</u></u> |

One day maturity equals 0.0027, one year equals 1.00.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

| Investment Type | Fair Value | Rating | Rating Agency |
|--------------------------------------|----------------------|--------|-------------------|
| MILAF External Investment Pool - CMC | \$ 649,086 | AAAm | Standard & Poor's |
| MILAF External Investment Pool - Max | <u>19,777,333</u> | AAAm | Standard & Poor's |
| Total | <u>\$ 20,426,419</u> | | |

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements)

The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2025, the District does not have any investments subject to fair value measurement.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

| | <u>Amortized Cost</u> |
|--------------------------------------|-----------------------------|
| MILAF External Investment Pool - CMC | \$ 649,086 |
| MILAF External Investment Pool - Max | <u>19,777,333</u> |
| Total | <u>\$ 20,426,419</u> |

The deposits and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2025:

| | <u>Primary Government</u> |
|--------------------------------------|-------------------------------|
| Cash and cash equivalents | \$ 15,631,679 |
| Restricted cash and cash equivalents | 914,747 |
| Restricted investments | <u>20,426,419</u> |
| | <u>\$ 36,972,845</u> |

OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

| | Balance July 1, 2024 | Additions/ Reclassifications | Deletions/ Reclassifications | Balance June 30, 2025 |
|---|-------------------------|---------------------------------|---------------------------------|--------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 341,499 | \$ - | \$ - | \$ 341,499 |
| Construction in progress | <u>2,761,294</u> | <u>10,014,196</u> | <u>187,134</u> | <u>12,588,356</u> |
| Total assets not being depreciated | <u>3,102,793</u> | <u>10,014,196</u> | <u>187,134</u> | <u>12,929,855</u> |
| Capital assets, being depreciated | | | | |
| Land improvements | 6,673,069 | 288,571 | - | 6,961,640 |
| Buildings and improvements | 77,080,785 | 4,912,274 | - | 81,993,059 |
| Equipment and furniture | 8,865,467 | 167,730 | - | 9,033,197 |
| Buses and other vehicles | <u>340,189</u> | <u>-</u> | <u>-</u> | <u>340,189</u> |
| Total capital assets, being depreciated | <u>92,959,510</u> | <u>5,368,575</u> | <u>-</u> | <u>98,328,085</u> |
| Accumulated depreciation | | | | |
| Land improvements | 3,831,811 | 290,552 | - | 4,122,363 |
| Buildings and improvements | 35,059,711 | 2,860,431 | - | 37,920,142 |
| Equipment and furniture | 5,540,724 | 713,158 | - | 6,253,882 |
| Buses and other vehicles | <u>230,527</u> | <u>36,281</u> | <u>-</u> | <u>266,808</u> |
| Total accumulated depreciation | <u>44,662,773</u> | <u>3,900,422</u> | <u>-</u> | <u>48,563,195</u> |
| Net capital assets being depreciated | <u>48,296,737</u> | <u>1,468,153</u> | <u>-</u> | <u>49,764,890</u> |
| Net governmental capital assets | <u>\$ 51,399,530</u> | <u>\$ 11,482,349</u> | <u>\$ 187,134</u> | <u>\$ 62,694,745</u> |

Depreciation for the fiscal year ended June 30, 2025 amounted to \$3,900,422. The District allocated depreciation to the various activities as follow:

| | |
|--------------------|----------------------------|
| Instruction | \$ 1,989,214 |
| Support services | 1,599,174 |
| Community services | 156,017 |
| Food service | 156,017 |
| | <u><u>\$ 3,900,422</u></u> |

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2025 consist of the following:

| | <u>Government-wide</u> |
|----------------|----------------------------|
| State aid | \$ 6,715,032 |
| Federal grants | 675,463 |
| Other | <u>197,940</u> |
| | <u><u>\$ 7,588,435</u></u> |

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2025:

| | General Obligation Bonds | Compensated Absences* | Total |
|------------------------------------|--------------------------------|--------------------------|-----------------------------|
| Balance, July 1, 2024, as restated | \$ 28,441,063 | \$ 1,242,347 | \$ 29,683,410 |
| Additions | 22,918,566 | - | 22,918,566 |
| Deletions | <u>2,043,846</u> | <u>82,304</u> | <u>2,126,150</u> |
| Balance, June 30, 2025 | 49,315,783 | 1,160,043 | 50,475,826 |
| Due within one year | <u>1,705,000</u> | <u>232,009</u> | <u>1,937,009</u> |
| Due in more than one year | <u><u>\$ 47,610,783</u></u> | <u><u>\$ 928,034</u></u> | <u><u>\$ 48,538,817</u></u> |

* The change in compensated absences liability is presented as a net change.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligation debt at June 30, 2025 is comprised of the following:

General Obligations Bonds

| | |
|---|-----------------------------|
| \$14,740,000 2021 Building and Site bonds due in annual installments of \$140,000 to \$500,000 through November 1, 2049, with interest ranging from 2.00% to 5.00%. | \$ 11,690,000 |
| \$15,155,000 2023 Building and Site bonds due in annual installments of \$305,000 to \$900,000 through November 1, 2045, with interest ranging from 4.00% to 5.00%. | 12,460,000 |
| \$22,395,000 2025 Building and Site bonds due in annual installments of \$170,000 to \$2,200,000 through November 1, 2054, with interest ranging from 4.00% to 6.00%. | 22,395,000 |
| Plus premiums on bonds | <u>2,770,783</u> |
| Total general obligation bonds | 49,315,783 |
| Compensated absences | <u>1,160,043</u> |
| Total general long-term obligations | <u><u>\$ 50,475,826</u></u> |

The annual requirements to amortize long-term obligations outstanding, exclusive of compensated absences payments, as of June 30, 2025, are as follows:

| Year Ending June 30, | General Obligation Bonds | | | Compensated Absences | Total |
|-------------------------|-----------------------------|-----------------------------|--|----------------------------|-----------------------------|
| | Principal | Interest | | | |
| 2026 | \$ 1,705,000 | \$ 1,913,981 | | - | \$ 3,618,981 |
| 2027 | 2,035,000 | 1,809,956 | | - | 3,844,956 |
| 2028 | 1,050,000 | 1,725,981 | | - | 2,775,981 |
| 2029 | 1,075,000 | 1,671,156 | | - | 2,746,156 |
| 2030 | 1,090,000 | 1,615,281 | | - | 2,705,281 |
| 2031 - 2035 | 5,970,000 | 7,246,680 | | - | 13,216,680 |
| 2036 - 2040 | 6,975,000 | 5,841,730 | | - | 12,816,730 |
| 2041 - 2045 | 7,555,000 | 4,477,731 | | - | 12,032,731 |
| 2046 - 2050 | 8,785,000 | 3,068,116 | | - | 11,853,116 |
| 2051 - 2055 | 10,305,000 | 1,145,957 | | - | 11,450,957 |
| | 46,545,000 | 30,516,569 | | - | 77,061,569 |
| Premiums on bonds | 2,770,783 | - | | - | 2,770,783 |
| Compensated absences | <u>-</u> | <u>-</u> | | <u>1,160,043</u> | <u>1,160,043</u> |
| | <u><u>\$ 49,315,783</u></u> | <u><u>\$ 30,516,569</u></u> | | <u><u>\$ 1,160,043</u></u> | <u><u>\$ 80,992,395</u></u> |

Interest expense (all funds) for the year ended June 30, 2025 was approximately \$990,000.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

| <u>Plan Name</u> | <u>Plan Type</u> | <u>Plan Status</u> |
|------------------------------|----------------------|--------------------|
| Basic | Defined Benefit | Closed |
| Member Investment Plan (MIP) | Defined Benefit | Closed |
| Pension Plus | Hybrid | Closed |
| Pension Plus 2 | Hybrid | Open |
| Defined Contribution | Defined Contribution | Open |

Benefits Provided - Pension

Benefit provisions of the defined benefit pension 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 (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan Members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus Members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution Plan that provides a 50% employer match (up to 3% of salary) on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 Plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018 and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant to the DC Plan; if no election is made they will default to the DC Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant in the DC Plan; if no election is made they will remain in the Pension Plus 2 Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees' Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution Plan are not required to make additional contributions.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2024 were determined as of the September 30, 2021 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021 are amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

| | Pension | Other Postemployment Benefits |
|--------------------------------------|-----------------|--|
| October 1, 2024 - September 30, 2025 | 20.96% - 30.11% | 0.00% - 1.25% |
| October 1, 2023 - September 30, 2024 | 13.90% - 23.03% | 7.06% - 8.31% |

The District's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$9,913,000. Of the total pension contributions approximately \$9,693,000 was contributed to fund the Defined Benefit Plan and approximately \$220,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$267,000. Of the total OPEB contributions approximately \$122,000 was contributed to fund the Defined Benefit Plan and approximately \$145,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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 date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures.

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.

| <i>MPSERS (Plan) Non-university Employers</i> | <u>September 30, 2024</u> | <u>September 30, 2023</u> |
|---|---------------------------|---------------------------|
| Total pension liability | \$ 95,765,499,515 | \$ 94,947,828,557 |
| Plan fiduciary net position | \$ 71,283,482,728 | \$ 62,581,762,238 |
| Net pension liability | \$ 24,482,016,787 | \$ 32,366,066,319 |
| Proportionate share | 0.23111% | 0.22840% |
| Net pension liability for the District | \$ 56,581,234 | \$ 73,924,464 |

For the year ended June 30, 2025, the District recognized pension expense of \$4,288,496.

