

Annual Comprehensive Financial Report

for the fiscal year ended June 30, 2024

Waterford, Michigan



Annual Comprehensive Financial Report

Oakland Schools

**2111 Pontiac Lake Road
Waterford, MI 48328**

**For the Fiscal Year Ended
June 30, 2024**

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October 23, 2024

To the Citizens of Oakland County
and the Board Members of Oakland Schools

State law requires that every school district and intermediate school district publish a complete set of audited financial statements by November 1 each year. The Annual Comprehensive Financial Report (ACFR) of Oakland Schools (an intermediate school district) for the fiscal year ended June 30, 2024 is hereby submitted to fulfill that requirement. The Oakland Schools Department of Financial Services prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Oakland Schools (the “District”). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various District funds. All disclosures necessary to enable the reader to gain a thorough understanding of the District’s financial activities have been included.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a listing of the elected and top administrative officials of the District, the District’s ASBO Certificate of Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2023 and the District’s administrative organizational chart. The financial section includes the independent auditor’s report, management’s discussion and analysis (MD&A), basic financial statements, required supplemental information, and other supplemental information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The basis for preparing the ACFR for the District was first to identify the financial reporting entity exclusive of any potential component units. Potential component units were evaluated to determine whether they should be reported in the District’s ACFR. A component unit is considered to be part of the District’s reporting entity if it meets the criteria as outlined by the Governmental Accounting Standards Board (GASB) in Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statements 39 and 61. The ACFR includes all District funds and account groups that are controlled or dependent upon the District’s Board of Education. There are no component units included in the District’s ACFR, and Oakland Schools is not included in any other governmental “reporting entity.”

The District

Oakland Schools is one of 56 intermediate school districts (ISDs) established in Michigan in 1962. ISDs are regional service agencies that offer support services to local school district personnel that are best delivered regionally, as measured by cost, size and quality advantages. Oakland Schools is an autonomous, tax-supported public school district governed by Michigan General School laws. The District serves 28 local school districts and 22 public school academies, each independently funded, with a countywide

enrollment of approximately 178,400 students. Enrollment decreased by .8%, or 1,455 full time equivalents between 2022-23 and 2023-24. Countywide, student enrollment had been declining since 2007, primarily due to the economic environment in the state of Michigan causing families to move out of state and lower birth rates in the county. Between 2020-2030, the population for ages 5-17 is projected to decrease by 7.3% according to the Southeast Michigan Council of Governments and will then increase over the subsequent ten-year period. This will have a corresponding impact on projected school district enrollment. Enrollment does not impact the financial resources of Oakland Schools however, as our primary revenue source is property taxes, and the District does not receive a per pupil foundation allowance nor any per pupil funding.

The District's Board of Education members are elected by local school boards and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. The Board of Education is responsible for the selection and appointment of the superintendent, as well as setting policy, developing long-range educational goals, adopting and amending operating budgets, and evaluating school programs.

Oakland Schools operated and housed staff in six locations in 2023-24, three of which are owned and three of which are leased. Our locations housing staff consist of the main Administration Building and Summit building (Production Print, Special Populations and Medicaid) in Waterford, Michigan; and four technical campuses in each of the quadrants of the county: Northwest Campus in Clarkston, Michigan, Southwest Campus in Wixom, Michigan, Northeast Campus in Pontiac, Michigan and Southeast Campus in Royal Oak, Michigan. The four technical campuses provide a countywide career focused education learning system to approximately 2,700 students from all 28 constituent districts. The condition of all Oakland Schools' facilities is excellent. All owned facilities are routinely evaluated and renovated or updated to ensure they are structurally sound and are state-of-the-art facilities. The District maintains a 5-year capital plan which is updated annually to prepare for necessary improvements and upgrades to facilities and equipment. The District pre-funds at least three years, and up to five years, of the capital plan requirements. This planning process ensures Oakland Schools maintains adequate funding and can meet our capital needs.

Economic Condition and Outlook

Oakland Schools and the school districts we support are primarily located in Oakland County, which covers approximately 910 square miles. Despite recent years of economic turmoil with the Great Recession in 2009 and more recently with the COVID-19 pandemic ("the pandemic") that has plagued Southeast Michigan, along with the rest of the nation, Oakland County has remained one of the most prosperous counties in the country. More important, it has the necessary assets to remain a prosperous and welcoming county in the future. Oakland County remains one of the most prominent local economies in the nation, with some of the most promising longer-term prospects. The County's knowledge-based economic activity is among the most concentrated in the country and the percentage of the population holding an associate's degree or better well exceeds the national average, which are two good indicators of future economic prosperity.

The County is especially noteworthy for its share of residents employed in professional and managerial occupations, which bodes well for future growth opportunities in higher paid activities. Advanced manufacturing industries support a workforce which tends to be well-educated and well-paid. While the overall job growth forecast is favorable, economists predict it will be strongest in the private health and social services sector, along with blue-collar industries. This is partially due to higher-wage industries losing few jobs during the pandemic, but their recovery has been less robust. Job recovery by the first quarter 2025 is expected to return to pre-pandemic levels and exceed pre-pandemic levels by 1.3% by the end of 2026. Recovery is most prominent in higher-education services industries such as finance, professional, scientific, and technical services, health services and government. The unemployment rate was 4.3% as of June 30, 2024, compared to a nationwide average of 4.1%. Oakland County's affluent, well-educated community has been, and will continue to be, its own best resource for maintaining a thriving economy. For more information about Oakland County's economic engine, please visit either www.oakgov.com or www.automationalley.com.

School Finance

Oakland Schools is allocated one-fourth mill (0.25 mill) for general operating purposes from the millage allocation authorized in each Michigan county, in accordance with the State of Michigan constitution. Under the terms of the Tax Limitation Amendment of 1978, this millage has been “rolled back” to reflect growth of property valuation above the inflation rate. For the fiscal year ended June 30, 2024, the District’s General Education Fund operating levy was .1881 mills. Due to a millage rollback, the District will levy .1874 mills in fiscal year 2025.

The District is legally permitted to seek voter approval to fund special education and vocational education programs. The voters had authorized special education tax levies totaling one and three-fourths mills (1.75 mills) and a vocational education tax of one-half mill (0.50 mills), all of which have been “rolled back” under the terms of the Tax Limitation Amendment of 1978. On September 25, 2001, the voters authorized an additional tax levy for both special education (1.1704 mills) and vocational education (0.2279 mills). The District’s special education and vocational education total levies for the fiscal year ended June 30, 2024 were 2.3925 mills and .5852 mills, respectively. These rates will be reduced to 2.3837 and .5830, respectively, in fiscal year 2025 due to millage rollbacks.

