

Oak Park School District

Financial Statements

June 30, 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Oak Park School District
Members of the Board of Education and Administration
June 30, 2024

Members of the Board of Education

Alburn Elvin – President

Albert A Smith, III – Vice President

Menachem Hojda – Treasurer

Dr. Larmender A. Davis – Secretary

Dawn Corporan – Trustee

Xondra Clark – Trustee

Paige Mattison – Trustee

Administration

Angel Abdulahad – Superintendent

Sharrece Farris – Director of Business and Finance

Independent Auditors' Report

Management and the Board of Education
Oak Park School District
Oak Park, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oak Park School District, as of and for the year ended June 30, 2024, 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, based on our audit, 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, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' 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.

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.

Auditors' 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 auditors' 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, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, and schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions 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.

Other 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 other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, 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 23, 2024 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.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
October 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oak Park School District
Management's Discussion and Analysis
June 30, 2024

This section of the annual financial report presents management's discussion and analysis of the District's financial position and results of operations for the year ended June 30, 2024. It should be read in conjunction with the District's financial statements, which immediately follows this section.

Understanding the Annual Financial Report

The annual financial report consists of a series of financial statements and notes to those statements. The statements are organized in a way to assist the reader in understanding the overall financial condition of the School District. The *District-wide Financial Statements* provide data regarding the financial activities of the entire School District. The *Fund Financial Statements* provide the next level of detail. They present the School District's financial position and the results of operations in more detail than the District-wide Financial Statements and illustrate the various sources of funding used to support the instructional and support service programs of the District. The major funds of the District are presented separately. All other funds are combined and presented in one column labeled as Non-Major Funds. The Annual Financial Report is arranged as follows:

Financial Section

- Basic Financial Statements
 - District-wide Financial Statements
 - Fund Financial Statements
 - Notes to Financial Statements

- Required Supplemental Information
 - Budgetary Comparison Schedule – General Fund
 - Schedule of School District's Proportionate Share of Net Pension Liability
 - Schedule of School District's Pension Contributions
 - Schedule of School District's Proportionate Share of Net OPEB Liability (asset)
 - Schedule of School District's OPEB Contributions

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

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

The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report the financial information of the School District as a whole. These schedules assist the reader in assessing the School District's financial condition as a result of the year's activities. These statements include all assets and liabilities, and are presented using the accrual basis of accounting, the accounting method used by most private-sector companies. All the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

Oak Park School District
Management's Discussion and Analysis
June 30, 2024

These two statements report the District's net position, the difference between assets and liabilities, as one of many ways to measure the School District's financial position. Over time, increases or decreases in net position, as reported in the Statement of Activities, are indicators of whether the financial condition of the District is either improving or declining. The difference between revenues and expenditures represents the School District's operating results. It is important to remember that the District's primary mission is to provide outstanding instructional programs and support services to the students in the District, not to generate profits as commercial entities do. There are many other non-financial factors that must be considered when assessing the overall well-being of the School District. These include the quality of the educational services provided, student safety, standardized student test scores, and the wide array of programs and services provided to the community.

In addition, the Statement of Net Position and the Statement of Activities report the governmental activities of the School District. These activities encompass all the School District's services, including instruction, supporting services, community services, athletics, special education and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and federal grants provide the funding for most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The Fund Financial Statements provide detailed information for the various funds used in the District. Some funds have been established because they are required by State law or bond covenants. Other funds have been established by the District to help control and manage financial resources that are used for specific purposes such as Food Service, Community Services, and the Student & District Activities Fund. Funds are also established to meet legal responsibilities for certain taxes, grants, bonds and property maintenance revenue. The governmental funds of the School District use the following accounting approach:

Governmental funds - All the School District's services are reported in governmental funds. The financial reporting in these funds focuses on the revenue and expenditures and the balances remaining at year end. Transactions are accounted for using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term financial view of the operations of the School District. Governmental fund statements provide information to illustrate whether there has been an increase or decrease in available financial resources that can be expended in future years. The relationship between governmental activities and governmental funds is illustrated in a reconciliation included in the financial section on page 4-8.

Oak Park School District
Management's Discussion and Analysis
June 30, 2024

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a comparative summary of the School District's net position as of June 30, 2024 and June 30, 2023.

<u>Table 1</u>	Governmental Activities	
	2024	2023
Assets	(in millions)	
Current and other assets	\$ 38.7	\$ 48.6
Capital assets	51.4	42.4
Total Assets	90.1	91.0
Deferred Outflows of Resources	27.4	32.0
Total Assets and Deferred Outflows of Resources	117.5	123.0
Liabilities		
Current liabilities	11.7	10.8
Long-term liabilities	103.1	124.6
Total Liabilities	114.8	135.4
Deferred Inflows of Resources	28.5	18.4
Net Position		
Net investment in capital assets	31.4	31.1
Restricted	2.9	2.0
Unrestricted	(59.9)	(63.9)
Total Net Position	\$ (25.6)	\$ (30.8)

The previous schedule (Table 1) reports the net position of the District. The School District's net position was (\$25.6) million and (\$30.8) million at June 30, 2024 and 2023, respectively. Net investment in capital assets totaled \$31.4 million. This represents the original cost of the School District's capital assets less accumulated depreciation, and net of the long-term debt used to finance the acquisition of those assets. General obligation long-term debt will be repaid from voter-approved property tax collections as the principal and interest comes due. Restricted net position is reported separately to highlight any legal constraints included in debt covenants and legislation that may limit the School District's ability to use those net position for day-to-day operations. The unrestricted net position is (\$59.9) million.