At June 30, 2025, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Changes of assumptions | \$ 5,898,929 | \$ 4,145,615 |
| Net difference between projected and actual plan investments earnings | - | 10,798,098 |
| Differences between expected and actual experience | 1,535,089 | 614,763 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 884,052 | 2,771,645 |
| Reporting Unit's contributions subsequent to the measurement date | <u>8,708,249</u> | <u>-</u> |
| | <u><u>\$ 17,026,319</u></u> | <u><u>\$ 18,330,121</u></u> |

\$8,708,249, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|------------------------|-------------------------------|
| 2026 | \$ (2,762,769) |
| 2027 | (392,164) |
| 2028 | (4,110,637) |
| 2029 | <u>(2,746,481)</u> |
| | <u><u>\$ (10,012,051)</u></u> |

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net OPEB liability (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.

| <i>MPSERS (Plan)</i> Non-university Employers | September 30, 2024 | September 30, 2023 |
|---|--------------------|--------------------|
| Total Other Postemployment Benefit Liability | \$ 9,991,545,923 | \$ 11,223,648,949 |
| Plan fiduciary net position | \$ 14,295,943,589 | \$ 11,789,347,341 |
| Net Other Postemployment Benefit Asset | \$ (4,304,397,666) | \$ (565,698,392) |
| Proportionate share | 0.22981% | 0.23004% |
| Net Other Postemployment Benefit Asset for the District | \$ (9,891,916) | \$ (1,301,349) |

For the year ended June 30, 2025, the District recognized OPEB benefit of \$3,810,582.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2025, the Reporting Unit 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 |
|---|--------------------------------------|-------------------------------------|
| Changes of assumptions | \$ 2,160,537 | \$ 248,336 |
| Net difference between projected and actual plan investments earnings | - - | 1,872,653 |
| Differences between expected and actual experience | - - | 10,482,411 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 583,262 | 1,071,263 |
| Reporting Unit's contributions subsequent to the measurement date | <u>18,840</u> | - - |
| | <u><u>\$ 2,762,639</u></u> | <u><u>\$ 13,674,663</u></u> |

\$18,840, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Amount |
|------------------------|-------------------------------|
| 2026 | \$ (3,526,810) |
| 2027 | (2,127,025) |
| 2028 | (2,248,646) |
| 2029 | (1,858,999) |
| 2030 | (980,909) |
| 2031 | <u>(188,475)</u> |
| | <u><u>\$ (10,930,864)</u></u> |

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-2021 adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB 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.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Survivor Coverage - 80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees who elected coverage are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2024 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Investment Category | Target Allocation | Long-term Expected Real Rate of Return* |
|--------------------------------------|----------------------|---|
| Domestic Equity Pools | 25.0% | 5.3% |
| International Equity Pools | 15.0% | 6.5% |
| Private Equity Pools | 16.0% | 9.0% |
| Real Estate and Infrastructure Pools | 10.0% | 7.1% |
| Fixed Income Pools | 13.0% | 2.2% |
| Absolute Return Pools | 9.0% | 5.2% |
| Real Return/Opportunistic Pools | 10.0% | 6.9% |
| Short Term Investment Pools | 2.0% | 1.4% |
| | <u>100.0%</u> | |

* Long term rate of return are net of administrative expenses and 2.3% inflation.

Rate of Return - For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the 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:

| | Pension | | |
|---|---------------|---------------|---------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| Reporting Unit's proportionate share of the net pension liability | \$ 82,948,696 | \$ 56,581,234 | \$ 34,625,248 |

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Other Postemployment Benefits | | |
|---|-------------------------------|----------------|-----------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| Reporting Unit's proportionate share of the net other postemployment benefits liability (asset) | \$ (7,644,555) | \$ (9,891,916) | \$ (11,834,998) |

Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Other Postemployment Benefits | | |
|---|-------------------------------|----------------|----------------|
| | Healthcare Cost | | |
| | 1% Decrease | Trend Rate | 1% Increase |
| Reporting Unit's proportionate share of the net other postemployment benefits liability (asset) | \$ (11,835,019) | \$ (9,891,916) | \$ (7,807,949) |

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including property and casualty errors and omissions, fleet and employee health and accident insurance.

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2025 are as follows:

| Receivable Fund | Payable Fund |
|-----------------------------|-------------------|
| 2025 Capital Projects | \$ 591,181 |
| Nonmajor Governmental Funds | <u>\$ 214,570</u> |
| | <u>\$ 805,751</u> |
| General fund | \$ 125,663 |
| 2023 Capital Projects | <u>\$ 680,088</u> |
| | <u>\$ 805,751</u> |

NOTE 9 - TRANSFERS

The transfer of \$26,270 to the general fund from the nonmajor governmental funds was to reimburse the general fund for indirect costs.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District is subject to state aid funding adjustments based on average daily attendance requirements, including a minimum 75% attendance threshold on certain instructional days. For the 2024-2025 fiscal year, the annual pupil audit identified 18 days for which this threshold was not met. Although the County pupil auditor has not yet determined whether these instances will trigger a reduction in state aid (potentially resulting in recapture of prior funding), such an outcome remains possible. As of the date the financial statements were available to be issued, management was unable to reasonably estimate the amount of any potential liability due to the absence of specific guidance from the County or MDE; accordingly, no contingent liability has been recorded.