The taxable valuations for Oakland County properties during the Great Recession suffered a cumulative loss in value of 24.5%. Taxable values finally reached pre-recession levels in fiscal year 2023, however the cumulative impact of losses over those years totaled almost \$439 million.

Nearly 76% of the tax revenues collected are the Special Education property tax which flows through to school districts in Oakland County. Taxable values of Oakland County properties increased by 6.4% and 7.5% in fiscal years 2023 and 2024, respectively and estimates showed future increases of 6.8% for fiscal 2025 and just over 4% for 2026-2028. Due to Proposal A however, the District’s tax levy increase is limited to the rate of inflation and the full amount of taxable value increase is not expected to be realized. Oakland Schools continues to monitor the economic environment for indications of another recession and the impact that the pandemic may have on property tax revenue estimates.

Oakland Schools continues to monitor ongoing Michigan Tax Tribunal (MTT) judgments. There was a significant backlog of cases that arose during the recession that took several years to complete. Not all MTT judgments result in a reduction in taxable value for the plaintiff, although a good number of them do. These judgments often result in a refund of previously collected property taxes that the County must provide to the plaintiff(s), and the County passes these costs onto the respective municipalities and school districts, such as Oakland Schools. At the time of this publication, Oakland Schools is using the same information that Oakland County Government has developed for determining the liability exposure to MTT appeals. As a result, we have determined that a reserve of \$650,000 is appropriate to address successful property tax appeals through the school fiscal year ending June 30, 2025.

Major Initiatives

Purpose

Our statement of purpose as of June 30, 2024 and as adopted by our Board of Education is:

“EVERY STUDENT. EVERY DAY.”

Our beliefs, as adopted by our Board of Education are:

- It’s about service.
- Students form the lens through which our best educational decisions are made.

- All students can and will learn.
- Collaboration builds understanding.
- Education is a shared responsibility.
- Our success depends upon our employees.
- Change is opportunity.
- Lifelong learning is a key to lifelong success.
- Effective relationships are powerful.
- Differences expand our thinking.
- Visionary leadership creates a dynamic environment.
- We must develop leaders for tomorrow.
- Ethical behavior is everyone's responsibility.

To support our mission and beliefs, the Board of Education has formally adopted and maintains a continuous improvement plan for Oakland Schools. As of June 30, 2024, the goals of the continuous improvement plan are:

1. Equity
2. Well-Being
3. Excellence
4. Operations

Oakland Schools strives to promote equity and excellence in education throughout the District. We do this through quality service and leadership. We explore, experiment, and model ideas to improve education and enhance teaching skills through discovery and practice. We understand that our role as an Intermediate School District is to support student achievement in our constituent districts. We meet this responsibility through our professional and curricular development programs, development and implementation of regional best practices and operating efficiencies, and our monitoring and compliance activities.

Examples of current programs, initiatives, and support systems that serve our constituent school districts follow:

Consortium Pricing

Oakland Schools supports our constituent districts by evaluating resources, tools and providers for various local district needs. We negotiate with providers to seek discounted consortium pricing, saving districts over \$1 million annually in product pricing and implementation support. Current examples of educator tools procured on behalf of constituent districts include the Atlas Curriculum Mapping System, Illuminate DnA, Discovery Streaming, Xello career cruising, the Nepri vocational education industry connections platform, and STAMP proficiency assessment for world language test-out. The products are all offered either at a full or partial subsidy to districts.

Literacy Essentials Oakland (LEO)

The Literacy Essentials Oakland (LEO 2.0) Project is centered on ensuring early literacy success for children in Oakland County. This five-year project was launched during the 2019-20 school year, and was redesigned in 2022 with the following criteria in mind:

- Deeply rooted in research
- Builds capacity in local districts
- Tailored to needs of local districts
- Focus on job-embedded professional learning.

In 2023-24, the LEO team continued to work with our countywide coaching network and district literacy leadership teams to build capacity for early literacy success.

Social-Emotional Wellbeing and Mental Health Support

Oakland Schools has a number of programs and services to attend to the social and emotional development of young people. We have partnered with local mental health providers to take steps to ensure mental health services are available to students and are involved in multiple initiatives to ensure this happens in an approachable and sensitive manner. Oakland Schools has partnered with the National Association of School Psychologists to provide PREPaRE (Prevent Reaffirm Evaluate Provide and Respond Examine) training to our constituent districts. In addition, five of our staff members are now certified PREPaRE trainers. The team of PREPaRE trainers review and improve comprehensive school safety planning with our districts and prepare staff for the skills of intervention and recovery. All individuals who received PREPaRE training gained a better understanding of the organization and function of a comprehensive safety and crisis team and/or the knowledge and skills necessary to meet the mental health needs of students and staff in the aftermath of a crisis. Professional learning and support continue to be offered to districts on a regular basis. Our mental health team is responsible for the oversight and provision of intensive mental health and complex behavior support, school-wide school safety and crisis preparedness/response initiatives (PREPaRE, BTAM, Suicide Assessment, Life Space Crisis Intervention, and Non-Violent Crisis Intervention).

Oakland Schools Homeless Student Education Services

The McKinney-Vento Regional Grant Coordinator collaborates with local districts and PSAs to train and consult homeless liaisons in identifying and serving students experiencing homelessness throughout Oakland County, in compliance with the federal McKinney-Vento law. This service facilitates the removal of barriers to education for students without permanent housing. Quarterly liaison meetings, annual training for new liaisons, and weekly drop-in sessions equip staff to effectively support students experiencing homelessness. Additionally, Oakland Schools provides professional learning opportunities, collaboration with community partners, outreach efforts, and dispute resolution to districts.

Oakland County Foster Care Student Services

Oakland Schools supports local districts and the community with coordination of students in the foster care system. Every Student Succeeds Act (ESSA) guidelines require districts to comply with expectations to ensure that these high-risk students receive appropriate supports and services at the district level.

Collaborative Program Development Initiative (CPDI)

The purpose of the CPDI project is to enhance the academic achievement of Oakland ISD students by supporting collaborative instructional programs that can potentially serve students in all Oakland ISD constituent school districts. The program also provides “seed funding” for new and innovative initiatives, programs and ideas among our constituent local districts. CPDI funds have been used to support start-up of the Virtual Learning Academy Consortium, the Oakland Accelerated College Experience and also partially subsidized the expense of moving toward a countywide HR/Finance software system that has helped reduce costs to our partnering local school districts for the first five years that each of them implements the new system. Most recently, CPDI funds have been used for the startup and implementation costs of a new applicant tracking system for the Oakland Human Resources Consortium, the Better with Breakfast countywide program and for Literacy Essentials Oakland (LEO).