Oak Park School District
Management's Discussion and Analysis
June 30, 2024

The (\$59.9) million in unrestricted net position of governmental activities represents the *cumulative* results of all past years' operations and includes the GASB 68 & GASB 75 Unfunded Liability.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for fiscal year 2024 and fiscal year 2023.

<u>Table 2</u>	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Revenues	(in millions)	
Program revenue:		
Charges for services	\$ 0.7	\$ 0.3
Operating grants and contributions	28.9	30.1
General revenue:		
Property taxes	9.4	8.7
State aid - unrestricted	26.8	28.4
Interest and investment earnings	1.6	1.1
Other	-	0.2
Total revenue	<u>67.4</u>	<u>68.8</u>
Functions/Program Expenses		
Instruction	31.0	35.6
Supporting services	25.4	25.5
Food services	2.5	3.1
Community services	2.4	2.6
Interest and fiscal charges on long-term debt	0.9	0.5
Unallocated depreciation	-	-
Total functions/program expenses	<u>62.2</u>	<u>67.3</u>
Change in Net Position	<u>\$ 5.2</u>	<u>\$ 1.5</u>

As reported in the Statement of Activities, the expenditures for all *governmental* activities this year was \$62.2 million. Certain activities were partially funded from those who benefited from the programs (\$0.7 million). In addition, other governmental units and organizations subsidized certain programs with grants and contributions (\$28.9 million). The remaining "public benefit" portion of our governmental activities was funded with \$9.4 million in taxes, \$26.8 million in State aid, and \$1.6 million in other revenues, such as interest earnings.

During fiscal year 2024, the School District experienced an increase in net position of approximately \$5.2 million.

Oak Park School District
Management's Discussion and Analysis
June 30, 2024

As discussed above, the net cost of the programs and activities offered in the District illustrates the impact each program has on the resources of the District. Since property taxes for operations and unrestricted state aid constitute the vast majority of the District's operating revenue sources, the Board of Education and administration must annually evaluate and prioritize the needs of the District and balance those needs with the limited available resources.

The School District's Funds

Individual funds are used by the District to control and manage resources that are dedicated for specific purposes. The following overview of these funds will demonstrate the District's strong financial stewardship over the resources provided by the taxpayers. These funds, taken individually and collectively, also provide additional insight into the District's financial condition.

At the end of fiscal year 2024, the governmental funds reported a combined fund balance of approximately \$24.7 million, which represents a decrease of approximately \$11.6 million from last year. The changes in fund balance, major and non-major funds are as follows:

In the General Fund, the fund balance decreased by approximately \$634,415 for a total year-end fund balance of \$14.6 million. A portion of the General Fund's fund balance is assigned for specific purposes with the remaining unassigned portion available for unforeseen emergencies.

In the Sinking Fund, the fund balance decreased by approximately \$0.67million for a total year-end fund balance of \$372,659. The entire fund balance in the Sinking Fund is restricted for capital projects.

In the 2023 Capital Projects Fund, the fund balance decreased by approximately \$10 million for a total year-end fund balance of \$8,149,283 million. The entire fund balance in the Capital Project Fund is restricted for capital bond projects.

The Special Revenue Fund's fund balance increased by approximately \$65K from the prior year for a total year-end fund balance of \$0.3 million. The entire fund balance in the Special Revenue Fund is restricted for food service.

The Debt Service Funds has a fund balance of approximately \$1.0 million, an increase of \$84K from last year. The Debt Retirement millage rate is 5.98 mills. The millage rate is determined annually to ensure that the School District accumulates sufficient resources to pay principal and interest obligations of the bonded debt. Debt Service fund balances are reserved and are only used to pay debt service obligations.

General Fund Budgetary Highlights

The School District's budget was revised in June 2024 to reflect anticipated and unanticipated changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations established by the Board of Education. The budget amendment process utilized by the District is a proven budget management tool that has been used effectively to ensure that revenue and expenditure appropriations are up-to-date throughout the year. The final amendment to the budget was adopted just before year end. A schedule comparing the School District's original and final budget amounts to actual revenues and expenditures is provided in the Required Supplemental Information Section of these financial statements.

Oak Park School District
Management's Discussion and Analysis
June 30, 2024

Revenue amendments were made to reflect revisions to local, state, and federal funds based on the anticipated and actual collection of funds. Adjustment in property tax collections, student enrollment, and federal grants are all examples of reasons it becomes necessary to amend the revenue budgets. Budgeted expenditures were amended to reflect changes that occurred after the adoption of the original budget which is created using conservative assumptions. Modifications in salaries and benefits were made to reflect actual staffing levels, while purchased services, supplies and materials, capital outlay, and other expenditures were modified throughout the year to reflect actual and anticipated expenses.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, and 2023, the School District had \$96 million and \$83.1 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. The 2024 amount represents a net increase of approximately \$13 million from the previous year. This change from the previous year includes all additions, disposals, and depreciation.