NOTE 11 - TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. 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; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

For fiscal year ended June 30, 2025, property taxes abated for all funds by municipalities under these programs was \$484,471. The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no significant abatements made by the District.

NOTE 12 - LEASE RECEIVABLE

The District began leasing building space to a third-party on November 1, 2023. The lease is for 10 years, and the District will receive annual payments of \$138,392, adjusted annually based on the Consumer Price Index. The District recognized \$107,884 in lease revenue and \$49,700 in interest revenue during the fiscal year related to this lease. As of June 30, 2025, the District's receivable for lease payments was \$898,564. Also, the deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term was \$863,072 as of June 30, 2025.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary:

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

NOTE 14 - ADJUSTMENTS TO BEGINNING FUND BALANCES/NET POSITION

During fiscal year 2025, changes to beginning fund balances/net position, are as follows:

| | Reporting Units Affected by Adjustments to and Restatements of Beginning Balances | | |
|--|--|-----------------------------------|----------------------------|
| | General Fund | Nonmajor Governmental Funds | Governmental Activities |
| | | | |
| Balance as of July 1, 2024, as previously stated | \$ 14,649,768 | \$ 1,910,108 | \$ (25,670,717) |
| Error correction (per MDE) | (166,061) | 166,061 | - |
| Changes in accounting principles | | | |
| Adoption of GASB 101 | - | - | (233,028) |
| Amortization of premium on bonds | - | - | (254,716) |
| Balance as of July 1, 2024, as restated | <u>\$ 14,483,707</u> | <u>\$ 2,076,169</u> | <u>\$ (26,158,461)</u> |

During fiscal year 2025, the Michigan Department of Education (MDE) identified, through its administrative review process, that \$166,061 of food service program revenues were erroneously recorded in the general fund in the prior fiscal year. To correct this misclassification, beginning fund balance in the general fund has been decreased by \$166,061, with a corresponding increase to beginning fund balance in the nonmajor governmental funds.

Additionally, the District amended its method of amortizing bond premiums from an accelerated approach to the straight-line method. This change was made retroactive since bond inception, requiring a restatement to beginning net position for the difference between methods as of July 1, 2024.

**OAK PARK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**OAK PARK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|---------------------|-----------------------|-----------------------|-------------------------------|
| REVENUES | | | | |
| Local sources | \$ 6,236,123 | \$ 6,604,942 | \$ 7,285,367 | \$ 680,425 |
| State sources | 42,521,507 | 40,922,848 | 39,950,156 | (972,692) |
| Federal sources | 5,242,342 | 7,377,465 | 6,179,694 | (1,197,771) |
| Incoming transfers and other | 3,859,733 | 3,916,726 | 2,940,097 | (976,629) |
| TOTAL REVENUES | 57,859,705 | 58,821,981 | 56,355,314 | (2,466,667) |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | | | | |
| Basic programs | 22,341,538 | 24,015,499 | 23,832,158 | 183,341 |
| Added needs | 6,971,955 | 7,703,509 | 7,509,802 | 193,707 |
| Total instruction | 29,313,493 | 31,719,008 | 31,341,960 | 377,048 |
| Supporting services | | | | |
| Pupil | 4,162,799 | 4,551,819 | 4,866,083 | (314,264) |
| Instructional staff | 2,914,157 | 3,442,517 | 3,280,284 | 162,233 |
| General administration | 964,935 | 917,199 | 901,617 | 15,582 |
| School administration | 3,766,922 | 3,588,965 | 3,278,709 | 310,256 |
| Business services | 1,154,895 | 912,883 | 861,802 | 51,081 |
| Operation/maintenance | 6,312,090 | 6,247,564 | 6,201,064 | 46,500 |
| Pupil transportation | 2,949,083 | 2,914,559 | 2,918,655 | (4,096) |
| Central | 3,108,761 | 2,229,326 | 2,495,299 | (265,973) |
| Athletics | 635,967 | 567,914 | 691,732 | (123,818) |
| Total supporting services | 25,969,609 | 25,372,746 | 25,495,245 | (122,499) |
| Community services | 3,040,294 | 3,395,174 | 2,442,946 | 952,228 |
| Capital outlay | - | - | 138,622 | (138,622) |
| TOTAL EXPENDITURES | 58,323,396 | 60,486,928 | 59,418,773 | 1,068,155 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (463,691) | (1,664,947) | (3,063,459) | (1,398,512) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 94,245 | - | 26,270 | 26,270 |
| Transfers out | (59,706) | (459,574) | - | 459,574 |
| TOTAL OTHER FINANCING SOURCES (USES) | 34,539 | (459,574) | 26,270 | 485,844 |
| NET CHANGE IN FUND BALANCE | \$ (429,152) | \$ (2,124,521) | \$ (3,037,189) | \$ (912,668) |
| FUND BALANCE | | | | |
| Beginning of year, as previously stated | | | 14,649,768 | |
| Adjustments to beginning fund balance | | | (166,061) | |
| Beginning of year, as restated | | | 14,483,707 | |
| End of year | | | \$ 11,446,518 | |