Shared Services

Oakland Schools works with several districts in Oakland County providing non-instructional services on a cost recovery basis. Collaborative efforts include the following:

- Oakland Schools provides various business office services ranging from full service to individual staff services (e.g., payroll, accounts payable, controller) for four districts through intergovernmental agreements that expire at various times through June 2026.
- Oakland Schools’ technology services department provides a full range of onsite and centrally

managed technology services to sixteen districts in Oakland and Lapeer Counties.

- Oakland Schools' technology services department entered into an agreement in 2021 with the Michigan Association of Intermediate School Administrators to provide service desk support for the MICIP project.
- Oakland Schools provides additional cost recovery services to districts on an as-needed basis.

Early Childhood Programming

The Early Childhood Unit leads county-wide, cross-sector collaborative system building to improve children's school readiness. Children who enter kindergarten with gaps in developmental areas including early language and literacy, social interactions, emotional awareness and control, and numeracy are particularly vulnerable to struggling as learners. Early Childhood prioritizes preventing and closing young children's opportunity and readiness gaps as early as possible, so that they will learn, achieve, and read proficiently by the end of third grade. To this end, the Early Childhood Unit has adopted the following priorities:

- Advance the high-quality implementation and continuous improvement of state funded Great Start Readiness Program (GSRP) preschools for up to 3,341 children in 216 classrooms. GSRP is provided in all 28 districts, 4 public school academies and 24 community-based organizations across 87 sites in Oakland County.
- Enhance child development and increase student achievement by improving the quality of classrooms serving children from birth to five years of age through educator professional learning, classroom coaching, and program consultation in the areas of standards, curriculum, assessment, and instruction.
- Improve the systemic alignment of resources, initiatives, and systems for children and families throughout the early childhood years to ensure four statewide Great Start child outcomes, that children are: 1) born healthy, 2) thriving and developmentally on track, 3) ready to succeed in school, and 4) reading proficiently by the end of third grade.
- Support families in their awareness and understanding of daily early literacy practices that lay the foundation for later reading and writing. Literacy Champions connected and built relationships with over 145 trusted community businesses, agencies and organizations and set up 113 reading corners with 1695 books and over 3524 pieces of early literacy materials across Oakland County, with a special focus on underserved communities.
- Provide support for children struggling with challenging behaviors through staff training, individualized consultation and support for parents and families.
- Coordinate Early On Oakland, the system of services for children birth to three with developmental delays and diagnosed health conditions. Early On is provided by all 28 LEAs and 2 community-based organizations in Oakland County. Oakland Schools received 3,389 referrals and 3,133, children received early intervention services, a 26% increase from last year.
- Enhance child development and increase student achievement by improving the quality of classrooms serving children from birth to five years of age through educator professional learning, classroom coaching, and program consultation in the areas of standards, curriculum, assessment, and instruction. In support of these efforts, the Local Leadership Group, which provides countywide support for home visiting programs, offered 8 professional learning opportunities for home visitors, with a total attendance of 234.
- Ensure young children are developmentally on track by providing access to the Ages and Stages Questionnaire for routine screening and monitoring. Of the 16,148 received, 3391 children (21%) were referred for further assessment as a result of developmental concerns. Developmental screening ensures that children who may not have been identified otherwise are referred for evaluations and receive appropriate services.
- Provide professionals with professional learning and coaching on the Essential Instructional Practices in Language and Emergent Literacy Birth to Three that can be applied to their interactions with children and families, regardless of their roles. These practices focus on a small set of research-

supported strategies that facilitate the development of foundational language and literacy skills for infants and toddlers during a critical period of development. 260 early childhood professionals were trained in 2023-2024 (home visitors, youth librarians, early interventionists, WIC staff, etc.)

- Present the HOPE 101 training to the community. HOPE (Healthy Outcomes from Positive Experiences) focuses on the critical role of positive childhood experiences in healthy development, emphasizing the importance of recognizing and building on the existing strengths of families. To this end, the GSC staff has presented it to 226 professionals from school districts, non-profits, and community organizations serving families across Oakland County during 2023-2024. The training provided professionals with tools and strategies to support families by fostering resilience and reinforcing protective factors, creating a stronger foundation for long-term well-being. This outreach helped equip a wide network of dedicated professionals with the knowledge to further enhance their work in our community.
- Develop and provide developmentally appropriate resources and instructional strategies for teachers to integrate into their lesson plans.
- Create and promote a continuum of family engagement and education opportunities through a family-school-community partnership for those with children from prenatal to kindergarten, including those who need intensive services.

Special Education Services

The Oakland Schools Department of Special Populations is dedicated to providing leadership, service and support that strengthen the capacity of schools, families and communities to support the success of students with Individualized Education Programs (IEPs).

Services include, but are not limited to:

- Central coordination of county-wide problem solving and placement of students with IEPs having complex needs
- Provision of assistive technology to county students with IEPs to assure access to instruction and materials
- Support of districts in skill development of staff providing instruction to students with IEPs
- Instructional and consultative services to district staff for students who are deaf/hard of hearing, visually impaired, physically impaired or have traumatic brain injury
- Support of districts to ensure compliance with the Individuals with Disabilities Education Act (IDEA) and Michigan Administrative Rules for Special Education (MARSE) rules and regulations
- Collaboration with various community partners to provide necessary student supports.

Student Services

Student Services provides consulting, coordinating and direct educational services and programs for K-12 students across Oakland County. The vision driving Oakland Schools' Student Services Department is that every student in Oakland County will graduate career ready. Oakland Schools offers many other regional initiatives that provide direct support to Oakland County educators, students, families and industry professionals. Oakland Schools operates four technical campuses directly serving approximately 2,700 students throughout the County. Partnering with industry and our local districts, the K-12 Career Readiness Unit leads Student Services in helping all students (K-12) in Oakland County become career ready. This makes their learning directly relevant to their future. Virtual Learning Academy Consortium (VLAC) is a high-quality, home-based virtual learning opportunity for students in Kindergarten through 12th grade. Our program is a public school option for parents and other caregivers who prefer a flexible, home-based environment, and who are willing to guide their child's learning.