	2024	2023
	(in millions)	
Land	\$ 0.3	\$ 0.3
Construction in progress	2.8	21.2
Buildings and building improvements	77.0	49.7
Site improvements	6.7	6.1
Furniture and equipment	8.9	5.5
Buses and other vehicles	0.3	0.3
Total capital assets	96.0	83.1
Less accumulated depreciation	44.6	40.7
Net capital assets	\$ 51.4	\$ 42.4

Debt

At the end of this year, the School District had approximately \$26 million in bonds outstanding compared to approx. \$28 million in the previous year. This is approximately a \$2 million decrease from the previous year as a result of a new bond issue and scheduled payments.

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave and severance pay. Detailed information about our long-term liabilities is included in the notes to the financial statements.

Oak Park School District
Management's Discussion and Analysis
June 30, 2024

Economic Factors and Next Year's Budgets

The Board of Education and administration considered many variables when the School District's 2023-24 fiscal year budget was developed. The two most important factors that determine the overwhelming majority of the District's revenue are student enrollment (blended count) and the per pupil foundation allowance. The blended student count for the 2023-24 fiscal year will be 90 percent of the October 2023 actual student count and 10 percent of the February 2024 student count. We have projected student enrollment to decrease for the 2023-2024 school year, due to the end of the relationship with the Virtual Academy. Any change in the per pupil foundation allowance is determined by the State and is dependent upon the State's economic climate and the financial condition of the State School Aid Fund. The 2023-24 budget was adopted by the Board of Education on June 20, 2023.

At the time the 2023-24 budget was adopted and the school year began the State of Michigan had not formally adopted a budget but were in the final stages of the budgeting process. The 2023-24 adopted budget takes into consideration a conservative approach to funding while maintaining a strong commitment to the education of our students. The District anticipated an increase to the per-pupil funding by the State of Michigan at \$450 per student full time equivalent (FTE).

Contacting the School District's Financial Management

This Annual Financial Report is designed to provide the School District's citizens, taxpayers, customers, and creditors with a picture of the School District's financial position and the results of operations for fiscal year 2024 and to demonstrate the District's fiscal responsibility and accountability over its financial resources. The Annual 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, 2024

	<u>Governmental Activities</u>
Assets	
Cash	\$ 25,182,090
Leases receivable	911,214
Due from other governmental units	11,258,633
Inventory	44,099
Prepaid items	47,332
Capital assets not being depreciated	3,102,793
Capital assets - net of accumulated depreciation	48,296,737
Net OPEB asset	<u>1,301,349</u>
Total assets	<u>90,144,247</u>
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	22,065,902
Deferred amount relating to the net OPEB asset	<u>5,355,733</u>
Total deferred outflows of resources	<u>27,421,635</u>
Liabilities	
Accounts payable	4,404,312
Checks written against future deposits	101,634
Accrued expenditures	2,872,946
Accrued salaries payable	2,662,513
Unearned revenue	1,605,434
Long-term liabilities	
Net pension liability	73,924,464
Due within one year	2,949,319
Due in more than one year	<u>26,246,347</u>
Total liabilities	<u>114,766,969</u>

See Accompanying Notes to the Financial Statements

Oak Park School District
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Deferred Inflows of Resources	
Deferred amount on leases receivable	\$ 911,214
Deferred amount relating to the net pension liability	15,948,271
Deferred amount relating to the net OPEB asset	<u>11,610,145</u>
 Total deferred inflows of resources	 <u>28,469,630</u>
 Net Position	
Net investment in capital assets	31,362,466
Restricted for:	
Food service	302,862
Debt service	877,450
Capital projects	372,659
Net OPEB asset	1,301,349
Unrestricted	<u>(59,887,503)</u>
 Total net position	 <u>\$ (25,670,717)</u>

See Accompanying Notes to the Financial Statements

Oak Park School District
Statement of Activities
For the Year Ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs					
Governmental activities					
Instruction	\$ 30,947,140	\$ -	\$ 26,272,902	\$ -	\$ (4,674,238)
Supporting services	25,359,722	388,448	21,415	-	(24,949,859)
Food services	2,524,115	141,878	2,574,871	-	192,634
Community services	2,369,074	134,540	-	-	(2,234,534)
Interest and fiscal charges on long-term debt	<u>921,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(921,689)</u>
Total governmental activities	<u>\$ 62,121,740</u>	<u>\$ 664,866</u>	<u>\$ 28,869,188</u>	<u>\$ -</u>	<u>(32,587,686)</u>
General revenues					
Property taxes, levied for general purposes					5,014,419
Property taxes, levied for debt service					2,944,379
Property taxes, levied for sinking fund					1,353,494
State aid - unrestricted					26,806,309
Interest and investment earnings					1,606,555
Other					<u>9,141</u>
Total general revenues					<u>37,734,297</u>
Change in net position					5,146,611
Net position - beginning					<u>(30,817,328)</u>
Net position - ending					<u>\$ (25,670,717)</u>

