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Roseville Community Schools

Financial Report
with Supplementary Information
June 30, 2024

Contents

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Independent Auditor's Report

To the Board of Education
Roseville Community Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Community Schools (the "School District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Roseville Community Schools' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Community Schools as of June 30, 2024 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

To the Board of Education
Roseville Community Schools

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

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

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

Required Supplementary Information

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

Supplementary Information

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

To the Board of Education
Roseville Community Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024 on our consideration of Roseville Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roseville Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roseville Community Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 25, 2024

This section of Roseville Community Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Roseville Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District’s finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District’s operations in more detail than the government-wide financial statements by providing information about the School District’s most significant funds, the General Fund, the 2018 Capital Projects Fund, and the 2023 Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The fiduciary statements present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability (Asset)

Schedule of OPEB Contributions

Supplementary Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District’s financial condition as a result of the year’s activities?" The statement of net position and the statement of activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year’s revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District’s net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, child care, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

Fiduciary Funds

The School District has certain fiduciary responsibilities for its custodial fund. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Assets		
Current and other assets	$ 48.7	$ 40.3
Capital assets	109.8	108.6
Total assets	158.5	148.9
Deferred Outflows of Resources	39.3	49.3
Liabilities		
Current liabilities	14.4	12.0
Noncurrent liabilities	104.3	112.7
Net pension liability	102.6	119.5
Net OPEB liability	-	6.8
Total liabilities	221.3	251.0
Deferred Inflows of Resources	32.5	26.5
Net Position (Deficit)		
Net investment in capital assets	19.8	15.7
Restricted	3.3	1.5
Unrestricted	(79.1)	(96.5)
Total net position (deficit)	**$ (56.0)**	**$ (79.3)**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was $(56.0) million at June 30, 2024. Net investment in capital assets totaling $19.8 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position ($(79.1) million) was unrestricted.

The $(79.1) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities (assets) from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities (assets) will have significant impacts on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 0.4	$ 0.4
Operating grants	38.1	26.8
General revenue:		
Taxes	20.8	19.5
State aid not restricted to specific purposes	31.4	29.6
Other	4.8	3.2
Total revenue	95.5	79.5
Expenses		
Instruction	37.2	37.8
Support services	28.3	27.6
Athletics	0.3	0.3
Food services	2.8	2.5
Community services	0.4	0.7
Debt service	3.2	3.2
Total expenses	72.2	72.1
Change in Net Position	23.3	7.4
Net Position (Deficit) - Beginning of year	(79.3)	(86.7)
Net Position (Deficit) - End of year	**$ (56.0)**	**$ (79.3)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $72.2 million. Certain activities were partially funded from those who benefited from the programs ($0.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($38.1 million). We paid for the remaining public benefit portion of our governmental activities with $20.8 million in taxes and $31.4 million in state foundation allowance.

The School District experienced an increase in net position of $23.3 million. Key reasons for the change in net position are changes in the School District's net pension and OPEB liability (asset).

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of the School District's operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of $33.1 million, which is an increase of $4.3 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance increased from $12.4 million last year to $22.9 million this year. The change is mainly attributed to continued federal money received due to COVID-19, the increase in state grants, and the continuing Macomb County Enhancement millage. The School District is continuing to see staff retirements, with replacements being hired at a lower wage, although at a slower rate than the previous year.

Fund balance of our special revenue funds decreased from $2.5 million last year to $2.3 million this year.

Combined, fund balance of our debt service funds increased slightly. Millage rates remained the same at 11.2 mills. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue related debt service. Debt service fund balances are restricted since they can only be used to pay debt service obligations.

Fund balance of our 2018 Capital Projects Fund decreased by $3.5 million. This decrease is due to continued construction related to the Series I of the 2018 bond issue. These funds are available to fund specific capital projects allowed by state law and approved by the voters and will continue to be utilized for ongoing bond projects.

Fund balance of our new 2023 Capital Projects Fund decreased by $2.8 million. This decrease is due to the use of funds for allowable bond-related construction and capital project activities.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. Typically, these revisions are necessary to reflect changes in student counts, staffing, costs, and grant award assumptions. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. There were significant revisions made to the 2023-2024 General Fund original budget, and the final amendment to the budget was adopted in June 2024. A schedule showing the School District’s original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information section of these financial statements. The impact of the changes to the 2023-2024 budget was an increase to fund balance.

Budgeted revenue increased slightly during the year. Budgeted federal grant revenue reflects actual federal grant expenditures rather than awarded amounts. In addition, budgeted state revenue increased due to an increase in foundation allowance and additional state grants that were unknown at the time the original budget was adopted. The variance between actual revenue and final budgeted revenue was approximately $73,000, which is a 0.1 percent variance.

Budgeted expenditures decreased due to conservative budgeting practices, purchases that were not completed in the fiscal year, as well as unknown retirements and payouts at year end. The variance between actual expenditures and final budgeted expenditures was $2.4 million, or a 3.5 percent variance.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the School District had $109.8 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately $1.1 million, or 1.0 percent, from last year.

	2024	2023
Land	$ 753,297	$ 753,297
Construction in progress	6,211,973	6,216,664
Buildings and improvements	144,527,105	142,133,398
Furniture and equipment	30,124,377	26,169,922
Buses and other vehicles	4,251,338	3,821,048
Land improvements	12,033,185	11,265,975
Total capital assets	197,901,275	190,360,304
Less accumulated depreciation	88,135,018	81,738,352
Total capital assets - Net of accumulated depreciation	**$ 109,766,257**	**$ 108,621,952**

This year's additions of $8.0 million included vehicles, cafeteria equipment, technology, building renovations, buses, and other vehicles. Several major capital projects are planned for the 2024-2025 fiscal year. We anticipate capital additions will be comparable to this year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had $93.5 million in bonds outstanding versus $101.9 million in the previous year, a change of 8.2 percent.

The School District’s general obligation bond rating is AA. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District’s boundaries. The School District issues qualified debt (i.e., debt backed by the State of Michigan), and, as such, the debt obligations are not subject to this debt limit. The School District does not have any outstanding unqualified general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District’s 2024-2025 fiscal year budget. One of the most important factors affecting the budget is our student count. As a result, the School District's funding is heavily dependent on the State’s ability to fund local school operations. Over 50 percent of total General Fund revenue is from the state foundation allowance. For the next fiscal year, there was zero increase to the state foundation allowance. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2024-2025 budget was adopted in June 2024 based on an estimate of students who will enroll in September 2024. Based on early enrollment data at the start of the 2024 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2024-2025 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Nearly all of the federal and state grants related to COVID-19 have been fully expensed. No further grants related to the pandemic are expected, and nothing has been included in the 2024-2025 budget related to this funding.

In addition to the foundation allowance, 18 mills are levied on nonhomestead properties in the School District. Under state law, the School District cannot assess more than 18 mills for general operations.

In 2018, the voters approved a bond proposal for the purchase of technology, buses, security, band instruments, an athletic field, and other improvements. The debt mills levied increased by 2.5 mills in order to pay the debt on these bonds, and this levy remained constant for 2023-2024. Series I of this bond issue is near completion, and Series II will focus on technology renewals and upgrades as well as new buses.

In 2023-2024, the School District paid retention bonuses to eligible employees that were funded with COVID-19 grants. As in the past, the goal is to keep a tight control on finances while providing the best possible education to each student.

Staff contracts were negotiated in June 2023, and a three-year agreement was reached. The agreement included 3 percent increases for 2023-2024, 2024-2025, and 2025-2026. In addition, there was a 2 percent off-schedule payment agreed upon based on if there is an increase to the General Fund balance in the prior year.

The School District is currently in strong financial standing, with a fund balance exceeding 35 percent of General Fund expenditures. This increase is attributed to the collaborative efforts of the board, administration, staff, and community in strategically utilizing COVID-19 grant funds to extend the benefits. Management plans to carefully spend down the fund balance over the coming years to maximize the impact of the initial awards.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the executive director of business and finance of Roseville Community Schools at 18975 Church St., Roseville, MI 48066.

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 25,711,122
Receivables:	
Accrued interest receivable	168,344
Other receivables	28,862
Due from other governments	11,903,045
Inventory	333,190
Prepaid expenses	474,236
Restricted assets (Note 4)	8,421,503
Net OPEB asset (Note 10)	1,765,411
Capital assets - Net (Note 6)	109,766,257
Total assets	158,571,970
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 8)	3,009,604
Deferred pension costs (Note 10)	29,872,669
Deferred OPEB costs (Note 10)	6,377,932
Total deferred outflows of resources	39,260,205
Liabilities	
Accounts payable	1,203,777
Due to other governmental units	2,071,870
Accrued liabilities and other	5,557,869
Unearned revenue (Note 5)	5,618,403
Noncurrent liabilities:	
Due within one year (Note 8)	12,892,024
Due in more than one year (Note 8)	91,348,442
Net pension liability (Note 10)	102,642,001
Total liabilities	221,334,386
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	6,167,443
Deferred pension cost reductions (Note 10)	11,593,047
Deferred OPEB cost reductions (Note 10)	14,734,145
Total deferred inflows of resources	32,494,635
Net Position (Deficit)	
Net investment in capital assets	19,823,239
Restricted:	
Debt service	984,312
Capital projects	511,797
OPEB asset	1,765,411
Unrestricted	(79,081,605)
Total net position (deficit)	**$ (55,996,846)**

Statement of Activities

Year Ended June 30, 2024

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 37,179,451	$ 33,583	$ 21,767,536	$ (15,378,332)
Support services	28,269,067	90,604	12,623,678	(15,554,785)
Athletics	347,672	23,931	-	(323,741)
Food services	2,781,157	71,675	3,369,550	660,068
Community services	385,272	-	371,285	(13,987)
Interdistrict payments	5,920	-	-	(5,920)
Child care	-	206,323	-	206,323
Interest	2,978,892	-	-	(2,978,892)
Other debt costs	237,393	-	-	(237,393)
Total primary government	**$ 72,184,824**	**$ 426,116**	**$ 38,132,049**	(33,626,659)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				9,112,968
Property taxes, levied for debt service				11,728,964
State aid not restricted to specific purposes				31,365,460
Interest and investment earnings				1,274,135
Penalties, interest, and other taxes				32,513
Other:				
Countywide enhancement millage				2,365,967
Other				1,031,501
Total general revenue				56,911,508
Change in Net Position				23,284,849
Net Position (Deficit) - Beginning of year				(79,281,695)
Net Position (Deficit) - End of year				**$ (55,996,846)**

See notes to financial statements.