Oakland Schools has built and continuously improves a district-wide learning system that guides students in:

- Making informed career readiness decisions
- Developing academic, technical, and workplace knowledge
- Skills building and preparation to compete effectively in the job market.

Leaders from the community, business and industry, government, and education serve as key stakeholders in Student Services' efforts to design, develop and deploy career readiness services that align with the region's workforce needs. During the school year, significant progress was made in advancing Student Services' mission, most notably through:

- Regional alignment of career readiness activities, training, and partnerships
- Continuous improvement to the campus facilities and program offerings at all four Oakland Schools technical campuses
- Student acceptance into apprenticeships, 2-year colleges, 4-year colleges and full-time employment.

Oakland Network for Education (ONE)

ONE is a district-wide 311-mile fiber-optic network that benefits all Oakland ISD students and educators through its economy of scale and services. It is a comprehensive network designed to bring significantly enhanced educational opportunities to the students of Oakland Schools' constituent districts.

ONE provides services through advanced voice, video, and data network infrastructure in order to build a stronger learning community within the Oakland Schools boundaries (i.e., lower-cost local, zone, and long-distance telephone access through collaborative bids; dual high-speed circuits for Internet access to meet the growing needs of Oakland ISD educators; and connectivity to the community through a Web presence). ONE provides the following benefits to students: opportunities for all students to access the technological and academic skills necessary for the 21st century; college courses for high school students at their local high school; field experts to work with students; virtual field trips to leading cultural institutions; and video on demand for instruction.

In 2023-24 a significant infrastructure project was started to create resiliency in how all public school districts across Oakland County connect. This project is estimated at \$1.9 million and will conclude in 2024-25.

Capital Projects Fund - Construction and Renovation Projects

Oakland Schools maintains a 5-year capital plan which is updated annually, identifying both short-term and long-term construction and renovation projects and the funding source for those projects. Capital projects funds are maintained for the administration building, CFE campus renovations and the Career Connections facility. Through careful planning and funding of these capital projects funds, the District can ensure updated, state-of-the-art facilities are maintained.

Risk Related Activity Fund

The Risk Related Activity Fund is categorized in governmental accounting as an Internal Service Fund and is authorized under GASB Statements Number 10 and 30. An internal services fund is a proprietary fund. Proprietary funds are used to account for state or local government's activities that are similar to activities that may be performed by commercial enterprises. The goal of this fund is to provide administration with a risk management tool. The Risk Related Activity Fund includes accounting for the following District expenses:

- I. Employee Compensated Absences
- II. Employment Benefits including:
 - Health Insurance

- Dental Insurance
- Vision Insurance
- Life Insurance
- Short-term Disability Insurance
- Long-term Disability Insurance
- Workers' Compensation Insurance
- Unemployment

III. Other District Expenses/Programs including:

- Property & Casualty Insurance
- Fleet Insurance
- Errors & Omissions
- Cyber Liability
- Professional Liability
- Safety (loss prevention)
- Employee Wellness

We believe the application and operation of this risk management tool is a significant benefit to our District.

Production Print Enterprise Fund

The Production Print Enterprise Fund is categorized in government accounting as an enterprise fund. An enterprise fund is a proprietary fund. Proprietary funds are used to account for state or local governments' activities that are similar to activities that may be performed by commercial enterprises. Enterprise funds are funds used by governmental units to account for services provided to the general public on a user charge basis. The primary operating goal for the Production Print Enterprise Fund is to operate on a break-even basis, however the implications of GASB 68 and 75 have resulted in the fund reporting a deficit net position. Primary elements of the business operating plan for the fund is first to expand operating revenue such as those generated from expanding services to local school districts and concurrently closely manage operating costs such as inventory and personnel.

Financial Information

Accounting Systems

The District's fund-level financial statements and government-wide financial statements for our governmental and Agency Fund types have been prepared in conformance with generally accepted accounting principles and are in compliance with Government Accounting Standards Board Statement No. 34. Governmental fund-level statements are prepared on the modified accrual basis of accounting. The revenue is recognized when measurable and available to finance current operations. Expenditures are recognized when the liability is incurred, generally when the goods or services are received, except for interest on long-term debt, which is recorded when paid. With respect to the government-wide financial statements, the full accrual accounting basis is applied as defined under GASB Statement No. 34.

In developing and evaluating the District's financial information system, consideration is given to the adequacy of the internal accounting and administrative control structure and the costs thereof. Accounting and administrative controls comprise the plan of organization, policies, procedures, and records necessary for the safeguarding of assets, the reliability of financial records, and compliance with grant requirements. The expressed purpose is to provide reasonable assurance that:

- Transactions are in accordance with management's and grantors' general or specific authorization.
- Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and other criteria (such as finance-related legal and contractual compliance requirements) and to maintain accountability for assets.

- Access to assets is permitted only in accordance with Board of Education appropriations, financial policies, and management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals, and appropriate action is taken with respect to any differences.

Accounting and administrative controls comprehend reasonable, but not absolute, assurance that the objectives expressed will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of an internal control structure should not exceed the benefits expected.

Budgetary Controls

The District maintains both accounting and budgetary controls. The objective of budgetary control is to ensure compliance with legal provisions as embodied in and adopted in the annual appropriation budget approved by the Board of Education. Governmental fund types are under formal budgetary control. The activities of the General and Special Revenue Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Project Funds.

The Board of Education established the legal level of control as presented in the fund financial statements. The Board of Education is authorized to make amendments to the budget as it deems necessary. The District also maintains an encumbrance accounting system as a method of budgetary control. Amounts encumbered at year end are re-appropriated as part of the following year's budget. Detailed operating information on a per fund basis can be found in the management's discussion and analysis section of the ACFR.

Fund Balance

The District is in compliance with the provisions of GASB 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned. The District's fund balance is categorized under these classifications based on the extent to which the District is bound to observe constraints imposed on the use of the resources in the governmental funds.

Cost Allocation Methodologies

During the normal course of conducting business, the District incurs costs that require a logical methodology to allocate between our three major operating funds: The General Education Fund (GEF), the Special Education Fund (SEF) and the Career Focused Education Fund (CFEF). The Michigan Department of Education's (MDE) "Accounting and Fiscal Reporting Requirements for Intermediate School District Use of Special Education Funds" rules identify allocation-eligible "function-based" costs as defined by the MDE Bulletin 1022 Accounting Manual.

For the SEF, the primary controller parameter is a 25% maximum allocation cap on each eligible function-based cost pool. The CFEF has no such limiting set of rules to date, but costs in this fund are treated in the same manner as the SEF with respect to the application of our "general allocation methodology" process.