OAK PARK SCHOOL DISTRICT
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Reporting Unit's proportion of net pension liability (%) | 0.23111% | 0.22840% | 0.23580% | 0.24736% | 0.23880% | 0.24050% | 0.23480% | 0.22590% | 0.21120% | 0.20370% |
| Reporting Unit's proportionate share of net pension liability | \$ 56,581,234 | \$ 73,924,464 | \$ 88,697,776 | \$ 58,541,587 | \$ 82,042,434 | \$ 79,640,199 | \$ 70,570,394 | \$ 58,535,022 | \$ 52,694,386 | \$ 49,749,845 |
| Reporting Unit's covered-employee payroll | \$ 24,043,706 | \$ 22,877,613 | \$ 21,712,794 | \$ 22,942,370 | \$ 21,127,828 | \$ 21,143,991 | \$ 21,125,916 | \$ 20,538,385 | \$ 18,585,459 | \$ 17,035,098 |
| Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll | 235.33% | 323.13% | 408.50% | 255.17% | 388.31% | 376.66% | 334.05% | 285.00% | 283.52% | 292.04% |
| Plan fiduciary net position as a percentage of total pension liability (Non-university employers) | 74.44% | 65.91% | 60.77% | 72.60% | 59.72% | 60.31% | 62.36% | 64.21% | 63.27% | 63.17% |

OAK PARK SCHOOL DISTRICT
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Statutorily required pension contributions | \$ 9,693,026 | \$ 9,197,216 | \$ 7,843,422 | \$ 8,084,189 | \$ 7,211,081 | \$ 6,565,413 | \$ 6,277,991 | \$ 6,080,103 | \$ 5,225,568 | \$ 4,752,989 |
| Pension contributions in relation to statutorily required contributions | <u>9,693,026</u> | <u>9,197,216</u> | <u>7,843,422</u> | <u>8,084,189</u> | <u>7,211,081</u> | <u>6,565,413</u> | <u>6,277,991</u> | <u>6,080,103</u> | <u>5,225,568</u> | <u>4,752,989</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Reporting Unit's covered-employee payroll (pension) | \$ 23,500,937 | \$ 23,125,509 | \$ 22,758,072 | \$ 22,195,607 | \$ 21,604,854 | \$ 21,097,030 | \$ 21,730,928 | \$ 20,952,317 | \$ 18,585,459 | \$ 17,951,723 |
| Pension contributions as a percentage of covered-employee payroll | 41.25% | 39.77% | 34.46% | 36.42% | 33.38% | 31.12% | 28.89% | 29.02% | 28.12% | 26.48% |

OAK PARK SCHOOL DISTRICT
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Reporting Unit's proportion of net other postemployment benefits liability/asset (%) | 0.22981% | 0.23004% | 0.22450% | 0.25360% | 0.23800% | 0.24170% | 0.24010% | 0.22530% |
| Reporting Unit's proportionate share of net other postemployment benefits liability (asset) | \$ (9,891,916) | \$ (1,301,349) | \$ 4,754,072 | \$ 3,871,065 | \$ 12,749,830 | \$ 17,349,160 | \$ 19,085,673 | \$ 19,953,998 |
| Reporting Unit's covered-employee payroll | \$ 24,043,706 | \$ 22,877,613 | \$ 21,712,794 | \$ 22,942,370 | \$ 21,127,828 | \$ 21,143,991 | \$ 21,125,916 | \$ 20,538,385 |
| Reporting Unit's proportionate share of net other postemployment benefits liability/asset as a percentage of its covered-employee payroll | 41.14% | 5.69% | 21.90% | 16.87% | 60.35% | 82.05% | 90.34% | 97.15% |
| Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers) | 143.08% | 105.04% | 83.09% | 87.33% | 59.44% | 48.48% | 42.95% | 36.39% |

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

OAK PARK SCHOOL DISTRICT
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Statutorily required contributions | \$ 122,373 | \$ 1,746,593 | \$ 1,641,400 | \$ 1,689,835 | \$ 1,755,727 | \$ 1,688,875 | \$ 1,729,317 | \$ 1,717,944 |
| Contributions in relation to statutorily required contributions | <u>122,373</u> | <u>1,746,593</u> | <u>1,641,400</u> | <u>1,689,835</u> | <u>1,755,727</u> | <u>1,688,875</u> | <u>1,729,317</u> | <u>1,717,944</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reporting Unit's covered-employee payroll | \$ 23,500,937 | \$ 23,125,509 | \$ 22,758,072 | \$ 22,195,607 | \$ 21,604,854 | \$ 21,097,030 | \$ 21,730,928 | \$ 20,952,317 |
| Contributions as a percentage of covered-employee payroll | 0.52% | 7.55% | 7.21% | 7.61% | 8.13% | 8.01% | 7.96% | 8.20% |

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**OAK PARK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 1 - PENSION INFORMATION

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

NOTE 2 - OPEB INFORMATION

Benefit Changes

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

Changes in Assumptions

There were no significant changes of benefit 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, 2023 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, 2022 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.