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	2018 Capital Projects Fund	2023 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	$ 24,336,764	$ -	$ -	$ 1,374,358	$ 25,711,122
Receivables:					
Accrued interest receivable	135,731	1,007	27,756	3,850	168,344
Other receivables	4,209	-	-	24,503	28,712
Due from other governments	11,903,045	-	-	-	11,903,045
Due from other funds (Note 7)	742,260	-	-	1,338,027	2,080,287
Inventory	313,123	-	-	20,067	333,190
Prepaid expenses	474,236	-	-	-	474,236
Restricted assets: (Note 4)					
Restricted cash and cash equivalents	-	443,912	-	1,459,464	1,903,376
Restricted investments	-	151,937	6,366,190	-	6,518,127
Total assets	**$ 37,909,368**	**$ 596,856**	**$ 6,393,946**	**$ 4,220,269**	**$ 49,120,439**
Liabilities					
Accounts payable	$ 911,316	$ 42,686	$ 205,580	$ 44,195	$ 1,203,777
Due to other governmental units	2,071,870	-	-	-	2,071,870
Due to other funds (Note 7)	1,339,769	299,811	29,337	411,220	2,080,137
Accrued liabilities and other	5,060,016	-	-	29,459	5,089,475
Unearned revenue (Note 5)	5,616,843	-	-	1,560	5,618,403
Total liabilities	14,999,814	342,497	234,917	486,434	16,063,662
Fund Balances					
Nonspendable:					
Inventory	313,123	-	-	20,067	333,190
Prepaid expenses	474,236	-	-	-	474,236
Restricted:					
Debt service	-	-	-	1,452,706	1,452,706
Capital projects	-	254,359	6,159,029	-	6,413,388
Food service	-	-	-	1,313,579	1,313,579
Committed:					
Child care operations	-	-	-	543,709	543,709
Student activities	-	-	-	403,774	403,774
Assigned - Budgeted use of fund balance in subsequent year	4,374,436	-	-	-	4,374,436
Unassigned	17,747,759	-	-	-	17,747,759
Total fund balances	22,909,554	254,359	6,159,029	3,733,835	33,056,777
Total liabilities and fund balances	**$ 37,909,368**	**$ 596,856**	**$ 6,393,946**	**$ 4,220,269**	**$ 49,120,439**

See notes to financial statements.

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

	June 30, 2024
Fund Balances Reported in Governmental Funds	$ 33,056,777
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds:	
Cost of capital assets	197,901,275
Accumulated depreciation	(88,135,018)
Net capital assets used in governmental activities	109,766,257
Deferred outflows related to bond refundings are not reported in the funds	3,009,604
Long-term debt (including unamortized premiums on issuances) is not due and payable in the current period and are not reported in the funds	(98,616,820)
Accrued interest is not due and payable in the current period and is not reported in the funds	(468,394)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(3,532,776)
Provision for self-insurance claims	(1,853,477)
Net pension liability and related deferred inflows and outflows	(84,362,379)
Net OPEB liability and related deferred inflows and outflows	(6,590,802)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(6,167,443)
Arbitrage liabilities do not present a claim on current financial resources and are not reported as fund liabilities	(237,393)
Net Position (Deficit) of Governmental Activities	**$ (55,996,846)**

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

Year Ended June 30, 2024

	General Fund	2018 Capital Projects Fund	2023 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	$ 10,039,198	$ 107,753	$ 471,869	$ 12,987,377	$ 23,606,197
State sources	46,807,502	-	-	888,455	47,695,957
Federal sources	15,319,577	-	-	3,068,790	18,388,367
Interdistrict	3,271,009	-	-	-	3,271,009
Total revenue	75,437,286	107,753	471,869	16,944,622	92,961,530
Expenditures					
Current:					
Instruction	35,914,312	-	-	-	35,914,312
Support services	28,438,798	4,111	512	906,932	29,350,353
Athletics	387,365	-	-	-	387,365
Food services	-	-	-	2,971,980	2,971,980
Community services	39,156	-	-	397,455	436,611
Debt service:					
Principal	185,000	-	-	8,822,958	9,007,958
Interest	49,988	-	-	3,101,874	3,151,862
Capital outlay	178,188	3,589,409	3,272,140	392,101	7,431,838
Interdistrict payments	5,920	-	-	-	5,920
Total expenditures	65,198,727	3,593,520	3,272,652	16,593,300	88,658,199
Excess of Revenue Over (Under) Expenditures	10,238,559	(3,485,767)	(2,800,783)	351,322	4,303,331
Other Financing Sources (Uses)					
Transfers in (Note 7)	227,343	-	-	-	227,343
Transfers out (Note 7)	-	-	-	(227,343)	(227,343)
Total other financing sources (uses)	227,343	-	-	(227,343)	-
Net Change in Fund Balances	10,465,902	(3,485,767)	(2,800,783)	123,979	4,303,331
Fund Balances - Beginning of year	12,443,652	3,740,126	8,959,812	3,609,856	28,753,446
Fund Balances - End of year	**$ 22,909,554**	**$ 254,359**	**$ 6,159,029**	**$ 3,733,835**	**$ 33,056,777**

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

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	$ 4,303,331
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	7,960,926
Depreciation expense	(6,816,621)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(35,759)
Revenue in support of pension contributions made subsequent to the measurement date	2,543,902
Repayment of bond principal and School Loan Revolving Fund are expenditures in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	9,125,358
Interest expense is recognized in the government-wide statements as it accrues	55,570
Some employee costs (pension, OPEB, compensated absences, and self-insurance claims) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	6,385,535
Arbitrage expenditures that do not use current financial resources are not reported as expenditures in the governmental funds	(237,393)
Change in Net Position of Governmental Activities	**$ 23,284,849**

Fiduciary Fund
Statement of Fiduciary Net Position

June 30, 2024

	Custodial - Scholarship Fund
Assets	
Cash and investments (Note 4)	$ 141,442
Due from other funds (Note 7)	2,050
Total assets	143,492
Liabilities	
Accounts payable	100,900
Due to other funds (Note 7)	2,200
Total liabilities	103,100
Net Position - Unrestricted	**$ 40,392**

Fiduciary Fund
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	Custodial - Scholarship Fund
Additions	
Investment income	$ 5,863
Donations and fundraising	103,362
Total additions	109,225
Deductions	
Scholarships awarded	79,300
Fundraising expenses	33,091
Total deductions	112,391
Net Decrease in Fiduciary Net Position	(3,166)
Net Position - Beginning of year	43,558
Net Position - End of year	**$ 40,392**

See notes to financial statements.

Note 1 - Nature of Business

Roseville Community Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member board. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2018 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for installing new and replacement technology infrastructure and equipment, technology upgrades, refurnishing district buildings, improving and developing school sites, acquiring buses, and remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.
- The 2023 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for installing new and replacement technology infrastructure and equipment, technology upgrades, refurnishing district buildings, improving and developing school sites, acquiring buses, and remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District’s special revenue funds include the Food Service, Student Activities, and Child Care funds. The Food Service Fund accounts for the School District's breakfast and lunch programs, and its primary sources of revenue are federal and state grants and customer sales. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. The Child Care Fund accounts for the activity of the School District's child care programs, and its primary source of revenue are user fees. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the School District). The School District does not have any enterprise or internal service funds.

Note 2 - Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. Activities that are reported as fiduciary include the following:

- The Scholarship Fund accumulates resources used to pay future scholarships on the behalf of students. The funds are segregated and are held for the students.

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

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

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in bank investment pooled funds (J Funds) and MILAF, which are valued at amortized cost. Pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Note 2 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

Inventories are valued at cost on an average cost basis for central services and on a first-in, first-out basis for food services. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund is recorded as inventory and deferred revenue until used. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects fund required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments

Capital Assets

Capital assets, which include land and land improvements, buildings, furniture and equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Buildings and improvements	7 to 50
Furniture and equipment	5 to 25
Buses and other vehicles	8
Land improvements	20 to 50

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

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

Note 2 - Significant Accounting Policies (Continued)

The School District reports deferred outflows related to deferred charges on bond refundings and deferred pension and OPEB costs.

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

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date, and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Note 2 - Significant Accounting Policies (Continued)

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

The fund balance policy prescribes the end of year minimum fund balance for the General Fund as 12 percent of the preceding year's expenditures.

Property Tax Revenue

Properties are assessed as of December 31, and approximately 80 percent of the related property taxes become a lien on July 1 and the remainder on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee’s compensation are used to liquidate the obligations.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Upcoming Accounting Pronouncements

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

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

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

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 25, 2024, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds, except that transfers from other funds are budgeted as part of revenue instead of other financing sources, the enhancement millage proceeds are budgeted for as other financing sources instead of interdistrict revenue, capital outlay and interdistrict payments are budgeted in other expenditure categories, athletic expenditures are budgeted as other support services, and debt service payments are budgeted for as other financing uses. All actual amounts have been presented in the same basis of presentation as the adopted budget. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The 2018 and 2023 Capital Projects funds include capital project activities funded with bonds. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Revised School Code. The 2023 Capital Projects Fund 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 2018 Capital Projects Fund. The projects for which the 2018 Capital Projects Fund bonds were issued were considered complete on June 30, 2024. The cumulative expenditures recognized for the construction period were $42,352,786.

Note 4 - Deposits and Investments

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

The School District has designated six financial institutions for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a one-day minimum investment period on MILAF Cash Management funds.

Note 4 - Deposits and Investments (Continued)

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits of $7,542,482 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk. At June 30, 2024, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. At June 30, 2024, the School District does not have investments subject to interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2024, the credit quality ratings of investments (other than the U.S. government) are as follows:

Investment	Carrying Value	Credit Rating	Rating Agency
Primary Government			
MILAF Cash Management Class	$ 6,546,525	AAAM	S&P
Comerica J Fund	17,361,451	Not rated	
Total	$ 23,907,976		

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District’s policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the School District's investments are in bank investment pools.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

Note 5 - Unavailable/Unearned Revenue (Continued)

At June 30, 2024, the various components of unearned revenue were as follows. The School District had no unavailable revenue at June 30, 2024.