See Accompanying Notes to the Financial Statements

Oak Park School District
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 10,793,084	\$ 12,722,133	\$ 1,666,873	\$ 25,182,090
Leases receivable	911,214	-	-	911,214
Due from other funds	1,220,944	-	713,231	1,934,175
Due from other governmental units	11,125,786	-	132,847	11,258,633
Inventory	-	-	44,099	44,099
Prepaid items	47,332	-	-	47,332
	<u>24,098,360</u>	<u>12,722,133</u>	<u>2,557,050</u>	<u>39,377,543</u>
Total assets	<u>\$ 24,098,360</u>	<u>\$ 12,722,133</u>	<u>\$ 2,557,050</u>	<u>\$ 39,377,543</u>
Liabilities				
Accounts payable	\$ 1,220,329	\$ 2,796,447	\$ 387,536	\$ 4,404,312
Checks written against future deposits	-	-	101,634	101,634
Due to other funds	-	1,776,403	157,772	1,934,175
Accrued expenditures	2,704,815	-	-	2,704,815
Accrued salaries payable	2,662,513	-	-	2,662,513
Unearned revenue	1,605,434	-	-	1,605,434
	<u>8,193,091</u>	<u>4,572,850</u>	<u>646,942</u>	<u>13,412,883</u>
Total liabilities	<u>8,193,091</u>	<u>4,572,850</u>	<u>646,942</u>	<u>13,412,883</u>

See Accompanying Notes to the Financial Statements

Oak Park School District
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources				
Unavailable revenue				
Grants received	\$ 344,287	\$ -	\$ -	\$ 344,287
Leases	911,214	-	-	911,214
	<u>1,255,501</u>	<u>-</u>	<u>-</u>	<u>1,255,501</u>
Fund Balances				
Non-spendable				
Inventory	-	-	44,099	44,099
Prepaid items	47,332	-	-	47,332
Restricted for				
Food service	-	-	258,763	258,763
Debt service	-	-	1,045,581	1,045,581
Capital projects	-	8,149,283	372,659	8,521,942
Committed for student activities	-	-	189,006	189,006
Assigned for subsequent year's budget	429,152	-	-	429,152
Unassigned	14,173,284	-	-	14,173,284
	<u>14,649,768</u>	<u>8,149,283</u>	<u>1,910,108</u>	<u>24,709,159</u>
Total fund balances				
	<u>14,649,768</u>	<u>8,149,283</u>	<u>1,910,108</u>	<u>24,709,159</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,098,360</u>	<u>\$ 12,722,133</u>	<u>\$ 2,557,050</u>	<u>\$ 39,377,543</u>

See Accompanying Notes to the Financial Statements

Oak Park School District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

Total fund balances for governmental funds	\$ 24,709,159
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Other governmental units	344,287
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	3,102,793
Capital assets - net of accumulated depreciation	48,296,737
Net OPEB asset is not recorded as an asset in the governmental funds	1,301,349
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	22,065,902
Deferred outflows of resources resulting from the net OPEB asset	5,355,733
Deferred inflows of resources resulting from the net pension liability	(15,948,271)
Deferred inflows of resources resulting from the net OPEB asset	(11,610,145)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(168,131)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(73,924,464)
Compensated absences	(1,009,319)
Bonds payable	<u>(28,186,347)</u>
Net position of governmental activities	<u>\$ (25,670,717)</u>

See Accompanying Notes to the Financial Statements

Oak Park School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 5,742,344	\$ 1,045,572	\$ 4,822,953	\$ 11,610,869
State sources	42,979,695	-	142,361	43,122,056
Federal sources	8,122,024	-	2,432,510	10,554,534
Interdistrict sources	3,292,784	-	-	3,292,784
	<u>60,136,847</u>	<u>1,045,572</u>	<u>7,397,824</u>	<u>68,580,243</u>
Expenditures				
Current				
Education				
Instruction	32,208,117	-	-	32,208,117
Supporting services	24,365,002	-	2,008,444	26,373,446
Food services	-	-	2,623,014	2,623,014
Community services	2,467,973	-	-	2,467,973
Capital outlay	1,758,871	11,621,842	214,413	13,595,126
Debt service				
Principal	-	-	1,680,000	1,680,000
Interest and other expenditures	-	8,054	1,180,250	1,188,304
	<u>60,799,963</u>	<u>11,629,896</u>	<u>7,706,121</u>	<u>80,135,980</u>
Excess (deficiency) of revenues over expenditures	<u>(663,116)</u>	<u>(10,584,324)</u>	<u>(308,297)</u>	<u>(11,555,737)</u>

See Accompanying Notes to the Financial Statements

Oak Park School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Transfers in	\$ 28,701	\$ -	\$ -	\$ 28,701
Transfers out	<u>-</u>	<u>-</u>	<u>(28,701)</u>	<u>(28,701)</u>
Total other financing sources (uses)	<u>28,701</u>	<u>-</u>	<u>(28,701)</u>	<u>-</u>
Net change in fund balances	(634,415)	(10,584,324)	(336,998)	(11,555,737)
Fund balances - beginning	<u>15,284,183</u>	<u>18,733,607</u>	<u>2,247,106</u>	<u>36,264,896</u>
Fund balances - ending	<u>\$ 14,649,768</u>	<u>\$ 8,149,283</u>	<u>\$ 1,910,108</u>	<u>\$ 24,709,159</u>

See Accompanying Notes to the 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
For the Year Ended June 30, 2024

Net change in fund balances - Total governmental funds \$ (11,555,737)

Total change in net position reported for governmental activities in the statement of activities is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Operating grants (1,311,892)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense (3,949,441)

Capital outlay 12,901,149

Expenses are recorded when incurred in the statement of activities.