**OAK PARK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 2 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased 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 and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$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 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 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.

ADDITIONAL SUPPLEMENTARY INFORMATION

**OAK PARK SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2025**

| | Special Revenue Funds | | Capital Projects | | Total |
|--|-----------------------|---------------------------|-------------------|---------------------|---------------------|
| | Food Service | Student/School Activities | Sinking Fund | Debt Service | Nonmajor Funds |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 610,872 | \$ 240,463 | \$ - | \$ 1,300,881 | \$ 2,152,216 |
| Accounts receivable | 123 | - | - | - | 123 |
| Intergovernmental receivables | 106,391 | - | - | - | 106,391 |
| Due from other funds | 928 | 10,954 | 44,506 | 158,182 | 214,570 |
| Inventories | 54,766 | - | - | - | 54,766 |
| Restricted cash and cash equivalents | - | - | 914,747 | - | 914,747 |
| TOTAL ASSETS | \$ 773,080 | \$ 251,417 | \$ 959,253 | \$ 1,459,063 | \$ 3,442,813 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 241,259 | \$ 1,406 | \$ - | \$ - | \$ 242,665 |
| Unearned revenue | 67,210 | - | - | - | 67,210 |
| TOTAL LIABILITIES | 308,469 | 1,406 | - | - | 309,875 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | 54,766 | - | - | - | 54,766 |
| Restricted for | | | | | |
| Food service | 409,845 | - | - | - | 409,845 |
| Debt service | - | - | - | 1,459,063 | 1,459,063 |
| Capital projects | - | - | 959,253 | - | 959,253 |
| Committed | | | | | |
| Student/school activities | - | 250,011 | - | - | 250,011 |
| TOTAL FUND BALANCES | 464,611 | 250,011 | 959,253 | 1,459,063 | 3,132,938 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 773,080 | \$ 251,417 | \$ 959,253 | \$ 1,459,063 | \$ 3,442,813 |

**OAK PARK SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2025**

| | Special Revenue Funds | | Capital Projects Sinking Fund | Debt Service | Total Nonmajor Funds |
|--|-----------------------|---------------------------|----------------------------------|------------------|----------------------|
| | Food Service | Student/School Activities | | | |
| REVENUES | | | | | |
| Local sources | | | | | |
| Property taxes | \$ - | \$ - | \$ 1,538,011 | \$ 3,342,140 | \$ 4,880,151 |
| Food sales | 183,460 | - | - | - | 183,460 |
| Student/school activities | - | 402,775 | - | - | 402,775 |
| Investment earnings | - | 9,864 | - | 7,798 | 17,662 |
| Total local sources | 183,460 | 412,639 | 1,538,011 | 3,349,938 | 5,484,048 |
| State sources | 268,902 | - | - | - | 268,902 |
| Federal sources | 2,235,768 | - | - | - | 2,235,768 |
| TOTAL REVENUES | 2,688,130 | 412,639 | 1,538,011 | 3,349,938 | 7,988,718 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Food service activities | 2,666,172 | - | - | - | 2,666,172 |
| Student/school activities | - | 351,634 | - | - | 351,634 |
| Capital outlay | - | - | 951,417 | - | 951,417 |
| Debt service | | | | | |
| Principal repayment | - | - | - | 1,940,000 | 1,940,000 |
| Interest expense | - | - | - | 994,456 | 994,456 |
| Other | - | - | - | 2,000 | 2,000 |
| TOTAL EXPENDITURES | 2,666,172 | 351,634 | 951,417 | 2,936,456 | 6,905,679 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 21,958 | 61,005 | 586,594 | 413,482 | 1,083,039 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | (26,270) | - | - | - | (26,270) |
| NET CHANGE IN FUND BALANCES | (4,312) | 61,005 | 586,594 | 413,482 | 1,056,769 |
| FUND BALANCES | | | | | |
| Beginning of year, as previously stated | 302,862 | 189,006 | 372,659 | 1,045,581 | 1,910,108 |
| Adjustments to beginning fund balance | 166,061 | - | - | - | 166,061 |
| Beginning of year, as restated | 468,923 | 189,006 | 372,659 | 1,045,581 | 2,076,169 |
| End of year | \$ 464,611 | \$ 250,011 | \$ 959,253 | \$ 1,459,063 | \$ 3,132,938 |

**OAK PARK SCHOOL DISTRICT
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2021 BUILDING AND SITE
JUNE 30, 2025**

\$14,740,000 Bonds Issued June 30, 2021.