	Governmental Funds
	Liability - Unearned
Grant and categorical aid payment received prior to meeting all eligibility requirements	$ 5,616,843
Prepaid student food sales	1,560
Total	$ 5,618,403

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2023	Reclassifications	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated:					
Land	$ 753,297	$ -	$ -	$ -	$ 753,297
Construction in progress	6,216,664	(3,176,128)	3,171,437	-	6,211,973
Subtotal	6,969,961	(3,176,128)	3,171,437	-	6,965,270
Capital assets being depreciated:					
Buildings and improvements	142,133,398	1,968,486	425,221	-	144,527,105
Furniture and equipment	26,169,922	440,432	3,543,030	(29,007)	30,124,377
Buses and other vehicles	3,821,048	-	821,238	(390,948)	4,251,338
Land improvements	11,265,975	767,210	-	-	12,033,185
Subtotal	183,390,343	3,176,128	4,789,489	(419,955)	190,936,005
Accumulated depreciation:					
Buildings and improvements	57,237,022	-	3,991,374	-	61,228,396
Furniture and equipment	17,258,061	-	1,900,651	(29,007)	19,129,705
Buses and other vehicles	2,304,956	-	425,656	(390,948)	2,339,664
Land improvements	4,938,313	-	498,940	-	5,437,253
Subtotal	81,738,352	-	6,816,621	(419,955)	88,135,018
Net capital assets being depreciated	101,651,991	3,176,128	(2,027,132)	-	102,800,987
Net governmental activities capital assets	$ 108,621,952	$ -	$ 1,144,305	$ -	$ 109,766,257

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

Governmental activities:	
Instruction	$ 4,771,635
Support services	2,044,986
Total governmental activities	$ 6,816,621

Note 6 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. At June 30, 2024, the School District's commitments with contractors are as follows:

	Remaining Commitment
Food Service Fund	$ 677,611
2018 Capital Projects Fund	54,208
Total	$ 731,819

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	2018 Capital Projects Fund	$ 299,811
	Nonmajor governmental funds	410,912
	2023 Capital Projects Fund	29,337
	Scholarship Trust Fund	2,200
	Total General Fund	742,260
Nonmajor governmental funds	General Fund	1,337,719
	Nonmajor governmental funds	308
	Total nonmajor governmental funds	1,338,027
Scholarship Trust Fund	General Fund	2,050
	Total	$ 2,082,337

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Food Service Fund	General Fund	$ 227,343

The transfer from the Food Service Fund to the General Fund was cover the fund's portion of shared costs.

Note 8 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings - School Loan Revolving Fund	$ 570,771	$ (2,813)	$ (567,958)	$ -	$ -
Other debt - General obligation bonds	101,930,000	-	(8,440,000)	93,490,000	9,825,000
Unamortized bond premiums	5,674,164	-	(547,344)	5,126,820	547,344
Total bonds and direct borrowings	108,174,935	(2,813)	(9,555,302)	98,616,820	10,372,344
Compensated absences	3,312,819	429,284	(209,327)	3,532,776	666,203
Self-insurance claims (Note 9)	1,235,119	5,151,761	(4,533,403)	1,853,477	1,853,477
Arbitrage liability	-	237,393	-	237,393	-
Total governmental activities long-term debt	$ 112,722,873	$ 5,815,625	$ (14,298,032)	$ 104,240,466	$ 12,892,024

The School District had deferred outflows of $3,009,604 related to deferred charges on bond refundings at June 30, 2024.

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2024 are as follows:

Purpose	Year Issued	Interest Rates	Maturing May 1	Outstanding
$10,665,000 General Obligation Qualified Bond (2014 Refunding) - Due in one remaining annual installment of $2,860,000	2014	5.00	2025	$ 2,860,000
$6,100,000 General Obligation Qualified Bond (2015 Refunding) - Due in one remaining annual installment of $1,640,000	2015	5.00	2025	1,640,000
$2,715,000 General Obligation Qualified Bond (2014 Energy Conservation Improvement Bond) - Due in annual installments of $190,000 to $230,000	2014	3.25-3.75	2030	1,265,000
$35,455,000 General Obligation Qualified Bond (2018 School Building and Site) - Due in annual installments of $1,750,000 to $1,850,000	2018	5.00	2038	25,125,000
$58,915,000 General Obligation Qualified Bond (2021 Refunding) - Due in annual installments of $1,150,000 to $6,275,000	2021	0.22-2.27	2034	55,110,000
$8,590,000 General Obligation Qualified Bond (2023 School Building and Site) - Due in annual installments of $2,235,000 to $2,720,000	2023	5.00	2027	7,490,000
Total governmental activities				$ 93,490,000

Note 8 - Long-term Debt (Continued)

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The self-insurance claims liability will generally be liquidated through the School District's General Fund. That fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds.

Debt Service Requirements to Maturity

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

Years Ending June 30	Other Debt Principal	Other Debt Interest	Total
2025	$ 9,825,000	$ 2,810,367	$ 12,635,367
2026	10,555,000	2,371,879	12,926,879
2027	10,420,000	2,090,032	12,510,032
2028	7,985,000	1,797,508	9,782,508
2029	8,075,000	1,617,362	9,692,362
2030-2034	39,280,000	5,053,742	44,333,742
2035-2038	7,350,000	921,250	8,271,250
Total	$ 93,490,000	$ 16,662,140	$ 110,152,140

School Loan Revolving Fund

The School Loan Revolving Fund payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005 (the "Act"), as amended. The School Loan Revolving Fund is accessible to school districts for borrowings that initiated after July 19, 2005. Interest during the year ended June 30, 2024 ranged from 4.14 percent to 4.56 percent. During 2024, the School District paid off the School Loan Revolving Fund payable.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District is self-insured for health, vision, and dental claims. The School District purchases commercial insurance for life and disability claims and participates in a shared-risk pool for claims relating to property loss, torts, errors and omissions, and workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

Note 9 - Risk Management (Continued)

The School District estimates the liability for health, vision, and dental claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded in the government-wide statements. Changes in the estimated liability for the past two fiscal years were as follows:

	2024	2023
Estimated liability - Beginning of year	$ 1,235,119	$ 813,149
Estimated claims incurred, including changes in estimates	5,151,761	5,809,968
Claim payments	(4,533,403)	(5,387,998)
Estimated liability - End of year	$ 1,853,477	$ 1,235,119

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at http://www.michigan.gov/orsschools.

Benefits Provided

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

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

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

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

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

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

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

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

Contributions

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

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

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

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2024 were $13,709,011, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the School District's required and actual pension contributions include an allocation of $6,167,443 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

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

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were $2,882,535, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2024, the School District reported a liability of $102,642,001 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2023 and 2022, the School District's proportion was 0.32 percent.

Net OPEB Asset

At June 30, 2024, the School District reported an asset of $(1,765,411) for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated asset to September 30, 2023. The School District’s proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2023 and 2022, the School District’s proportion was 0.31 and 0.32 percent, respectively, representing a change of (2.56) percent.

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

For 2024, the School District recognized pension expense of $11,718,867, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,240,095	$ (157,231)
Changes in assumptions	13,908,458	(8,019,301)
Net difference between projected and actual earnings on pension plan investments	-	(2,100,388)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,052,880	(1,316,127)
The School District's contributions to the plan subsequent to the measurement date	11,671,236	-
Total	$ 29,872,669	$ (11,593,047)

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

The $6,167,443 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2025	$ 1,741,906
2026	1,754,777
2027	4,619,079
2028	(1,507,376)
Total	$ 6,608,386

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

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

For the year ended June 30, 2024, the School District recognized an OPEB recovery of $3,436,413.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (13,340,353)
Changes in assumptions	3,930,113	(473,260)
Net difference between projected and actual earnings on OPEB plan investments	5,383	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	441,648	(920,532)
Employer contributions to the plan subsequent to the measurement date	2,000,788	-
Total	$ 6,377,932	$ (14,734,145)

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

Years Ending	Amount
2025	$ (3,512,380)
2026	(3,197,603)
2027	(1,170,005)
2028	(1,092,594)
2029	(909,015)
Thereafter	(475,404)
Total	$ (10,357,001)

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

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2023 are based on the results of an actuarial valuation as of September 30, 2022 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	6.25% - 7.50%	Year 1, graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		PubT-2010 Male and Female Employee MortalityTables, scaled 100% (retirees: 116% for malesand 116% for females) and adjusted for mortalityimprovements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

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

Discount Rate

The discount rate used to measure the total pension liability and OPEB liability was 6.00 percent as of September 30, 2023 depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.80 %
Private equity pools	16.00	9.60
International equity pools	15.00	6.80
Fixed-income pools	13.00	1.30
Real estate and infrastructure pools	10.00	6.40
Absolute return pools	9.00	4.80
Real return/opportunistic pools	10.00	7.30
Short-term investment pools	2.00	0.30
Total	100.00 %	

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00 %)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	$ 138,669,043	$ 102,642,001	$ 72,648,186

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

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability (asset) of the School District	$ 1,830,202	$ (1,765,411)	$ (4,855,487)

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

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

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the School District	$ (4,863,192)	$ (1,765,411)	$ 1,587,403

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2024, the School District reported a payable of $2,669,220 and $359,869 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Note 11 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2024, the School District’s property tax revenue was reduced by $323,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately $199,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 9,578,125	$ 9,835,316	$ 10,039,198	$ 203,882
State sources	42,362,803	47,020,021	46,807,502	(212,519)
Federal sources	13,759,020	15,441,599	15,319,577	(122,022)
Other financing sources	2,574,297	3,288,538	3,498,352	209,814
Total revenue	68,274,245	75,585,474	75,664,629	79,155
Expenditures				
Current:				
Instruction:				
Basic programs	33,429,039	28,082,126	27,510,519	(571,607)
Added needs	8,882,379	8,998,910	8,510,253	(488,657)
Support services:				
Pupil	4,921,834	5,327,828	5,289,471	(38,357)
Instructional staff	3,738,097	3,371,898	3,201,864	(170,034)
General administration	795,258	849,767	790,785	(58,982)
School administration	4,738,930	4,632,861	4,570,311	(62,550)
Business	1,046,595	1,126,566	1,158,983	32,417
Operations and maintenance	7,116,236	8,067,867	7,421,771	(646,096)
Pupil transportation services	2,359,166	2,682,648	2,359,597	(323,051)
Central	2,936,460	3,720,513	3,653,241	(67,272)
Other	379,524	393,312	387,365	(5,947)
Community services	28,813	42,160	39,156	(3,004)
Total expenditures	70,372,331	67,296,456	64,893,316	(2,403,140)
Excess of Revenue (Under) Over Expenditures	(2,098,086)	8,289,018	10,771,313	2,482,295
Other Financing Uses	(865,104)	(1,027,718)	(305,411)	722,307
Net Change in Fund Balance	(2,963,190)	7,261,300	10,465,902	3,204,602
Fund Balance - Beginning of year	12,443,652	12,443,652	12,443,652	-
Fund Balance - End of year	**$ 9,480,462**	**$ 19,704,952**	**$ 22,909,554**	**$ 3,204,602**

See notes to required supplementary information.