Interest 46,441

Compensated absences 33,607

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability 14,773,312

Net change in deferrals of resources related to the net pension liability (11,891,856)

The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB asset 6,055,421

Net change in deferrals of resources related to the net OPEB asset (1,854,567)

Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Repayments of long-term debt 1,680,000

Amortization of premiums 220,174

Change in net position of governmental activities **\$ 5,146,611**

See Accompanying Notes to the Financial Statements

Oak Park School District
Notes to the Financial Statements
June 30, 2024

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Oak Park School District (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross

expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are 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.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Oak Park School District
Notes to the Financial Statements
June 30, 2024

The School District reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Bonds Capital Projects Fund - The Bonds Capital Projects Fund is used to record the 2021 and 2023 bond issues and the disbursement of invoices specifically for the bond projects.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and the Student Activity Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds - Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Capital Projects Funds - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and demand deposits.

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2024, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Funds	5.9800
Sinking Fund	2.7636

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Oakland and remitted to the School District by May 15.

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

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Oak Park School District
Notes to the Financial Statements
June 30, 2024

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	8 - 50 years
Site improvements	20 - 25 years
Equipment and furniture	5 - 25 years
Buses and other vehicles	5 - 8 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions or experience differences relating to the net pension and OPEB liabilities or assets are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities or assets in the following year.

Compensated Absences - The School District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of

employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

Oak Park School District
Notes to the Financial Statements
June 30, 2024

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District may report deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Experience differences relating to the net pension and OPEB liabilities or assets are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education or the Superintendent. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates

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

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note

Oak Park School District
Notes to the Financial Statements
June 30, 2024

disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

Upcoming Accounting and Reporting Changes

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization’s vulnerabilities due to certain concentrations on constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization’s accountability while also addressing certain application issues. This statement includes changes to management’s discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2025.

The School District is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 24,582,384	\$ 24,813,494	\$ 231,110
Business	1,014,937	1,132,362	117,425
Athletic activities	530,123	655,405	125,282
Other	298	350	52

Oak Park School District
Notes to the Financial Statements
June 30, 2024

Compliance – Bond Proceeds

The Bond Capital Projects Fund includes capital projects activities funded with the 2023 School Building and Site Bonds, Series II. For this capital project, the School District has complied with the applicable provisions of Section 1351a of the Revised School Code. The 2023 bond is not yet considered substantially complete and a subsequent year audit is expected.

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the Bond Capital Projects Fund. The project for which the 2021 School Building and Site Bonds, Series I, were issued was considered complete on June 30, 2024 and the cumulative expenditures recognized for the construction period were \$17,307,328.

Compliance - Sinking Funds

The Sinking Fund records capital project activities funded with a sinking fund millage. For this fund, management believes the School District has complied, in all material respects, with the applicable provisions of § 1212(1) of the Revised School Code.

Note 3 - Deposits

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	<u>\$ 25,182,090</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 12,459,957
Investments in securities, mutual funds, and similar vehicles	<u>12,722,133</u>
Total	<u>\$ 25,182,090</u>

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	<u>\$ 12,722,133</u>	< 60 days	AAAm	S&P

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2024, the net asset value of the School District's investment in MILAF + Portfolio was \$12,722,133. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the School District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustees may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The

Oak Park School District
Notes to the Financial Statements
June 30, 2024

exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk - The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$14,232,661 of the School District's bank balance of \$14,482,661 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Leases Receivable

The School District entered into a lease for building space, commencing on November 1, 2023 and expiring June 30, 2033. The lease calls for annual payments of \$138,392 and adjusted annually based on the Consumer Price Index.

Note 5 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 341,499	\$ -	\$ -	\$ 341,499
Construction-in-progress	<u>21,259,586</u>	<u>-</u>	<u>18,498,292</u>	<u>2,761,294</u>
Total capital assets not being depreciated	<u>21,601,085</u>	<u>-</u>	<u>18,498,292</u>	<u>3,102,793</u>
Capital assets being depreciated				
Buildings and additions	49,689,222	27,391,563	-	77,080,785
Site improvements	6,089,131	583,938	-	6,673,069
Equipment and furniture	5,498,965	3,366,502	-	8,865,467
Buses and other vehicles	<u>282,751</u>	<u>57,438</u>	<u>-</u>	<u>340,189</u>
Total capital assets being depreciated	<u>61,560,069</u>	<u>31,399,441</u>	<u>-</u>	<u>92,959,510</u>
Less accumulated depreciation for				
Buildings and additions	32,195,410	2,864,301	-	35,059,711
Site improvements	3,544,145	287,666	-	3,831,811
Equipment and furniture	4,785,686	755,038	-	5,540,724
Buses and other vehicles	<u>188,091</u>	<u>42,436</u>	<u>-</u>	<u>230,527</u>
Total accumulated depreciation	<u>40,713,332</u>	<u>3,949,441</u>	<u>-</u>	<u>44,662,773</u>
Net capital assets being depreciated	<u>20,846,737</u>	<u>27,450,000</u>	<u>-</u>	<u>48,296,737</u>
Net capital assets	<u>\$42,447,822</u>	<u>\$27,450,000</u>	<u>\$18,498,292</u>	<u>\$51,399,530</u>

Oak Park School District
Notes to the Financial Statements
June 30, 2024

Depreciation expense of capital assets were charged to activities of the School District as follows:

Governmental activities

Instruction	\$ 2,014,214
Supporting services	1,619,271
Food services	157,978
Community services	<u>157,978</u>
 Total governmental activities	 <u>\$ 3,949,441</u>

Construction Contracts

At year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately \$11.6 million.