Oakland Schools uses two basic cost allocation methodologies:

- General allocation method – allocates all qualifying function-based gross budget cost pools not allocated using an activity-based cost method in the following manner: 50% to the GEF, 25% to the SEF and 25% to the CFEF.
- Activity based cost (ABC) method:
 - ABC – FTE based – applied to the Financial Services, Human Resources, Office of Procurement & Contracting and the Enterprise Technical Services departments
 - ABC – Space Usage based – predicated on square footage and is applied to capital, maintenance and operating costs associated with the District's facilities
 - ABC – Transportation – based on student miles transported for all constituent districts and is used for allocation of Pupil Transportation costs.

Debt Administration

Long-term obligations outstanding for the District as of June 30, 2024 consisted of \$38,215,000 in bonded debt, \$2,088,153 in premium on debt issued, \$(358,724) of deferred refunding charges, \$3,341,998 in lease obligations, \$1,267,978 in subscriptions, and \$3,496,533 of accrued sick and vacation obligations. All of the District's bonded debt consists of general obligation limited tax instruments. The funding source for the debt service is the operating revenue of the District's General Education, Special Education, and Career Focused Education Funds.

Retirement Plan

All employees of the District are covered by a mandatory, cost-sharing, multiple-employer plan - the Michigan Public School Employees Retirement System (MPERS). The MPERS consists of several different benefit plan types depending upon the first date the employee was eligible to become a MPERS member and the personal elections of the member. Employees participate in the Basic Plan, the Member Investment Plan, the Pension Plus Plan, the Pension Plus 2 Plan, or the Defined Contribution Plan. Members also have the option of choosing between the defined benefit health plan and a personal healthcare fund. These plans and employer and employee contribution rates are discussed further in the notes to the financial statements.

The plans provide their members various benefits, including regular retirement, early retirement, deferred retirement, non-duty disability pension, duty disability pension, and survivor pension.

Benefit and contribution provisions are fixed by state statute and may be amended only by action of the State Legislature.

The District is in compliance with the provisions of GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures for pensions and other postemployment benefits (OPEB), respectively. For defined benefit pensions, like the MPERS plan, GASB 68 also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. These Statements also require certain note disclosures and contain supplemental information requirements about defined benefit pension and OPEB.

Other Information and Acknowledgments

Independent Audit

Michigan law requires an annual audit of the District's basic financial statements. The District's Board of Education engaged Plante & Moran, PLLC for this purpose. The independent auditor's opinions have been included in this report.

The basic financial statements are the responsibility of the District. The responsibility of the independent auditors is to express opinions on the financial statements that collectively comprise the District's basic financial statements based upon their audit, which is conducted in accordance with generally accepted accounting standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that the audit be planned and performed in a manner to obtain reasonable assurance that the basic financial statements are free of material misstatement.

Single Audit

As a recipient of federal and state grants, the District is responsible for ensuring that an adequate internal

and administrative control structure is in place and compliance with applicable laws and regulations is maintained. To ascertain the level of such compliance, the District has an audit performed in accordance with Title 2 of the U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Certificate of Excellence in Financial Reporting

The District is committed to providing its citizens and other users with comprehensive financial reporting. For school districts meeting the requirements of a comprehensive annual report, the Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. The ASBO awarded a Certificate of Excellence in Financial Reporting to Oakland Schools for its Annual Comprehensive Financial Report for the last twenty-one consecutive school fiscal years: 2002-03 through 2022-23.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized ACFR whose contents conform to program standards. Annual Comprehensive Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. The District believes our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting our report to ASBO.

Aaa Bond Rating

The financial community has acknowledged the District's solid financial operations and large, growing tax base in recent years. The District earned the highest bond rating achievable, Aaa, from Moody's Investors Service and received a rating of AA+ from Standard & Poor's Ratings Services. In the most recent rating report dated March 1, 2016, Moody's stated:

"We anticipate that the district will continue to maintain sound financial operations with solid fund balances in its primary operating funds - the General Fund, the Special Education Fund, the Vocational Education Fund, and the Debt Service Fund - given a demonstrated record of prudent management." Moody's goes on to say, "Oakland Schools' management continues to successfully maintain a satisfactory financial position. Oakland Schools works diligently to provide a variety of services and programs that focus on teacher support and professional development, early childhood development, special education, vocational training and technological advancement in schools."

Moody's reaffirmed the debt rating in May 2021. Oakland Schools' Aaa bond rating allows the District to borrow at the lowest possible interest rate, saving the District interest costs in the future.

Acknowledgments

The preparation of this ACFR was accomplished through the commitment and dedication of Oakland Schools' Department of Financial Services. Management wishes to thank each member of the team for his or her contribution to the completion of this report.

Respectfully submitted,



Teri Les
Assistant Superintendent, Finance & Operations



Michelle Saunders
Executive Director, Financial Services

In accordance with state and federal law, Oakland Schools does not discriminate, nor permit discrimination, on the basis of race, color, national origin, ethnicity, religion, sex, pregnancy or parental status, gender identity, gender expression, sexual orientation, disability, age, height, weight, marital status, military service, veteran status, genetic information, or any other legally protected status, in its educational programs and activities, employment, or enrollment. The District also provides equal access to the Boy Scouts and other designated youth groups. For questions or complaints regarding unlawful discrimination or harassment, employees should contact the Assistant Superintendent of Human Resources, Personnel Management and Labor Relations at (248) 209-2429 or HR@oakland.k12.mi.us. Students and others should contact the Civil Rights/Title IX Coordinator at (248) 209-2590 or Jacqueline.Zablocki@oakland.k12.mi.us.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Oakland Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.