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

Last Ten Plan Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.31713 %	0.31768 %	0.31117 %	0.31913 %	0.33142 %	0.33851 %	0.34016 %	0.33564 %	0.32530 %	0.34144 %
School District's proportionate share of the net pension liability	$ 102,642,001	$ 119,475,530	$ 73,671,676	$ 109,624,736	$ 109,755,055	$ 101,761,730	$ 88,150,523	$ 83,739,286	$ 79,453,603	$ 75,207,890
School District's covered payroll	$ 31,190,314	$ 31,125,270	$ 27,942,239	$ 27,630,198	$ 28,483,737	$ 28,567,961	$ 28,417,940	$ 28,638,999	$ 27,987,798	$ 29,868,452
School District's proportionate share of the net pension liability as a percentage of its covered payroll	329.08 %	383.85 %	263.66 %	396.76 %	385.33 %	356.21 %	310.19 %	292.40 %	283.89 %	251.80 %
Plan fiduciary net position as a percentage of total pension liability	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

See notes to required supplementary information.

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

Last Ten Fiscal Years

Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 13,281,033	$ 14,892,837	$ 10,753,710	$ 9,410,529	$ 8,895,307	$ 8,842,843	$ 8,650,650	$ 8,437,506	$ 7,891,226	$ 6,544,598
Contributions in relation to the statutorily required contribution	13,281,033	14,892,837	10,753,710	9,410,529	8,895,307	8,842,843	8,650,650	8,437,506	7,891,226	6,544,598
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 32,248,015	$ 30,965,213	$ 29,590,557	$ 27,498,422	$ 28,021,174	$ 28,530,767	$ 28,584,398	$ 29,633,259	$ 28,892,414	$ 28,368,437
Contributions as a Percentage of Covered Payroll	41.18 %	48.10 %	36.34 %	34.22 %	31.74 %	30.99 %	30.26 %	28.47 %	27.31 %	23.07 %

See notes to required supplementary information.

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

Last Seven Plan Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.31208 %	0.32026 %	0.30990 %	0.31269 %	0.32671 %	0.33602 %	0.33942 %
School District's proportionate share of the net OPEB (asset) liability	$ (1,765,411)	$ 6,783,237	$ 4,730,201	$ 16,751,489	$ 23,450,737	$ 26,710,131	$ 30,057,114
School District's covered payroll	$ 31,190,314	$ 31,125,270	$ 27,942,239	$ 27,630,198	$ 28,483,737	$ 28,567,961	$ 28,417,940
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.66)%	21.79 %	16.93 %	60.63 %	82.33 %	93.50 %	105.77 %
Plan fiduciary net position as a percentage of total OPEB liability	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

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

Last Seven Fiscal Years

Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 2,649,311	$ 2,492,452	$ 2,411,394	$ 2,288,350	$ 2,251,669	$ 2,241,099	$ 2,064,572
Contributions in relation to the statutorily required contribution	2,649,311	2,492,452	2,411,394	2,288,350	2,251,669	2,241,099	2,064,572
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 32,248,015	$ 30,965,213	$ 29,590,557	$ 27,498,422	$ 28,021,174	$ 28,530,767	$ 28,584,398
Contributions as a Percentage of Covered Payroll	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

See notes to required supplementary information.

Pension Information

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.

- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit cost was lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit cost being lower than projected, reduced the plan's total OPEB liability by an additional $1.8 billion in 2020.

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by $1.4 million in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by $1.4 million in 2018.

Supplementary Information

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds			Debt Service Funds					
	Food Service Fund	Child Care Fund	Student Activities Fund	2015 Refunding Debt Fund	2014 Refunding Debt Fund	2018 Debt Fund	2021 Refunding Debt Fund	2023 Debt Fund	Total
Assets									
Cash and investments	$ 1,004,111	$ -	$ 370,247	$ -	$ -	$ -	$ -	$ -	$ 1,374,358
Receivables:									
Accrued interest receivable	2,659	-	-	183	324	315	201	168	3,850
Other receivables	3,045	21,458	-	-	-	-	-	-	24,503
Due from other funds	737,117	534,656	66,254	-	-	-	-	-	1,338,027
Inventory	20,067	-	-	-	-	-	-	-	20,067
Restricted assets	-	-	-	224,134	397,539	386,012	246,356	205,423	1,459,464
Total assets	**$ 1,766,999**	**$ 556,114**	**$ 436,501**	**$ 224,317**	**$ 397,863**	**$ 386,327**	**$ 246,557**	**$ 205,591**	**$ 4,220,269**
Liabilities									
Accounts payable	$ 36,246	$ -	$ -	$ 1,207	$ 2,137	$ 2,105	$ 1,354	$ 1,146	$ 44,195
Due to other funds	378,493	-	32,727	-	-	-	-	-	411,220
Accrued liabilities and other	17,054	12,405	-	-	-	-	-	-	29,459
Unearned revenue	1,560	-	-	-	-	-	-	-	1,560
Total liabilities	433,353	12,405	32,727	1,207	2,137	2,105	1,354	1,146	486,434
Fund Balances									
Nonspendable - Inventory	20,067	-	-	-	-	-	-	-	20,067
Restricted:									
Debt service	-	-	-	223,110	395,726	384,222	245,203	204,445	1,452,706
Food service	1,313,579	-	-	-	-	-	-	-	1,313,579
Committed:									
Child care operations	-	543,709	-	-	-	-	-	-	543,709
Student activities	-	-	403,774	-	-	-	-	-	403,774
Total fund balances	1,333,646	543,709	403,774	223,110	395,726	384,222	245,203	204,445	3,733,835
Total liabilities and fund balances	**$ 1,766,999**	**$ 556,114**	**$ 436,501**	**$ 224,317**	**$ 397,863**	**$ 386,327**	**$ 246,557**	**$ 205,591**	**$ 4,220,269**

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

Year Ended June 30, 2024

	Special Revenue Funds			Debt Service Funds					
	Food Service Fund	Child Care Fund	Student Activities Fund	2015 Refunding Debt Fund	2014 Refunding Debt Fund	2018 Debt Fund	2021 Refunding Debt Fund	2023 Debt Fund	Total
Revenue									
Local sources	$ 131,275	$ 206,323	$ 769,238	$ 1,805,678	$ 3,198,361	$ 3,145,803	$ 2,021,588	$ 1,709,111	$ 12,987,377
State sources	300,760	155,667	-	65,579	116,161	114,439	73,578	62,271	888,455
Federal sources	3,068,790	-	-	-	-	-	-	-	3,068,790
Total revenue	3,500,825	361,990	769,238	1,871,257	3,314,522	3,260,242	2,095,166	1,771,382	16,944,622
Expenditures									
Current:									
Support services	230,558	106,902	555,326	2,191	3,497	3,952	2,400	2,106	906,932
Food services	2,971,980	-	-	-	-	-	-	-	2,971,980
Community services	-	397,455	-	-	-	-	-	-	397,455
Debt service:									
Principal	-	-	-	1,656,216	2,872,724	1,875,452	1,236,723	1,181,843	8,822,958
Interest	-	-	-	164,289	285,711	1,349,111	919,775	382,988	3,101,874
Capital outlay	392,101	-	-	-	-	-	-	-	392,101
Total expenditures	3,594,639	504,357	555,326	1,822,696	3,161,932	3,228,515	2,158,898	1,566,937	16,593,300
Excess of Revenue (Under) Over Expenditures	(93,814)	(142,367)	213,912	48,561	152,590	31,727	(63,732)	204,445	351,322
Other Financing Uses - Transfers out	(227,343)	-	-	-	-	-	-	-	(227,343)
Net Change in Fund Balances	(321,157)	(142,367)	213,912	48,561	152,590	31,727	(63,732)	204,445	123,979
Fund Balances - Beginning of year	1,654,803	686,076	189,862	174,549	243,136	352,495	308,935	-	3,609,856
Fund Balances - End of year	**$ 1,333,646**	**$ 543,709**	**$ 403,774**	**$ 223,110**	**$ 395,726**	**$ 384,222**	**$ 245,203**	**$ 204,445**	**$ 3,733,835**

June 30, 2024

Years Ending June 30	2014 Energy Conservation Debt		2014 Refunding Debt Fund		2015 Refunding Debt Fund		2018 Building and Site Bonds		2021 Refunding Debt Fund		2023 Building and Site Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2025	$ 190,000	$ 44,438	$ 2,860,000	$ 143,000	$ 1,640,000	$ 82,000	$ 1,750,000	$ 1,256,250	$ 1,150,000	$ 910,179	$ 2,235,000	$ 374,500	$ 12,635,367
2026	200,000	38,262	-	-	-	-	1,750,000	1,168,750	5,885,000	902,117	2,720,000	262,750	12,926,879
2027	205,000	31,762	-	-	-	-	1,750,000	1,081,250	5,930,000	850,270	2,535,000	126,750	12,510,032
2028	215,000	24,588	-	-	-	-	1,775,000	993,750	5,995,000	779,170	-	-	9,782,508
2029	225,000	17,062	-	-	-	-	1,775,000	905,000	6,075,000	695,300	-	-	9,692,362
2030	230,000	8,626	-	-	-	-	1,775,000	816,250	6,170,000	597,674	-	-	9,597,550
2031	-	-	-	-	-	-	1,775,000	727,500	6,275,000	489,884	-	-	9,267,384
2032	-	-	-	-	-	-	1,800,000	638,750	5,755,000	375,240	-	-	8,568,990
2033	-	-	-	-	-	-	1,800,000	548,750	5,870,000	258,586	-	-	8,477,336
2034	-	-	-	-	-	-	1,825,000	458,750	6,005,000	133,732	-	-	8,422,482
2035	-	-	-	-	-	-	1,825,000	367,500	-	-	-	-	2,192,500
2036	-	-	-	-	-	-	1,825,000	276,250	-	-	-	-	2,101,250
2037	-	-	-	-	-	-	1,850,000	185,000	-	-	-	-	2,035,000
2038	-	-	-	-	-	-	1,850,000	92,500	-	-	-	-	1,942,500
Total remaining payments	**$ 1,265,000**	**$ 164,738**	**$ 2,860,000**	**$ 143,000**	**$ 1,640,000**	**$ 82,000**	**$ 25,125,000**	**$ 9,516,250**	**$ 55,110,000**	**$ 5,992,152**	**$ 7,490,000**	**$ 764,000**	**$ 110,152,140**
Interest rate	3.25 - 3.75%		5.00%		5.00%		5.00%		0.22 - 2.27%		5.00%		
Original issue	**$ 2,715,000**		**$ 10,665,000**		**$ 6,100,000**		**$ 35,455,000**		**$ 58,915,000**		**$ 8,590,000**		**$ 122,440,000**

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

Roseville Community Schools

Federal Awards Supplemental Information

June 30, 2024

Contents

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Roseville Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Community Schools (the "School District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 25, 2024, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 25, 2024.