Note 6 - Interfund Receivables, Payables and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
Bond Capital Projects Fund	General Fund	\$ 1,063,172
Nonmajor governmental funds	General Fund	157,772
Bond Capital Projects Fund	Nonmajor governmental funds	<u>713,231</u>
		<u>\$ 1,934,175</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

The nonmajor governmental funds transferred \$28,701 to the General Fund for indirect costs.

Note 7 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 1,605,434</u>
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Note 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$27,770,000	\$ -	\$1,680,000	\$26,090,000	\$1,940,000
Premium on bonds	<u>2,316,521</u>	<u>-</u>	<u>220,174</u>	<u>2,096,347</u>	<u>-</u>
Total bonds payable	30,086,521	-	1,900,174	28,186,347	1,940,000
Other liabilities					
Compensated absences	<u>1,042,926</u>	<u>1,230,420</u>	<u>1,264,027</u>	<u>1,009,319</u>	<u>1,009,319</u>
Total	<u>\$31,129,447</u>	<u>\$ 1,230,420</u>	<u>\$3,164,201</u>	<u>\$29,195,666</u>	<u>\$2,949,319</u>

For governmental activities, compensated absences are primarily liquidated by the General Fund.

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General obligation bonds payable at year end, consist of the following:

2021 building and site bond due in annual installments of \$140,000 to \$500,000 through November 1, 2049, interest ranging from 2.00% to 5.00%	\$ 12,160,000
2023 building and site bond due in annual installments of \$305,000 to \$1,470,000 through November 1, 2045, interest ranging from 4.00% to 5.00%	<u>13,930,000</u>
Total general obligation bonded debt	<u>\$ 26,090,000</u>

Future principal and interest requirements for bonded debt and direct borrowings and direct placements are as follows:

Year Ending June 30,	Bonds	
	Principal	Interest
2025	\$ 1,940,000	\$ 994,456
2026	800,000	914,206
2027	835,000	873,331
2028	880,000	830,456
2029	905,000	785,831
2030-2034	4,875,000	3,255,155
2035-2039	5,575,000	2,169,005
2040-2044	6,330,000	1,134,381
2045-2049	3,810,000	187,809
2050	<u>140,000</u>	<u>1,663</u>
Total	<u>\$26,090,000</u>	<u>\$11,146,293</u>

The general obligation bonds are payable from the Debt Service Fund. As of year end, the fund had a balance of \$1,045,581 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences

Accrued compensated absences at year end, consist of \$1,009,319 of vacation and sick hours earned and vested. The amount anticipated to be paid out over the next year is included with the amounts listed as due within one year.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The School District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The School District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a 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 workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The School District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2024, or any of the prior 3 years.

Note 10 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) 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

Oak Park School District
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authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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 the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees’ Retirement Act (1980 PA 300 as amended).

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 Treasurer serves as the investment officer and custodian for the System.

The System’s financial statements are available on the ORS website at www.michigan.gov/orsschools

Benefits Provided

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. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. 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.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member’s rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their

service through repayment of the refund upon satisfaction of certain requirements.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. 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 portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2023.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

Required contributions to the pension plan from the School District were \$8,231,831 for the year ending September 30, 2023.

Oak Park School District
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the School District reported a liability of \$73,924,464 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was 0.2284 percent, which was a decrease of 0.0074 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized pension expense of \$8,441,638 for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total pension contribution expense of \$9,197,216.

At June 30, 2024, the School District 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>	<u>Total</u>
Difference between expected and actual experience	\$ 2,333,570	\$ (113,241)	\$ 2,220,329
Changes of assumptions	10,017,101	(5,775,633)	4,241,468
Net difference between projected and actual earnings on pension plan investments	-	(1,512,734)	(1,512,734)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>817,739</u>	<u>(4,029,396)</u>	<u>(3,211,657)</u>
Total to be recognized in future	13,168,410	(11,431,004)	1,737,406
School District contributions subsequent to the measurement date	<u>8,897,492</u>	<u>(4,517,267)</u>	<u>4,380,225</u>
Total	<u>\$22,065,902</u>	<u>\$ (15,948,271)</u>	<u>\$ 6,117,631</u>

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Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The District will offset the contribution expense in the year ended June 30, 2025 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year
 (To Be Recognized in Future Pension Expenses)

2024	\$ 723,957
2025	(3,654)
2026	2,342,226
2027	<u>(1,325,123)</u>
	<u>\$ 1,737,406</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%

- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: PubT-2010 Male and Female 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 Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023, valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4406 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each

Oak Park School District
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June 30, 2024

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.7% inflation.