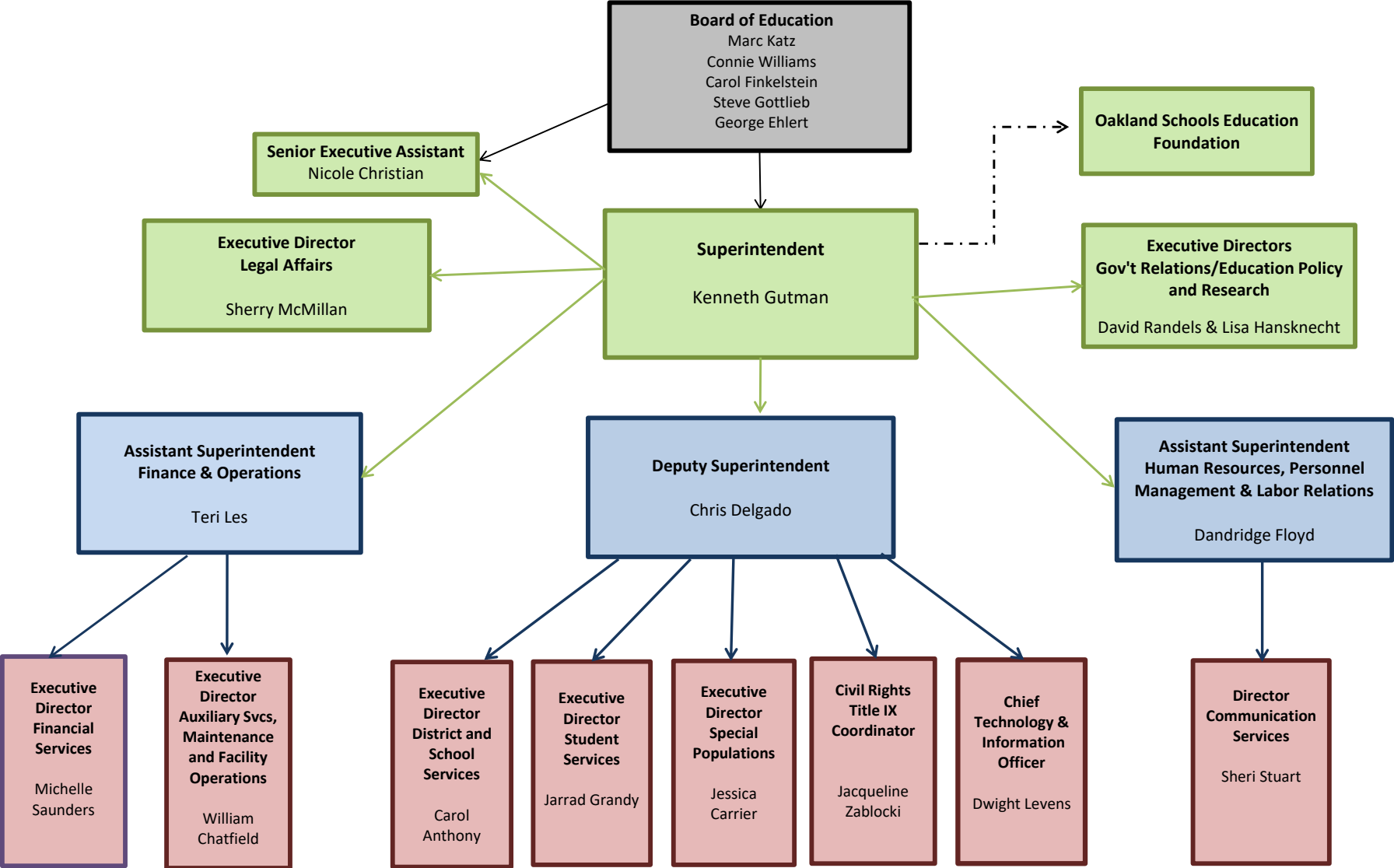


A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director



Oakland Schools

District Officials

Administration

Kenneth Gutman
Superintendent

Dr. Christopher Delgado
Deputy Superintendent

Teri Les
Assistant Superintendent, Finance and
Operations

Dandridge Floyd
Assistant Superintendent, Human
Resources, Personnel Management &
Labor Relations

Carol Anthony
Executive Director, District and School
Services

Jessica Carrier
Executive Director, Special Populations

William Chatfield
Executive Director, Auxiliary Services,
Maintenance, Facilities & Operations

Jarrad Grandy
Executive Director, Student Services

Lisa Hansknecht
Executive Director of Government
and Community Services

Dwight Levens
Executive Director, Technology
Services

Sherry McMillan
Executive Director, Legal Affairs

David Randels
Executive Director of Government
Relations, Education Policy and
Research

Michelle Saunders
Executive Director, Financial
Services

Sheri Stuart
Director of Communications

Board of Education

Marc Katz
President

Connie Williams
Vice President

Carol Finkelstein
Secretary

Steve Gottlieb
Treasurer

George Ehlert
Trustee

Independent Auditor's Report

To the Board of Education
Oakland Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of Oakland 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 Oakland 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, the business-type activities, the major funds, and the aggregate remaining fund information of Oakland Schools as of June 30, 2024 and the respective changes in its financial position and its cash flows 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
Oakland 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 other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Oakland Schools' basic financial statements. The other supplementary information 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Education
Oakland Schools

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024 on our consideration of Oakland 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 Oakland 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 Oakland Schools' internal control over financial reporting and compliance.

Plante & Moreau, PLLC

October 23, 2024

This section of Oakland 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 Oakland 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 Education Fund, the Special Education Fund, the Vocational Education Fund, and the CFE Campus Renovations Capital Projects Fund - with all other funds presented in one column as nonmajor funds. Two of the remaining statements, the statements of fiduciary net position and changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of administrative groups. The other remaining statements are related to the School District's proprietary funds (internal services and enterprise). The Risk Related Activity Fund, an internal service fund, accounts for all of the costs associated with the School District's insurance programs and employee compensated absences provided to other funds of the School District on a cost-reimbursement basis. The Production Print Enterprise Fund, an enterprise fund, accounts for all of the School District's graphics and printing operational costs, including all district-direct and client-based service costs. 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 Schedules for Major Funds

Schedules of Proportionate Share of the Net Pension Liability and OPEB Asset

Schedules of Pension and OPEB Contributions

Notes to the Required Supplementary Information

Supplementary Information

Budgetary Comparison Schedules for Nonmajor Special Revenue Funds

Combining Nonmajor Fund Financial Statements

Combining Nonmajor Special Revenue Fund Financial Statements

Schedule of Bonded Indebtedness

Statistical Section

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 the students and educators in our county, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education and services 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 and business-type activities for the School District. Governmental activities encompass most of the School District's services, including instruction, support services, community services, payments to subrecipients, and other various services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities. Business-type activities are financed through charges for services.

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

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

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.

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services they provide to other funds. The School District established two proprietary funds. The first is the internal service fund, which was established to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent accounting for all insurance benefits and compensated absences of the School District. The second is an enterprise fund called the Production Print Enterprise Fund, which reports activities for which there is a fee to external users for goods and services.

Fiduciary Funds

Fiduciary funds are used to account for resources held in a fiduciary capacity for others. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available for the support of the School District's own programs. The accounting used for fiduciary funds is the full accrual basis of accounting.