The accompanying schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis, as required by the Uniform Guidance, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 25, 2024

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Education
Roseville Community Schools

We have audited, 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, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Community Schools (the "School District") as of and for the year ended June 30, 2024 and the related notes to the basic financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Education
Roseville Community Schools

Purpose of this Report

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

Plante & Moran, PLLC

October 25, 2024

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Roseville Community Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Roseville Community Schools' (the "School District") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2024. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Education
Roseville Community Schools

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 25, 2024

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2023	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities):										
National School Lunch Program - Entitlement Commodities 2023-24	N/A	10.555	$ 171,005	$ -	$ -	$ -	$ 171,005	$ 171,005	$ -	$ -
National School Lunch Program - Bonus Commodities 2023-24	N/A	10.555	12,511	-	-	-	12,511	12,511	-	-
Noncash Assistance (Commodities) subtotal			183,516	-	-	-	183,516	183,516	-	-
Cash Assistance:										
School Breakfast Program	231970	10.553	845,004	752,588	-	-	92,416	92,416	-	-
School Breakfast Program	241970	10.553	791,438	-	-	-	791,438	791,438	-	-
School Breakfast subtotal			1,636,442	752,588	-	-	883,854	883,854	-	-
National School Lunch Program	231960	10.555	1,786,934	1,598,140	-	-	188,794	188,794	-	-
Supply Chain Assistance 23-24	240910	10.555	110,198	-	-	-	110,198	110,198	-	-
National School Lunch Program	241960	10.555	1,634,861	-	-	-	1,634,861	1,634,861	-	-
NSLP-After School Snack Program 22-23	231980	10.555	14,338	13,071	-	-	1,267	1,267	-	-
NSLP-After School Snack Program 23-24	241980	10.555	13,912	-	-	-	13,912	13,912	-	-
National School Lunch program (incl. commodities)			3,743,759	1,611,211	-	-	2,132,548	2,132,548	-	-
Summer Food Service Program for Children (SFSPC)	230900	10.559	52,387	-	-	-	52,387	52,387	-	-
Total Child Nutrition Cluster			5,432,588	2,363,799	-	-	3,068,789	3,068,789	-	-
Special Education Cluster (IDEA) - U.S. Department of Education -										
Passed through the Macomb ISD:										
Special Education Grants to States:										
IDEA Flowthrough 2023	230450	84.027	2,582,175	2,582,175	695,025	-	695,025	-	-	-
IDEA Flowthrough 2024	240450	84.027	2,397,344	-	-	-	1,595,147	2,397,345	802,198	-
COVID-19 American Rescue Plan - IDEA	221280	84.027X	261,808	261,808	27,577	-	27,577	-	-	-
Total IDEA Flowthrough			5,241,327	2,843,983	722,602	-	2,317,749	2,397,345	802,198	-
Special Education Preschool Grants:										
IDEA Preschool 2023	230460-2223	84.173	154,695	154,695	33,052	-	33,052	-	-	-
IDEA Preschool 2024	240460-2324	84.173	180,893	-	-	-	112,053	180,893	68,840	-
COVID-19 American Rescue Plan - IDEA Preschool	221285	84.173X	77,606	77,606	14,731	-	14,731	-	-	-
Total IDEA Preschool Incentive			413,194	232,301	47,783	-	159,836	180,893	68,840	-
Total Special Education Cluster (IDEA)			5,654,521	3,076,284	770,385	-	2,477,585	2,578,238	871,038	-
Total clusters			11,087,109	5,440,083	770,385	-	5,546,374	5,647,027	871,038	-

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2023	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Current Year Cash Transferred to Subrecipients
Other federal awards -										
U.S. Department of Education -										
Passed through the Michigan Department of Education:										
Title I Grants to Local Educational Agencies:										
Title I Part A 2223	231530	84.010	$ 1,874,635	$ 1,781,057	$ 649,062	$ -	$ 704,226	$ 55,164	$ -	$ -
Title I Part A 2324	241530	84.010	1,991,492	-	-	-	1,354,437	1,891,293	536,856	-
Total Title I Part A			3,866,127	1,781,057	649,062	-	2,058,663	1,946,457	536,856	-
Title II Part A - Improving Teacher Quality State Grants:										
Title II Part A 2223	230520	84.367	342,973	264,984	124,006	-	136,202	12,196	-	-
Title II Part A 2324	240520	84.367	332,315	-	-	-	177,611	251,370	73,759	-
Total Title II Part A			675,288	264,984	124,006	-	313,813	263,566	73,759	-
Title IV Part A - Student Support and Academic Enrichment Program:										
Title IV - Part A SSAE 2223	230750	84.424	120,406	120,406	55,450	-	55,450	-	-	-
Title IV - Part A SSAE 2324	240750	84.424	124,210	-	-	-	84,303	48,163	(36,140)	-
Total Title IV Part A			244,616	120,406	55,450	-	139,753	48,163	(36,140)	-
Education Stabilization Fund (ESF):										
COVID-19 ESSER II Funds - Formula	213712-2021	84.425D	5,724,174	5,724,174	819,410	-	819,410	-	-	-
COVID-19 ESSER II Funds - Sec 23b Credit Recovery	213742-2122	84.425D	106,150	106,150	3,663	-	3,663	-	-	-
COVID-19 ESSER II Funds - 98c	213782-2223	84.425D	219,325	13,536	13,536	-	219,325	205,789	-	-
COVID-19 ESSER III Funds	213713-2122	84.425U	12,864,824	2,735,107	936,099	-	9,650,413	10,129,717	1,415,403	-
COVID-19 MV ARP Homeless II	211012-2122	84.425W	68,486	15,556	15,556	-	27,031	52,930	41,455	-
Total Education Stabilization Fund			18,982,959	8,594,523	1,788,264	-	10,719,842	10,388,436	1,456,858	-
Passed through the Macomb ISD -										
Career and Technical Education - Basic:										
Vocational Education - Basic Grants to States (Perkins)	233520/231216	84.048	37,992	37,992	4,570	-	4,570	-	-	-
Vocational Education - Basic Grants to States (Perkins)	243520/241216	84.048	58,959	-	-	-	32,094	58,959	26,865	-
Total Vocational Education			96,951	37,992	4,570	-	36,664	58,959	26,865	-
Passed through Calhoun ISD -										
Title I Grants to Local Educational Agencies -										
Title I Technical Assistance Grant	231580-2223	84.010	40,000	20,203	20,203	-	20,203	-	-	-
Total U.S. Department of Education noncluster programs			23,905,941	10,819,165	2,641,555	-	13,288,938	12,705,581	2,058,198	-
Total federal awards			**$ 34,993,050**	**$ 16,259,248**	**$ 3,411,940**	**$ -**	**$ 18,835,312**	**$ 18,352,608**	**$ 2,929,236**	**$ -**

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards

	Year Ended June 30, 2024
Revenue from federal sources - As reported on financial statements (includes all funds)	$ 18,388,367
Amounts reported as deferred inflows of resources (unavailable revenue) in the prior year as the related receivables were not collected within 60 days of June 30, 2023	(35,759)
Federal expenditures per the schedule of expenditures of federal awards	**$ 18,352,608**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Roseville Community Schools (the “School District”) under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

The School District has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards. Differences, if any, between the GAR and the schedule of expenditures of federal awards relate to the timing of payments and the fiscal year to which the payments relate. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	Yes	X	None reported
Noncompliance material to financial statements noted?	______	Yes	X	None reported

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	Yes	X	None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	______	Yes	X	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.010	Title I Grants to Local Educational Agencies	Unmodified
84.425U, 84.425W, 84.425D	Education Stabilization Fund (ESF)	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes	______	No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Roseville Community Schools

Report to the Board of Education

June 30, 2024

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To the Board of Education
Roseville Community Schools

We have recently completed our audit of the basic financial statements of Roseville Community Schools (the "School District") as of and for the year ended June 30, 2024. In addition to our audit report, we are providing the following results of the audit, other recommendations and observations, and informational items that impact the School District:

We are grateful for the opportunity to be of service to Roseville Community Schools. We would also like to extend our thanks to Ms. Rayetta Ashbaugh and the entire business office for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

October 25, 2024

Results of the Audit

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October 25, 2024

To the Board of Education
Roseville Community Schools

We have audited the financial statements of Roseville Community Schools (the "School District") as of and for the year ended June 30, 2024 and have issued our report thereon dated October 25, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 18, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 25, 2024 regarding our consideration of the 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 22, 2024.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School District are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024.

We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were the School District's share of the MPSERS net liability for the pension and net asset for the other postemployment benefit (OPEB) plans recorded on the government-wide statements related to GASB Statement Nos. 68 and 75, respectively. The School District's estimates as of June 30, 2024 were $102.6 million and $1.8 million for the pension and OPEB plans, respectively, based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the Board of Education and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

Chris Geck
Partner

Michael Walsh
Senior Manager

Other Recommendations and Observations

Food Service Fund - Fund Balance

We noted that the fund balance of the Food Service Fund continues to exceed the U.S. Department of Agriculture's maximum allowance of three months' worth of operating expenditures. The School District should continue to monitor its spenddown plan, entered into with the Michigan Department of Education, for reducing the balance to the acceptable level.