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension

plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School District'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 higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.00%	6.00%	7.00%
\$ 99,871,735	\$ 73,924,464	\$ 52,322,423

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

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Payables to the Michigan Public School Employees' Retirement System (MPSERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) 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. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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 Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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 healthcare 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. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

Oak Park School District
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date, and their prior contributions were deposited into their 401(k) account.

Contributions

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

Employer OPEB 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 portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2023.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0%	7.21%

Required contributions to the OPEB plan from the School District were \$1,792,024 for the year ended September 30, 2023.

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the School District reported an asset of \$1,301,349 for its proportionate share of the MPSERS net OPEB liability (asset). The net OPEB liability (asset) was measured as of September 30,

2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was 0.2300 percent, which was an increase of 0.0056 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized OPEB expense of \$(2,227,658) for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total OPEB contribution expense of \$1,746,593.

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Notes to the Financial Statements
June 30, 2024

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (9,833,664)	\$(9,833,664)
Changes of assumptions	2,897,031	(348,857)	2,548,174
Net difference between projected and actual earnings on OPEB plan investments	3,968	-	3,968
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>835,510</u>	<u>(1,427,624)</u>	<u>(592,114)</u>
Total to be recognized in future	3,736,509	(11,610,145)	(7,873,636)
School District contributions subsequent to the measurement date	<u>1,619,224</u>	<u>-</u>	<u>1,619,224</u>
Total	<u>\$ 5,355,733</u>	<u>\$ (11,610,145)</u>	<u>\$ (6,254,412)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future OPEB Expenses)

2024	\$ (2,491,451)
2025	(2,354,036)
2026	(952,877)
2027	(1,074,460)
2028	(684,621)
Thereafter	<u>(316,191)</u>
	<u>\$ (7,873,636)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.50% Year 1 graded to 3.5% Year 15; Post-65: 6.25% Year 1 graded to 3.5% Year 15
- Mortality:
 - Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Oak Park School District
Notes to the Financial Statements
June 30, 2024

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

Other Assumptions:

- 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.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.5099.

Recognition period for assets in years is 5.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.7% inflation.*

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A 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 employer contributions will be made at rates equal to the difference

Oak Park School District
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June 30, 2024

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 School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ 1,349,109	\$ (1,301,349)	\$ (3,579,158)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (3,584,837)	\$ (1,301,349)	\$ 1,170,133

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment 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 costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2024.

Note 13 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by cities, villages, and townships within the County. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2024, the School District's property tax revenues were reduced by \$188,816 under these programs.

There are no significant abatements made by the School District.

REQUIRED SUPPLEMENTARY INFORMATION

Oak Park School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 5,620,606	\$ 6,093,308	\$ 5,742,344	\$ (350,964)
State sources	42,148,511	42,791,599	42,979,695	188,096
Federal sources	9,665,843	7,975,799	8,122,024	146,225
Interdistrict sources	3,962,086	3,901,933	3,292,784	(609,149)
Total revenues	61,397,046	60,762,639	60,136,847	(625,792)
Expenditures				
Instruction				
Basic programs	22,032,683	24,582,384	24,813,494	231,110
Added needs	8,307,147	9,241,012	7,394,623	(1,846,389)
Supporting services				
Pupil	5,063,896	7,446,988	5,013,008	(2,433,980)
Instructional staff	4,195,360	3,103,890	2,724,123	(379,767)
General administration	964,214	1,034,715	853,050	(181,665)
School administration	3,287,006	3,962,999	3,546,769	(416,230)
Business	946,795	1,014,937	1,132,362	117,425
Operations and maintenance	6,639,357	7,031,453	6,024,552	(1,006,901)
Pupil transportation services	2,707,161	3,309,976	2,731,152	(578,824)
Central	1,873,760	2,185,680	1,684,231	(501,449)
Athletic activities	517,083	530,123	655,405	125,282
Other	1,222	298	350	52
Community services	2,701,271	3,135,778	2,467,973	(667,805)
Capital outlay	682,416	2,151,394	1,758,871	(392,523)
Total expenditures	59,919,371	68,731,627	60,799,963	(7,931,664)
Excess (deficiency) of revenues over expenditures	1,477,675	(7,968,988)	(663,116)	7,305,872

Oak Park School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	\$ 29,998	\$ 382,778	\$ 28,701	\$ (354,077)
Net change in fund balances	1,507,673	(7,586,210)	(634,415)	6,951,795
Fund balance - beginning	15,284,183	15,284,183	15,284,183	-
Fund balance - ending	<u>\$ 16,791,856</u>	<u>\$ 7,697,973</u>	<u>\$ 14,649,768</u>	<u>\$ 6,951,795</u>

Oak Park School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of net pension liability (%)	0.2284%	0.2358%	0.2473%	0.2388%	0.2405%	0.2348%	0.2259%	0.2112%	0.2037%	0.2063%
B. School District's proportionate share of net pension liability	\$ 73,924,464	\$ 88,697,776	\$ 58,541,487	\$ 82,042,434	\$ 79,640,199	\$ 70,570,394	\$ 58,535,022	\$ 52,694,386	\$ 49,749,845	\$ 45,432,235
C. School District's covered payroll	\$ 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	\$ 17,520,352
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	323.13%	408.50%	255.17%	388.31%	376.66%	334.05%	285.00%	283.52%	292.04%	259.31%
E. Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan year 2023.