| Interest Due | | | Debt Service Requirement for Fiscal Year | |
|---------------------|---------------------|----------------------|---|----------------------|
| May 1 | November 1 | Principal Due | June 30, | Amount |
| \$ 174,503 | \$ 186,878 | \$ 495,000 | 2026 | \$ 856,381 |
| 162,003 | 174,503 | 500,000 | 2027 | 836,506 |
| 149,503 | 162,003 | 500,000 | 2028 | 811,506 |
| 137,003 | 149,503 | 500,000 | 2029 | 786,506 |
| 124,503 | 137,003 | 500,000 | 2030 | 761,506 |
| 112,003 | 124,503 | 500,000 | 2031 | 736,506 |
| 102,003 | 112,003 | 500,000 | 2032 | 714,006 |
| 94,503 | 102,003 | 500,000 | 2033 | 696,506 |
| 87,003 | 94,503 | 500,000 | 2034 | 681,506 |
| 79,503 | 87,003 | 500,000 | 2035 | 666,506 |
| 72,003 | 79,503 | 500,000 | 2036 | 651,506 |
| 64,503 | 72,003 | 500,000 | 2037 | 636,506 |
| 57,003 | 64,503 | 500,000 | 2038 | 621,506 |
| 52,003 | 57,003 | 500,000 | 2039 | 609,006 |
| 47,003 | 52,003 | 500,000 | 2040 | 599,006 |
| 41,691 | 47,003 | 500,000 | 2041 | 588,694 |
| 36,378 | 41,691 | 500,000 | 2042 | 578,069 |
| 30,753 | 36,378 | 500,000 | 2043 | 567,131 |
| 25,128 | 30,753 | 500,000 | 2044 | 555,881 |
| 19,503 | 25,128 | 500,000 | 2045 | 544,631 |
| 13,878 | 19,503 | 500,000 | 2046 | 533,381 |
| 8,253 | 13,878 | 500,000 | 2047 | 522,131 |
| 3,325 | 8,253 | 415,000 | 2048 | 426,578 |
| 1,663 | 3,325 | 140,000 | 2049 | 144,988 |
| - | 1,663 | 140,000 | 2050 | 141,663 |
| \$ 1,695,617 | \$ 1,882,495 | \$ 11,690,000 | | \$ 15,268,112 |

The above bonds dated June 30, 2021 have an interest rate of 2.00% to 5.00%.

**OAK PARK SCHOOL DISTRICT
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2023 BUILDING AND SITE
JUNE 30, 2025**

\$15,155,000 Bonds Issued March 9, 2023.

| Interest Due | | | Debt Service Requirement for Fiscal Year | |
|---------------------|---------------------|----------------------|---|----------------------|
| May 1 | November 1 | Principal Due | June 30, | Amount |
| \$ 272,600 | \$ 280,225 | \$ 305,000 | 2026 | \$ 857,825 |
| 264,225 | 272,600 | 335,000 | 2027 | 871,825 |
| 254,725 | 264,225 | 380,000 | 2028 | 898,950 |
| 244,600 | 254,725 | 405,000 | 2029 | 904,325 |
| 234,350 | 244,600 | 410,000 | 2030 | 888,950 |
| 223,225 | 234,350 | 445,000 | 2031 | 902,575 |
| 211,350 | 223,225 | 475,000 | 2032 | 909,575 |
| 198,725 | 211,350 | 505,000 | 2033 | 915,075 |
| 185,225 | 198,725 | 540,000 | 2034 | 923,950 |
| 170,975 | 185,225 | 570,000 | 2035 | 926,200 |
| 156,350 | 170,975 | 585,000 | 2036 | 912,325 |
| 141,100 | 156,350 | 610,000 | 2037 | 907,450 |
| 125,100 | 141,100 | 640,000 | 2038 | 906,200 |
| 111,700 | 125,100 | 670,000 | 2039 | 906,800 |
| 97,500 | 111,700 | 710,000 | 2040 | 919,200 |
| 82,800 | 97,500 | 735,000 | 2041 | 915,300 |
| 67,500 | 82,800 | 765,000 | 2042 | 915,300 |
| 51,600 | 67,500 | 795,000 | 2043 | 914,100 |
| 35,100 | 51,600 | 825,000 | 2044 | 911,700 |
| 18,000 | 35,100 | 855,000 | 2045 | 908,100 |
| - | 18,000 | 900,000 | 2046 | 918,000 |
| \$ 3,146,750 | \$ 3,426,975 | \$ 12,460,000 | | \$ 19,033,725 |

The above bonds dated March 9, 2023 have interest rates from 4.00% to 5.00%.