Informational Items

Managing the Changing Financial Resources Landscape

As fiscal year 2024/2025 kicks off, the school funding landscape is changing. Since 2020, the School District has faced a continuously changing environment. The pandemic created significant uncertainty, followed by a significant infusion of federal resources, and ultimately a stable and growing fiscal platform for the state budget. As new resources were added, new challenges were created to effectively plan, develop, deliver, evaluate, and account for the programs and services. Beginning with the 2024/2025 school aid budget, we have observed a change in the budget strategy. Projections suggest a slowing growth pattern for the School Aid Fund. For the first time in several years, the governor and Legislature were faced with difficult choices regarding what initiatives to fund or cut and where to modify funding levels, including the evaluation of initiatives that were borne out of the pandemic. While overall the School Aid Fund is as large as it ever has been, the ability to spread the funding to all desired initiatives is no longer realistic and school districts will have to monitor how funding changes will impact educational initiatives.

We understand the unique challenges school districts face within the changing funding landscape. We continue to work closely with state and federal decision-makers to both understand the changes and provide insight into potential implications. As a strategic partner and advocate for public education, we continue to meet with decision-makers before actions are finalized so that these groups can be well informed of the implications their actions will have on the students, your business office, and your financial statements. Our work continues with federal and state agencies as new or revised accounting and compliance guidance is developed so we can help school districts be better equipped to manage the new rules and requirements. As guidance is updated and opportunities are identified, we will continue to provide updates to aid the School District in managing changes and navigating complexities. We understand that the last several years have required substantial extra effort by the Board of Education, administration, teachers, and support staff to bring the School District through one of the most extraordinary times in education. We also understand that the work is not done, and we appreciate the opportunity to work side by side with your team during this next chapter.

School Funding - School Aid in Depth

The 2023/2024 fiscal year began the process of exiting the pandemic-related funding environment. Funding continued to include significant state-sourced increases, significant new education investments, and some significant one-time resources. While the 2023/2024 School Aid Fund suggested state fiscal sustainability, the 2024/2025 School Aid Fund estimates suggested the School Aid Fund is moving toward slower growth rates. As a result, while the 2023/2024 budget provided significant new resources for education, the development of the 2024/2025 school aid budget required more creativity. This comes at a time when federal pandemic-related funding ends at September 30, 2024 with the conclusion of the federal ESSER programs.

2023/2024 State Funding: The May 2023 Consensus Revenue Estimating Conference identified availability of significant new resources. This allowed the State to continue to make investments in education, shore up funding for long-standing programs, make investments where new needs were identified, and respond to the changing financial structure as federal pandemic-related funding begins to come to a close. Key highlights impacting the School District's funding for 2023/2024 included the following:

- **Foundation Allowance**: Increased the target foundation allowance by $458 per pupil to $9,608, a 5 percent increase. Hold harmless school districts also received the $458 per pupil increase. Cyber schools did not receive an increase and continued at $9,150.

- **Pupil Count**: Continued the traditional blended pupil count methodology, with 90 percent weighting for the October 2023 count and 10 percent weighting for the February 2023 count. However, for declining enrollment districts, a provision was added to use a two-year blended count to slow the impact of the decline on current year revenue. A district qualified if its 2023 final membership count was lower than the 2022 final membership count. In this case, a school district received additional funding through Section 29.

- **Special Education**: Special education funding is now fully treated as categorical and is not using foundation allowance amounts to supplement its required payments under the Headlee Amendment. In 2023/2024, special education funding provided by the State was provided from Section 51 of the State Aid Act. In the past, a portion of the funding was provided from Section 20, where the foundation allowance is determined.

- **MPSERS Cost for 2023/2024**: The basic structure continued, including cost support provided by the School Aid Fund. For 2024, the overall contribution rate increased to 48 percent of payroll from 45 percent, with the net cost to the School District increasing from 28 percent up to approximately 31 percent. For the first time in several years, the net cost to the School District increased in fiscal year 2023/2024.

- **GSRP**: Increased funding for the Great Start Readiness Program (GSRP) improved by funding reimbursement at the same level as the target foundation allowance and increasing the income limits, which increased the number of families eligible to participate. These steps align with the goal of ultimately making preschool available to all in Michigan.

- **At-Risk**: Increased funding for Section 31a/At-Risk programs and used an opportunity index to better weight funding based on need

- **School Meals**: Section 30d provided universal free breakfast and lunch for the 2023/2024 fiscal year with the intention of continuing the program. The 2024/2025 School Aid Fund amendments continued funding for the program. The program is state funded and did not replace the federal Child Nutrition Cluster.

- **Transportation**: Additional transportation funding provided using a formula based upon riders per square mile

- **Mental Health and School Safety**: Additional one-time funding infusion for student mental health and school safety services

- **Student Loan Repayment**: One-time allocation for a student loan repayment program for districts to repay loans of employees who work directly with students. Note, this funding was not put into the system until late in the school year, creating some challenges in revenue recognition at June 30, 2024.

- **Retirement**: Increased allocation for contributions to the retirement system to reduce its long-term cost

- **ISD Operations**: Intermediate school district (ISD) operations allocation increased by 5 percent to mirror the increase in the foundation allowance.

2024/2025 State Funding: As the 2023/2024 school year was coming to a close, the May 2024 Consensus Revenue Estimating Conference predicted that there will be sufficient resources for current programs but suggested that the revenue growth in the School Aid Fund will continue at a slower pace than the previous two years. As a practical matter, the conference conclusions suggest the funding growth will mirror more closely the pre-pandemic growth levels. As schools entered the 2024/2025 fiscal year, the School Aid Bill was completed and signed into law. The bill provided for some funding increases and resources to fund new initiatives agreed to by the governor and Legislature. It also reduced the allocation for some one-time categoricals. It increased resources provided for retirement, and it did not provide a foundation allowance increase. Instead, the analysis of the bill indicates that the modifications, primarily with retirement funding, free up about $400 per pupil for each district to spend on operations. Based on the mechanics of the School Aid Bill, not every district will realize a full $400 benefit. Some key highlights of the School Aid Bill include the following:

- The target foundation allowance stays at $9,608 per pupil for public schools. Public school academies received a 3.9 percent increase in their target foundation, estimated at $9,983. The increase was due to the fact most academies do not participate in the MPSERS and are funded using a separate categorical.

- Funding continues for declining enrollment districts to smooth the impact of resulting revenue decline.

- For 2024/2025, the State’s obligation under the Headlee Amendment will continue to be funded from the special education allocation within the school aid budget. Previously, a portion of that obligation was paid from the School District’s foundation allowance allocation.

- Revisions to amounts provided in Section 147 (MPSERS categoricals) to increase funding for retirement. The increase in resources essentially replaces an increase in the foundation allowance. By reducing the net cost of the retirement contribution, the School District will have more resources to invest in ongoing operations. Notably, the revision to the funding strategy was crafted when the bill was in conference committee. Prior to the conference report, each version of the bill provided for an increase in the foundation allowance ranging from $217 to $302 per pupil.

- The MPSERS OPEB and pension funding has been the focus of School Aid Fund discussions for many budget cycles. For years, the OPEB plan was underfunded and had a very large net liability (referred to as the “UAAL”). The current issue focuses on OPEB, which is now considered fully funded, meaning that the plan now has sufficient assets to cover accrued health benefits for current and former employees’ past services. State funding provides a contribution to districts to cover the UAAL costs, which is about $669 million, statewide, for the historical OPEB UAAL. The 2024/2025 School Aid Bill redirects $598 million of the savings back to the School District. This will be funded through a categorical, 147a4, and will represent approximately 5.75 percent of MPSERS-related payroll.

- GSRP receives an increase in funding and provides for more families to be eligible for free preschool. Now, families who are less than four times the federal poverty level will be eligible for free service.

- At-risk funding is now over $1 billion. Revisions to the program include new flexibility provisions to reduce teacher-student ratio and support retention and recruitment efforts.

- Categoricals continuing without substantive change include, but are not limited to, the following: Transportation, Future Educator Fellowship, Student Teacher Stipend, and ISD Operations support.

- Many smaller categoricals were eliminated or had reduced funding. However, the most significant funding reduction was for mental health and school safety. Since this program was considered a one-time program, it was not considered a cut; however, districts that built programming around this funding will need to determine if other sources can be used to fund the programs.

- Special Education Services: In 2023/2024, use of the foundation allowance to contribute to the State's support of special education ceased, and the State's contribution to support special education is paid entirely from a categorical allocation. These changes in the funding formula will have the effect of providing more state support to cover the cost of special education operations. The implication to the School District will be that more funds will be freed up to support other general education activities. The actual amount of the shift varies by district and requires some analysis. This funding methodology continued for 2024/2025.

Many of these initiatives have their roots in the education issues encountered during the pandemic, along with the desire to continue to address the recommendations first identified in the Michigan School Finance Collaborative, which outlined priorities for responding to education needs. Careful planning to effectively leverage these funding sources, along with managing programs initiated during the pandemic, will be critical for school districts throughout the 2024/2025 school year.

Looking Forward to 2025 and Beyond

The May 2024 Consensus Revenue Estimating Conference provided a look into 2025, 2026, and 2027. Essentially, the conclusion from the conference indicates the expected funding levels are beginning to level off. The key implication is that it is unlikely that the School Aid Fund will be able to provide the same growth in resources available to public schools as we move into the future. Given that, in the last few years, several categoricals were added to the funding scheme, as well as significant increases to the foundation allowance, the revenue estimates suggest that funding modifications may be required. Since many of the added categoricals were labeled as one-time categoricals, it appears that these programs may be most at risk of adjustment in the future. For 2024/2025, we have already seen such an adjustment for mental health and school safety, where the funding levels were significantly reduced. We have also seen that there was no foundation allowance increase provided for 2024/2025. Instead, modifications were made to retirement funding, which essentially provided about $400 per pupil of freed-up resources for districts to fund their operations. Key themes that continue to be areas of emphasis when evaluating future spending decisions include the following:

- **Federal Pandemic Resources**: The last major funding source is ARP ESSER III. It was funded as part of the Education Stabilization Fund and sunset on September 30, 2024. Some of the funding may have been used by the School District to fund recurring costs of operations. This date, referred to as the funding cliff, will require each district to evaluate its budget strategy to determine if resources supported recurring operations, and what resources will be available to fund continuing operations once the funds are depleted. The School District will need to closely evaluate the impact of the sunset of the ESSER funds on future budgets.