Oak Park School District
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 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	\$ 3,593,910
B. Contributions in relation to statutorily required contributions	<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>	<u>3,593,910</u>
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. School District's covered payroll	\$ 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	\$ 17,421,834
E. Contributions as a percentage of covered payroll	39.77%	34.46%	36.42%	33.38%	31.12%	28.89%	29.02%	28.12%	26.48%	20.63%

Oak Park School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net OPEB liability (asset) (%)	0.2300%	0.2245%	0.2536%	0.2380%	0.2417%	0.2401%	0.2253%			
B. School District's proportionate share of the net OPEB liability (asset)	\$ (1,301,349)	\$ 4,754,072	\$ 3,871,065	\$ 12,749,830	\$ 17,349,160	\$ 19,085,673	\$ 19,953,998			
C. School District's covered payroll	\$ 22,877,613	\$ 21,712,794	\$ 22,942,370	\$ 21,127,828	\$ 21,143,991	\$ 21,125,916	\$ 20,538,385			
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.69%	21.90%	16.87%	60.35%	82.05%	90.34%	97.15%			
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%			

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan year 2023.

Oak Park School District
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 1,746,593	\$ 1,641,400	\$ 1,689,835	\$ 1,755,727	\$ 1,688,875	\$ 1,729,317	\$ 1,717,944			
B. Contributions in relation to statutorily required contributions	<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>			
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
D. School District's covered payroll	\$ 23,125,509	\$ 22,758,072	\$ 22,195,607	\$ 21,604,854	\$ 21,097,030	\$ 21,730,928	\$ 20,952,317			
E. Contributions as a percentage of covered payroll	7.55%	7.21%	7.61%	8.13%	8.01%	7.96%	8.20%			

OTHER SUPPLEMENTARY INFORMATION

**Oak Park School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024**

	Special Revenue Funds			Capital Project Funds	Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	Debt Service Funds	Sinking Fund	
Assets					
Cash	\$ -	\$ 193,448	\$ 920,714	\$ 552,711	\$ 1,666,873
Due from other funds	588,364	-	124,867	-	713,231
Due from other governmental units	132,847	-	-	-	132,847
Inventory	44,099	-	-	-	44,099
Total assets	<u>\$ 765,310</u>	<u>\$ 193,448</u>	<u>\$ 1,045,581</u>	<u>\$ 552,711</u>	<u>\$ 2,557,050</u>
Liabilities					
Accounts payable	\$ 360,814	\$ 1,230	\$ -	\$ 25,492	\$ 387,536
Checks written against future deposits	101,634	-	-	-	101,634
Due to other funds	-	3,212	-	154,560	157,772
Total liabilities	<u>462,448</u>	<u>4,442</u>	<u>-</u>	<u>180,052</u>	<u>646,942</u>
Fund Balances					
Non-spendable					
Inventory	44,099	-	-	-	44,099
Restricted for					
Food service	258,763	-	-	-	258,763
Debt service	-	-	1,045,581	-	1,045,581
Capital projects	-	-	-	372,659	372,659
Committed	-	189,006	-	-	189,006
Total fund balances	<u>302,862</u>	<u>189,006</u>	<u>1,045,581</u>	<u>372,659</u>	<u>1,910,108</u>
Total liabilities and fund balances	<u>\$ 765,310</u>	<u>\$ 193,448</u>	<u>\$ 1,045,581</u>	<u>\$ 552,711</u>	<u>\$ 2,557,050</u>

Oak Park School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue Funds			Capital Projects Fund	
	Food Service Fund	Student Activity Fund	Debt Service Funds	Sinking Fund	Total Nonmajor Governmental Funds
Revenues					
Local sources	\$ 141,878	\$ 383,202	\$ 2,944,379	\$ 1,353,494	\$ 4,822,953
State sources	142,361	-	-	-	142,361
Federal sources	2,432,510	-	-	-	2,432,510
 Total revenues	<u>2,716,749</u>	<u>383,202</u>	<u>2,944,379</u>	<u>1,353,494</u>	<u>7,397,824</u>
Expenditures					
Current					
Education					
Supporting services	-	194,196	-	1,814,248	2,008,444
Food services	2,623,014	-	-	-	2,623,014
Capital outlay	-	-	-	214,413	214,413
Debt service					
Principal	-	-	1,680,000	-	1,680,000
Interest and other expenditures	-	-	1,180,250	-	1,180,250
 Total expenditures	<u>2,623,014</u>	<u>194,196</u>	<u>2,860,250</u>	<u>2,028,661</u>	<u>7,706,121</u>
 Excess (deficiency) of revenues over expenditures	93,735	189,006	84,129	(675,167)	(308,297)
Other Financing Sources (Uses)					
Transfers out	(28,701)	-	-	-	(28,701)
 Net change in fund balances	65,034	189,006	84,129	(675,167)	(336,998)
Fund balances - beginning	237,828	-	961,452	1,047,826	2,247,106
Fund balances - ending	<u>\$ 302,862</u>	<u>\$ 189,006</u>	<u>\$ 1,045,581</u>	<u>\$ 372,659</u>	<u>\$ 1,910,108</u>