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 | | Business-type Activities | | Total | |
|---------------------------------------|-------------------------|------------------|--------------------------|-----------------|---------------|------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | (in millions) | | (in millions) | | (in millions) | |
| Assets | | | | | | |
| Current and other assets | \$ 190.6 | \$ 160.8 | \$ 0.5 | \$ 0.7 | \$ 191.1 | \$ 161.5 |
| Capital assets | 76.5 | 70.4 | 1.3 | 1.3 | 77.8 | 71.7 |
| Total assets | 267.1 | 231.2 | 1.8 | 2.0 | 268.9 | 233.2 |
| Deferred Outflows of Resources | 51.6 | 66.7 | 0.4 | 0.5 | 52.0 | 67.2 |
| Liabilities | | | | | | |
| Current liabilities | 59.6 | 47.9 | 0.1 | 0.2 | 59.7 | 48.1 |
| Noncurrent liabilities | 47.1 | 47.7 | 1.2 | 1.2 | 48.3 | 48.9 |
| Net pension liability | 152.1 | 184.1 | 1.3 | 1.5 | 153.4 | 185.6 |
| Net OPEB liability | - | 10.1 | - | 0.1 | - | 10.2 |
| Total liabilities | 258.8 | 289.8 | 2.6 | 3.0 | 261.4 | 292.8 |
| Deferred Inflows of Resources | 54.1 | 39.6 | 0.4 | 0.3 | 54.5 | 39.9 |
| Net Position (Deficit) | | | | | | |
| Net investment in capital assets | 30.5 | 26.4 | - | - | 30.5 | 26.4 |
| Restricted | 56.8 | 45.2 | - | - | 56.8 | 45.2 |
| Unrestricted | (81.5) | (103.1) | (0.8) | (0.8) | (82.3) | (103.9) |
| Total net position (deficit) | <u>\$ 5.8</u> | <u>\$ (31.5)</u> | <u>\$ (0.8)</u> | <u>\$ (0.8)</u> | <u>\$ 5.0</u> | <u>\$ (32.3)</u> |

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's governmental net position was \$5.8 million at June 30, 2024. Net investment in capital assets totaling \$30.5 million compares the original cost, less depreciation and amortization of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt represents general obligation bonds and, as such, is secured by and pledges the full faith and credit of the School District for payment of the debt service. The remainder consists of lease and subscription liabilities recorded under GASB 87, *Leases*, and GASB 96, *Subscriptions*, respectively, in the statement of net position. Restricted net position of \$56.8 million is reported separately to show legal constraints from voter-approved ballot language covenants, commitments to capital projects, and debt service, as well as enabling legislation that limits the School District's ability to use that net position for day-to-day operations. The remaining amount of net position of \$(81.5) million was unrestricted. The analysis of the changes to follow is in reference to the primary government as a whole but is indicative of changes in governmental activities; business-type activities had very little fluctuation in fiscal year 2024.

Management's Discussion and Analysis (Continued)

The \$(81.5) million in unrestricted net position of governmental activities represents the accumulated results of all past years' General Education Fund operations, impacted by GASB Statement Nos. 68, 71, and 75, plus the operational results of the cooperative education special revenue funds, capital projects funds, and the Risk Related Activity Fund. The \$56.8 million of restricted net position represents the accumulated results of all past years' Special Education and Vocational Education funds operations, as well as debt service funds operations and the net OPEB asset resulting from GASB 75. The restricted and unrestricted net position balances enable the School District to meet working capital and cash flow requirements and provide for future uncertainties. The operating results of the General Education Fund and certain special revenue funds will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the 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 | | Business-type Activities | | Total | |
|---|-------------------------|------------------|--------------------------|-----------------|---------------|------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | (in millions) | | (in millions) | | (in millions) | |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 38.2 | \$ 40.0 | \$ 1.8 | \$ 2.0 | \$ 40.0 | \$ 42.0 |
| Operating grants | 129.1 | 117.6 | - | - | 129.1 | 117.6 |
| General revenue: | | | | | | |
| Taxes | 234.8 | 218.8 | - | - | 234.8 | 218.8 |
| State aid not restricted to specific purposes | 23.9 | 16.3 | - | - | 23.9 | 16.3 |
| Other | 11.9 | 6.8 | - | - | 11.9 | 6.8 |
| Total revenue | 437.9 | 399.5 | 1.8 | 2.0 | 439.7 | 401.5 |
| Expenses | | | | | | |
| Instruction | 19.6 | 19.8 | - | - | 19.6 | 19.8 |
| Support services | 84.5 | 86.8 | 1.8 | 2.1 | 86.3 | 88.9 |
| Community services | 1.6 | 1.7 | - | - | 1.6 | 1.7 |
| Interdistrict transfers and other | 286.9 | 265.8 | - | - | 286.9 | 265.8 |
| Debt service | 1.9 | 1.9 | - | - | 1.9 | 1.9 |
| Depreciation - Unallocated | 6.1 | 5.5 | - | - | 6.1 | 5.5 |
| Total expenses | 400.6 | 381.5 | 1.8 | 2.1 | 402.4 | 383.6 |
| Change in Net Position | 37.3 | 18.0 | - | (0.1) | 37.3 | 17.9 |
| Net Position (Deficit) - Beginning of year | (31.5) | (49.5) | (0.8) | (0.7) | (32.3) | (50.2) |
| Net Position (Deficit) - End of year | \$ 5.8 | \$ (31.5) | \$ (0.8) | \$ (0.8) | \$ 5.0 | \$ (32.3) |

As reported in the statement of activities, the cost of all of our governmental activities this year was \$400.6 million. Certain activities were partially funded from those who benefited from the programs (\$38.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$129.1 million). We paid the remaining public benefit portion of our governmental activities with \$234.8 million in taxes and \$23.9 million in unrestricted state aid and other grants. Other general revenue consists of \$10.9 million in interest and investment earnings and \$1 million in other revenue. The analysis of the changes to follow is in reference to the governmental activities, as business-type activities had very little fluctuation in fiscal year 2024.

The School District experienced an increase in net position of \$37.3 million, which is directly related to the impact of GASB Statement Nos. 68 and 75 along with an increase in property tax revenue of \$16 million (7.3 percent). Additionally, the improved interest rate environment resulted in a positive impact to net earnings of \$10.9 million in investment revenue.