- **Sustainability of Initiatives from 2023/2024**: There were several initiatives included in the 2023/2024 amendments to the State Aid Act. Revenue projections continued to show significant growth, creating room to fund recent and new initiatives. Many of the initiatives result from common themes, including the pandemic, mental health concerns of students and staff, addressing the teacher shortage, school security, continuing investment in preschool, vocational/career training, beginning to focus on educational infrastructure investment, meeting the special education funding requirements with categorical funds, and providing free meals to all students (new Section 30d). Many of these initiatives were carried forward and continued in the 2024/2025 amendments to the State Aid Act, but some were not due to resource constraints. The biggest example is the reduction in previously labeled one-time funding for mental health and school safety. Each initiative required assessment and planning by individual school districts. With new resources comes new responsibility to determine the most effective way to leverage these funds for the benefit of the students, staff, and the School District. The same challenges exist as districts assess the content of the 2024/2025 amendments to the State Aid Act.

- **Pupil Count Trends**: During the pandemic, most public schools across Michigan experienced a decline in enrollment. Statewide enrollment has historically been slightly under 1.5 million students. Prior to the pandemic, annual enrollment figures were declining annually at about 10,000 students per year. However, during the pandemic, statewide enrollment decreased in excess of 50,000 students. As part of the Consensus Revenue Estimating Conference process, total enrollment is tracked and estimated. A key consideration in the projections continues to be to what extent the 50,000 student reduction will recover. Current data suggests that some portion returned as the rate of decline slowed, but enrollment will not recover to pre-pandemic levels. While this data is important statewide, it is very important at the local district level. Since the foundation allowance is computed on a per pupil basis, a stable and predictable enrollment will have a substantial impact on the financial picture. As a practical example, on average, it takes about 10 students to fully fund a teacher position. As districts continue to operate in the post-pandemic period, continued focus on recruiting and retaining students and families will be essential to improving student enrollment.

The key lesson from the 2024/2025 budget cycle is that, since resources provided in the School Aid Fund are projected to return to a pace similar to pre-pandemic levels, the governor and Legislature will once again be forced to make difficult choices in deciding how to fund programs. In turn, school districts will be required to adjust to changes in funding priorities and ultimately how resources will be used for local district operations. Some of those challenges include the following:

- The impact of a recession on school funding if it were to occur
- Fully utilizing the ESSER III allocation and how it will impact recurring operations once funding ends
- Staff retention and recruitment, including use of novel approaches, some of which are funded by state categoricals, for as long as they are in place
- Continued efforts at attracting and retaining students to the School District
- Pupil count trends and projections for school districts and school buildings to better plan staffing, infrastructure, and operational needs
- Evaluating programs addressing learning loss, including funding of programs once pandemic-related funding is concluded
- Planning for potentially expanded preschool services funded under an expanded GSRP, including identification and equipping of facilities
- Assessing food service operations as entering the second year of the new state-funded free breakfast and lunch program
- Potential staffing cost increases
- Operating cost increases resulting from inflation
- Technology cost increases and access to technology learning tools
- Costs for school security and mental health services, especially with the reduction in funding in 2024/2025
- Identifying, recruiting, and retaining staff to provide mental health and school security services
- Cost trends for the retirement system and the extent to which state support is used from the School Aid Fund

The next Consensus Revenue Estimating Conference will occur in January 2025. As districts move into the 2024/2025 school year, they will need to carefully plan for how best to use current resources as well as begin to plan for potential adjustments going forward as state funding growth begins to slow.

Prevailing Wage Requirements

When utilizing federal funding for projects that fall under the definition of construction in the Davis Bacon provisions, there are specific guidelines that may apply, such as the prevailing wage requirement. Prevailing wage requirements will apply when a school district utilizes federal funding for remodeling, renovation, repair, or construction contracts over $2,000. The School District must ensure the contract terms include the requirement to comply with prevailing wages, as well as ensure that certified payrolls were completed and subsequently reviewed by the School District.

Grants Management

Grants have always been a substantive area in school operations. Typical federal programs seen in most districts include Title I, Special Education, and Child Nutrition. These and other programs continue to be important and require significant skill, attention, and time to account for and adequately deploy those resources. Additionally, with the advent of the pandemic, programs such as ESSER, GEER, and CRF have infused significant new federal resources into the School District. These events have significantly increased the workload, burden, and grants management risk across the School District. As the pandemic programs wind down and reach the end of their individual grant periods, federal agencies, along with state-level pass-through agencies, have increased their oversight and scrutiny over the overall administration of the federal programs, including heightened focus on internal controls.

This provides a significant challenge for the School District to ensure that resources, processes, and controls are in place and operating as designed. As the School District moves into the 2025 fiscal year, we suggest performing a risk assessment of its key processes and controls. This assessment and related action items can help ensure the School District has the pieces in place for an effective and efficient response to the grants management challenges and documented oversight reviews at the right levels.

Michigan Public School Employees' Retirement System (MPSERS) - Update on the Plans' Net Pension Liability and OPEB Asset

Similar to the State of Michigan, the MPSERS plan has a September 30 year end. With the adoption of GASB Statement Nos. 68 and 75 several years ago, school districts have been reporting their share of the MPSERS plan funded status in the government-wide financial statements.

At September 30, 2023, the pension portion of the MPSERS plan for the State of Michigan had a net pension liability of approximately $32.4 billion. This is a decrease of approximately 15 percent from the reported amount of $37.9 billion on September 30, 2022. One of the primary reasons for the decrease in the net liability was the net investment returns. The pension plan's annual investment rate of return was 8.3 percent for the year ended September 30, 2023, compared to an investment loss of 4.8 percent for the year ended September 30, 2022.

At September 30, 2023, the retiree health care portion (OPEB) of the MPSERS plan had a net OPEB asset of approximately $566 million compared to the net OPEB liability of $2.1 billion at September 30, 2022. This year marks a significant milestone for the OPEB portion of the plan, flipping from a net liability to a net asset. One of the primary reasons for the decrease in the net liability was the net investment returns. The pension plan's annual investment rate of return was 8.3 percent for the year ended September 30, 2023, compared to an investment loss of 4.8 percent for the year ended September 30, 2022.

Fund Balance

Fund balance, particularly in the General Fund, is critically important to ensuring the financial health and stability of the School District. Having adequate fund balance allows the School District to navigate through and respond to unexpected losses or revenue shortfalls, such as emergency repairs or decline in funding. It ensures the School District can continue its operations smoothly without disruptions, even in times of financial uncertainty. A healthy fund balance can also improve the School District's credit rating, making it easier and less expensive to borrow money when needed. Overall, having a healthy fund balance allows for better long-term financial planning and budget flexibility to ensure the School District's resources are being utilized in the most effective manner possible. Given the changing landscape in state and federal funding over the past few years, fund balance will continue to garner more attention among board members and key stakeholders.

During the 2023/2024 school year, the School District's General Fund revenue exceeded expenditures by approximately $10.5 million. This increased the General Fund fund balance to approximately $22.9 million at June 30, 2024. Fund balance goals are often stated in terms of a percentage of total expenditures. As a point of reference, the statewide average for school districts at June 30, 2023 was approximately 21.86 percent of expenditures and outgoing transfers. Fund balance at the statewide average would approximately equal the School District's average operating costs for an 11-week period. The School District's fund balance percentage is 35.14 percent and equals approximately 18 weeks of operation.

Upcoming Accounting Pronouncements

There are several upcoming accounting pronouncements that will have an impact on future financial statements of the School District.

GASB Statement No. 101 - Compensated Absences

School districts have historically been required to account for certain types of accumulated employee leave time in their financial statements; however, the existing standards were written many years ago, and significant changes have occurred since then related to the various types of compensated absences that exist today. The GASB adopted a new pronouncement that addresses the accounting for compensated absences, which include vacation, sick, and other paid leave time. Under GASB 101, the School District will record a compensated absence liability in the full accrual financial statements for leave time that (1) is attributable to services already rendered, (2) accumulates, and (3) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability is to be recorded each reporting period, in the full accrual statements only, using each employee's pay rate as of the date of the financial statements. The new standard also removes the historic requirement related to disclosing the gross additions and reductions to the compensated absence liability in the financial statements, and, instead, a school district can disclose only the net change during the year. The new standard also removes the previous requirement to disclose which funds are responsible for liquidating compensated absence liabilities as they are paid.

This statement is effective for the School District's year ending June 30, 2025. The School District should begin to review the requirements of this new pronouncement, as it may have an impact on how the School District accounts for its compensated absence liability, including the cumulative effects of the accounting change on net assets as of July 1, 2024. Adoption will require assessments of historical data, and management should ensure this data is readily available to formulate assumptions.

GASB Statement No. 102 - Certain Risk Disclosures

This standard establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. For those meeting the definition in the standard, the School District will disclose the concentration or constraint, related events that could have a substantial impact, and actions taken to mitigate the risk. The School District will need to carefully review the definition of concentrations and constraints to properly identify those that may require disclosure. This new standard is effective for the School District's June 30, 2025 year end.

GASB Statement No. 103 - Financial Reporting Model Improvements

The objective of this standard is to make improvements to the financial reporting model, including Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other reporting model-related pronouncements. A key change to this standard from the exposure draft is the removal related to the recognition in and the presentation of governmental funds. The standard's scope includes management's discussion and analysis (MD&A); proprietary fund financial statement presentation, particularly the operating/nonoperating classification; budgetary comparisons; major component unit information; and the presentation of unusual or infrequent items. This statement requires that the MD&A be limited to the five topics noted in the standard and provides further guidance on how the MD&A should be written. For proprietary fund financial reporting, the statement defines operating and nonoperating revenue and expense. It also requires a new subtotal for operating income (loss) and noncapital subsidies. The statement prescribes that the budgetary comparison be reported only in the required supplementary information section of the statements and dictates what variance information to be included. Next, the statement requires that major component unit information be presented separately in the statements of net position and activities, with a caveat for readability. Lastly, the statement describes unusual and infrequent transactions and outlines how they should be presented separately. This new standard will be effective for the School District's June 30, 2026 year end.

Michigan Department of Treasury - Numbered Letter 2023-1: Bonded Construction Fund and Sinking Fund Reporting Changes

Historically, school districts were required to comply with the Michigan Department of Treasury's (Treasury) Bulletin 7 and Numbered Letter 2004-4 as related to the audit and reporting requirements of a bond-funded construction fund and sinking funds. During 2023, Treasury released Numbered Letter 2023-1, which supersedes Bulletin 7 and Numbered Letter 2004-4. Plante & Moran, PLLC participated in reviewing and providing feedback on the new guidance throughout the process of drafting it. The new guidance goes into effect for sinking fund and bond compliance audits that are required to be reported for the June 30, 2024 reporting period. It is important for school districts to review these changes to ensure compliance with the new audit and reporting requirements. Some of the primary changes include the following:

- School districts will no longer submit financial information upon bond closeout to Treasury. Rather, Treasury will gather the data it needs from the annual audited financial statements that are already being submitted to the Department of Education. School districts will, however, need to submit an annual transmittal letter to Treasury that includes notification on status of the bond-funded Capital Projects Fund.