**OAK PARK SCHOOL DISTRICT
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2025 BUILDING AND SITE
JUNE 30, 2025**

\$22,395,000 Bonds Issued February 27, 2025.

| Interest Due | | | Debt Service Requirement for Fiscal Year | |
|---------------------|----------------------|----------------------|---|----------------------|
| May 1 | November 1 | Principal Due | June 30, | Amount |
| \$ 486,312 | \$ 513,463 | \$ 905,000 | 2026 | \$ 1,904,775 |
| 450,312 | 486,313 | 1,200,000 | 2027 | 2,136,625 |
| 445,212 | 450,313 | 170,000 | 2028 | 1,065,525 |
| 440,112 | 445,213 | 170,000 | 2029 | 1,055,325 |
| 434,712 | 440,113 | 180,000 | 2030 | 1,054,825 |
| 429,312 | 434,713 | 180,000 | 2031 | 1,044,025 |
| 423,762 | 429,313 | 185,000 | 2032 | 1,038,075 |
| 418,212 | 423,763 | 185,000 | 2033 | 1,026,975 |
| 412,662 | 418,213 | 185,000 | 2034 | 1,015,875 |
| 406,662 | 412,663 | 200,000 | 2035 | 1,019,325 |
| 399,912 | 406,663 | 225,000 | 2036 | 1,031,575 |
| 393,012 | 399,913 | 230,000 | 2037 | 1,022,925 |
| 385,512 | 393,013 | 250,000 | 2038 | 1,028,525 |
| 377,412 | 385,513 | 270,000 | 2039 | 1,032,925 |
| 368,862 | 377,413 | 285,000 | 2040 | 1,031,275 |
| 365,862 | 368,863 | 310,000 | 2041 | 1,044,725 |
| 356,562 | 359,563 | 160,000 | 2042 | 876,125 |
| 353,362 | 355,363 | 190,000 | 2043 | 898,725 |
| 349,562 | 351,563 | 200,000 | 2044 | 901,125 |
| 345,562 | 347,563 | 220,000 | 2045 | 913,125 |
| 341,162 | 343,163 | 230,000 | 2046 | 914,325 |
| 320,950 | 338,481 | 1,185,000 | 2047 | 1,844,431 |
| 294,447 | 314,041 | 1,335,000 | 2048 | 1,943,488 |
| 260,725 | 286,506 | 1,680,000 | 2049 | 2,227,231 |
| 225,044 | 251,856 | 1,760,000 | 2050 | 2,236,900 |
| 186,681 | 215,556 | 1,970,000 | 2051 | 2,372,237 |
| 145,019 | 174,925 | 2,060,000 | 2052 | 2,379,944 |
| 102,531 | 132,438 | 2,080,000 | 2053 | 2,314,969 |
| 57,269 | 89,144 | 2,200,000 | 2054 | 2,346,413 |
| - | 42,394 | 1,995,000 | 2055 | 2,037,394 |
| \$ 9,976,718 | \$ 10,388,014 | \$ 22,395,000 | | \$ 42,759,732 |

The above bonds dated February 27, 2025 have an interest rate of 4.00% to 6.00%.



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

To the Board of Education of
Oak Park School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Park School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Oak Park School District's basic financial statements, and have issued our report thereon dated October 30, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, as described in the accompanying schedule of findings and questioned costs as Finding 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oak Park School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as Finding 2025-001.

Oak Park School District's Response to Findings

Oak Park School District's response to the findings identified in our audit is described in the accompanying corrective action plan. Oak Park School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Maner Costerman PC

October 30, 2025

**OAK PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Finding 2025-001 Considered a significant deficiency in internal control over financial reporting.

Criteria: Compliance with the Uniform Budgeting and Accounting Act, MCL (Michigan Compiled Laws) 141.437 states that if it becomes apparent during the year that probable expenditures will be greater than the budgeted expenditures an amendment should be adopted to prevent expenditures from exceeding the allocated amount.

Condition: The District's budget reflects an estimated net decrease in fund balance of \$2,124,521. The actual results have the District using more fund balance than expected.

Effect: At June 30, 2025 the District's final budget anticipated using \$2,124,521 of the District's fund balance. The actual results have the district using \$3,037,189 of fund balance. This created a negative budget to actual variance of \$912,668.

Cause: The primary reason was due the District not properly budgeting revenues. The actual revenues of the District were less than budgeted revenues by \$2,466,667.

Recommendation: The District should implement budgeting procedures to budget more accurately for revenues with consideration for the amounts received, deferred, and recognized.

District's Response: The District concurs with the facts and findings and is implementing procedures to prevent this in the future.



**Oak Park
Schools**

Oak Park School District

Oak Park Schools, Administration Building, 13900 Granzon St. Oak Park, MI 48237

OAK PARK SCHOOL DISTRICT CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2025

Oak Park School District respectfully submits the following corrective action plan for the year ended June 30, 2025.

Auditor: Maner Costerisan
2425 E. Grand River Avenue, Suite 1
Lansing, MI 48912

Audit Period: Year ended June 30, 2025

District Contact Person: Dr. Sharrece Foster, Executive Director of Business and Finance

The finding from the June 30, 2025 schedule of findings and questioned costs are discussed below. The finding is numbered consistent with the number assigned in the schedule.

Finding Type: Financial Statement Audit

Finding 2025-001: Considered a significant deficiency in internal control over the financial reporting.

Recommendation: The District should implement budgeting procedures to budget more accurately for revenues with consideration for the amounts received, deferred, and recognized.

Action to be Taken: The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.