- The determination of the completion date has been simplified. The completion date will always be the June 30 immediately following the later of (1) the certificate of substantial completion or (2) 95 percent of the bond proceeds being spent. It will then be expected that the auditor completes its work in conjunction with the submission of the School District's audited financial statements.

- For bonds with multiple series, if the series being audited are for projects that were all approved by the electors at the same time, the activity for all series may be accounted for within one fund.

- The activity associated with any sinking fund levies renewed after May 7, 2023 should be accounted for in a capital projects fund that is separate from any remaining fund balance associated with levies authorized prior to May 7, 2023. This could potentially result in a situation where the School District may need to create a separate capital projects fund to account for activity associated with levies authorized after May 7, 2023 if the School District has not yet spent all of the fund balance associated with levies authorized prior to May 7, 2023.

We have been working with the administration to ensure it is familiar with the new requirements.

Bond Investment Earnings - Arbitrage Considerations

Arbitrage is not a new topic; however, in the current environment of raising interest rates, it is a topic that has recently received more attention. So, what is arbitrage? To summarize, arbitrage is the difference between the interest expense paid by the bond debt issuer (school district) and the earnings on the invested bond proceeds. School districts are tax-exempt organizations and, therefore, subject to federal arbitrage compliance rules. As a result, the School District may be limited to the amount of investment earnings that it is allowed to retain. The arbitrage calculations are quite complex, and generally the School District needs to work with its bond advisor to ensure this computation is completed on a recurring basis. Generally, at the five-year anniversary of the original bond sale, a computation is also completed and used to report to the federal government any investment earnings in excess of what is allowed to be retained and is generally due back to the federal government (Internal Revenue Service). The annual arbitrage calculations are also utilized to determine if the School District should report an arbitrage liability at June 30 in the full accrual set of financial statements. No amounts are recognized in the capital projects funds until the year of the final calculation. At June 30, the School District has unspent bond proceeds that are accruing investment earnings. The School District completed its analysis, and it was determined that there is an arbitrage liability in the amount of $237,393, and the School District has reported this as a liability in the government-wide statement of net position at June 30, 2024.

Inflation Reduction Act (IRA)

The Inflation Reduction Act was signed into law on August 16, 2022. Among other items, the IRA allocated $369 billion over the next 10 years to fund energy and climate projects in an attempt to reduce emissions by approximately 40 percent by 2030. One of the components of the IRA is the availability of a direct-payment option, in lieu of a nonrefundable tax credit, to tax-exempt entities, including governmental entities like the School District, to reimburse the entity for a portion of the cost of qualifying capital improvements. The IRA provides a new opportunity to tax-exempt entities to reduce the cost of eligible projects while also enhancing an organization’s sustainability efforts and reducing carbon footprint. For school districts, capital expenditures that may qualify include the purchase of certain electric vehicles and the installation of equipment that generates renewable energy (such as solar panels). Many of the credits and incentives are available through 2032, offering a long-term runway for potential benefits. We will continue to keep the School District informed regarding future developments.

OMB Revisions to the Uniform Guidance

In April 2024, the Office of Management and Budget (OMB) released revisions to the Uniform Guidance (UG) for federal grants and agreements. The guidance clarifies the applicability of requirements and terminology and includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. Changes to certain administrative requirements are effective for grants received on or after October 1, 2024. One key change to audit requirements relates to the increase of the single audit threshold from $750,000 to $1 million. The Type A threshold for federal programs also increases from $750,000 to $1 million. This change is effective for fiscal year ends starting on or after October 1, 2024 and, therefore, would be applicable for the School District’s fiscal year ending June 30, 2026.

Capitalization Thresholds Under Uniform Grants Guidance

The April 2024 Uniform Grants Guidance Revision that is described above resulted in the equipment capitalization threshold increasing from $5,000 to $10,000. This threshold applies to the value of equipment that at the end of the grant period may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency. In addition to considering this UG threshold related to federal grants compliance, it may be a good time for the School District to reevaluate the capitalization thresholds, understanding that there are various factors to consider. Ultimately, a school district will be required to track equipment purchases below $10,000 for grant compliance purposes if the School District's policy is set below this new federal floor.

Understanding and Managing Potential Cyber Threats

Education continues to be one of the top targets for ransomware attacks. Legislation referred to as the K-12 Cybersecurity Act of 2021 was signed into law in October 2021 in recognition of the significant risk to school districts. This legislation has led to actionable guidance for K-12 organizations to act upon in order to strengthen their cybersecurity posture. Many K-12 organizations struggle to find adequate resources in the form of human capital or budget to adequately protect their information systems and critical data or, even worse, understand the risks associated with their use. Below are a couple key considerations:

- Do you know where all of the various data resides in the school district? PII, FERPA, HIPAA, and credit card (PCI) data all have very specific security and annual attestation requirements.

- Is your organization ready for the inevitable cyberattack? Ensuring all stakeholders, not just IT, know their role in cyber incident response is imperative to an effective response.

- Are you taking advantage of grant and other funding opportunities? K-12s should ensure they are taking full advantage of available resources.

Having an external party perform an assessment on vulnerabilities may provide additional support to the IT team for initiatives it is implementing and provides peace of mind for the board that vulnerabilities have been assessed and addressed. If you are interested in discussing this further, we would be happy to continue the conversation and be a trusted advisor in your cyber journey.

Operations Review and Controls Assessment

Roles and responsibilities have changed for many administrative and operations staff over the past few years due to increased reporting requirements, the pandemic, and reductions in staff count. Staff sizes have been reduced in many districts, while demands for services, technology, and reporting requirements have increased. An operations review can be very helpful to the School District in identifying ways to optimize the resources it has. The School District may benefit from reviewing and redesigning processes to ensure that only value-added steps are included in the process. Process redesign involves mapping current processes (e.g., facilities work orders, purchasing, and payroll) and identifying potential improvements by leveraging technology systems and/or eliminating steps.

When making changes to operations and processes, it is important for the proper controls to be implemented or remain in place. We have performed numerous reviews for school districts regarding the staffing, functions, responsibilities, controls, and communication within the business office, human resources, and facilities and operations to provide suggestions for increased efficiency, operational effectiveness, and/or improved reporting and analysis capabilities. We would be happy to discuss our capabilities in this area and the value we can bring to the process.

IT Assessment and Planning

Much of teaching and learning today is predicated on reliable, robust, and secure technology, as well as an effective IT support function. The pandemic was very disruptive, including from a technology perspective. In the span of a few months, the use of technology in teaching and learning shifted dramatically, with greater mobility, learning on demand, and an increase in 1-to-1 initiatives. Cybersecurity threats increased at the same time support requirements expanded. Even though staff and students have returned to normal operations, the School District's IT support requirements have changed.

This may be a good time to consider an IT assessment that reviews information technology from people, process, and technical perspectives. Areas of focus include governance, IT staff and organization, use of external service providers, service delivery, network and device management and monitoring, cybersecurity policies and procedures, and the technology itself. An IT assessment provides an objective evaluation of current operations, with an actionable plan for improvements and enhancements. Many districts use the results of an IT assessment as their action plan for the next two to three years. We would be happy to discuss how we can help.

Taking Advantage of Data Analytics within K-12 School Districts

The School District collects more data than ever before, but has it helped you take meaningful action? The complexity of drawing actionable insight from larger disparate data sources often stands in the way of making better data-driven decisions. The landscape of opportunity within advanced analytics can create order from the chaos and transform your data into actions that make a difference. Understanding the right approach is based on an assessment of the goals of the School District. Based on our experience, we suggest school districts begin considering a few initial questions:

1. How can we better understand the needs of our student population?

   It has become increasingly important to develop a deeper understanding of individual student, school, and district-wide performance. Actionable insight into your student population to create data-driven strategies is achievable through advanced analytics.

2. Where might we be overspending?

   When faced with tighter budgets in an evolving and fiercely competitive funding environment, schools are relying more heavily on their data than their instinct to detect leakages and eliminate inefficiencies in their operations. Leveraging advanced analytics can optimize your in-district delivery model and identify opportunities to reduce operational costs.

3. How can we develop a data-driven strategy?

   A staggering volume of education data is underutilized by school districts. Asking meaningful questions about the alignment of your data vision, people, processes, technology, and data governance is the first step toward preparing a data-driven strategy.

Planning for the Future with Pupil Enrollment Projections

In the course of our review, we noted that the School District is assessing its capital needs in preparation for planning a potential bond or sinking fund. Because districts rely heavily on student enrollment to determine funding, define future academic offerings, and make facility decisions, we recommend the School District conduct a pupil enrollment projection annually. Detailed projections allow your school board to create financial models and understand current and projected facility needs to accommodate the student population.

To the extent it would be helpful, we would be happy to introduce you to our affiliate Plante Moran Realpoint (formerly Plante Moran Cresa). Plante Moran Realpoint (PMR) is one of four recognized enrollment projection service providers in the state of Michigan. The team has developed a projection model that has proven to be more than 99 percent accurate in helping districts predict enrollment for years into the future. PMR can provide projections for the entire district or focus solely on specific buildings, grades, or areas.

Building Utilization and Facility Assessments

Enrollment changes could be affecting the utilization of the School District's facilities. We suggest you consider conducting a utilization study and facility assessment to analyze your facilities well before planning an investment in renovations or new construction.

To the extent it would be helpful, Plante Moran Realpoint (formerly Plante Moran Cresa), an affiliate of Plante & Moran, PLLC, can help you conduct an assessment based on your current enrollment and curriculum needs to help you locate areas of potential changing enrollment and understand its impact on facility usage. Plante Moran Realpoint's assessments involve a complete review and report of every district building related to the following:

- Capital requirements for upgrades, renovations, upkeep, and improvements
- Specific identification and timeline for replacement of the following:
  - Exterior components (i.e., roofing, windows, site improvements, etc.)
  - Interior components (i.e., flooring, doors, hardware, ceilings, etc.)
  - Mechanical, electrical, and plumbing systems
- Summary of the current use of the facility (for classrooms, support rooms, storage, etc.)
- Summary of current and future enrollment needs by building
- Recommendations for best utilizing the existing space and future plans for programming
- Assist the School District and its financial advisor in funding strategies