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$122.2 million, which is an increase of \$15.1 million from last year. The primary reasons for the increase are discussed below in our analysis of major and nonmajor funds:

General Education Fund

In the General Education Fund, our principal operating fund, fund balance increased by \$6.1 million to \$12.3 million. The following represents significant changes in the General Education Fund:

Revenue - Revenue increased by net \$6.7 million to a total of \$88.2 million primarily because of an increase in state revenue of \$7.1 million and decrease in federal revenue of \$1.4 million. These are due to increases in state funding for the Great Start Readiness Program (GSRP) offset by a reduction in federal GSRP funding. Local revenue increased by \$0.6 million due to an increase in property tax revenue, investment earnings, and fees for services to local districts that were subsidized at a higher level in prior year.

Expenditures - Net expenditures increased by \$5.6 million to a total of \$82.1 million. Interdistrict transfers and other increased by \$4.9 million, which is a direct correlation to the increased revenue for GSRP programs.

Other Financing Sources (Uses) - Net transfers out to other funds increased by \$7.6 million to a net \$(0.2) million, as more operating transfers were made for future capital projects in the prior year. Additionally, fiscal year 2023 contained one-time proceeds from the sale of capital assets of \$2.1 million.

Special Education Fund

The Special Education Fund, which accounts for all revenue and expenditures related to the School District's operation of special education programs, including transfers to its constituent school districts for the operation of local special education programs, experienced an increased in fund balance of \$6.2 million to \$26.5 million. The following represents significant changes in the Special Education Fund:

Revenue - Revenue increased by net \$19.5 million to a total of \$249.5 million primarily as a result of an increase in property tax and other local revenue and federal revenue of \$13.7 million, and \$5.3 million, respectively. Federal revenue increased due to an increase in Individuals with Disabilities Act (IDEA) funding.

Expenditures - Expenditures increased by \$18.7 million, or 8.3 percent, to a total of \$243.2 million. The majority of this increase, \$11.1 million, is for increased distributions to local school districts for the operation of their special education programs, contained within the interdistrict transfers and other category of expenditures. Also within that expenditure category is an increase in expenditures of approximately \$5.4 million related to IDEA grants, consistent with the increase in funding. There is also a minor increase in community services expenditures due to a change in the coding of local district expenditures for nonpublic school students under the IDEA grant programs.

Other Financing Sources (Uses) - Net other financing sources (uses) decreased by \$0.2 million to a total of \$30,000 and consist primarily of transfers for capital projects.

Vocational Education Fund

The Vocational Education Fund, which accounts for all revenue and expenditures related to the School District's operation of vocational education programs, including transfers to its constituent school districts for the operation of local vocational education programs, experienced an increase in fund balance of \$1.3 million to \$8.2 million. The following represents significant changes in the Vocational Education Fund:

Revenue - Revenue increased by net \$2.5 million to a total of \$54.8 million as a result of an increase in property tax and other local revenue of \$3.5 million and an increase in federal grant revenue of \$0.3 million, offset by a decrease in state aid categorical funding of \$1.3 million.

Expenditures - Expenditures increased by \$0.2 million to a total of \$42.7 million. Changes consisted of a decrease of \$0.2 million in instruction expenditures and an increase of \$0.1 million and \$0.3 million in support services and capital expenditures, respectively. These changes are immaterial to this fund.

Other Financing Sources (Uses) - Net other financing sources (uses) consist primarily of operating transfers to debt service and capital projects funds and increased by \$0.7 million or 7 percent primarily due to the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*, which requires the School District to record both capital outlay and other financing source revenue related to qualifying subscriptions.

CFE Campus Renovations Capital Projects Fund

The CFE Campus Renovations Capital Projects Fund, which accounts for all revenue and expenditures related to capital asset acquisition, renovation, or improvement at the four vocational education technical campuses, experienced an increase in fund balance of \$0.4 million to \$24.7 million. The following represents significant changes in the CFE Campus Renovations Capital Projects Fund:

Revenue - Revenue consists solely of investment earnings and increased by \$0.8 million.

Expenditures - Expenditures increased by \$5.2 million to a total of \$8.2 million. Changes consist of an increase of capital expenditures, which fluctuate annually based on annual equipment and/or renovation needs.

Other Financing Sources - Net other financing sources decreased by \$8.3 million and consist of operating transfers from the Vocational Education Fund in fiscal year 2024. In fiscal year 2023, a one-time transfer from the General Education Fund was made to this fund totaling \$7.7 million for future capital projects.

Nonmajor Funds

The fund balance of our special revenue funds remained consistent at \$19.3 million, primarily as a result of additional contributions made for fiber network upgrades in the ONE Cooperative Activities Fund offset by reductions in the Shared Services and Tuition Programs Cooperative Activities Fund due to refunds provided to districts for tuition program cost savings. Additionally, the HR/Finance Consortium Cooperative Activities Fund contained a minor increase in fund balance as charges to consortium members exceeded service expenditures for the year.

Combined, the fund balance of our debt service funds increased by \$1.5 million from \$18.3 million to \$19.8 million. This is due to the normal payment of principal and interest on debt obligations, offset by operating transfers in from other funds to provide for future debt service. Debt service fund balances are reserved since they can only be used to pay debt service obligations.

The fund balance of our two nonmajor capital projects funds combined decreased by \$0.5 million from \$11.9 million to \$11.4 million. This is due to expenditures for current capital projects being in excess of interest on investments and operating transfers in from other funds.

Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2024. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

General Education Fund

There were significant revisions made to the 2023-2024 original budget for the General Education Fund. Revenue and expenditure budgets were increased by approximately \$22.3 million and \$16.8 million, respectively, due to revised funding allocations, newly awarded grants, and expenditures associated with state categorical and federal grants.

Actual total revenue and total expenditures for the General Education Fund were below the final amended budget by \$25.5 million and \$26.3 million, respectively. Significant variations from the budgets are primarily related to the timing of the spending of grant allocations. The School District budgets for the entire amount of grant awards when received; however, the grant period may extend beyond the School District's fiscal year. Therefore, at fiscal year end, there are unspent grant awards that are to be carried over into the next fiscal year and will represent a budget variance. Such items relate solely to timing, and grant funds will be expended by the expiration date of the associated grant.

Major Special Revenue Funds

In the Special Education Fund, budgeted revenue and expenditures were increased by approximately \$4.0 million and \$7.8 million, respectively, for changes in special education funding from state, local, and federal sources, as well as increased distributions to local districts offset by budget reductions for instructional and support services primarily due to staff vacancies or unneeded professional services budgets.

Significant variations in the Special Education Fund budget compared to actual results relate to funding under federal grants and the timing of the spending of the grant allocations and interdistrict transfers and other. Such items relate to timing, and grant funds will be expended by the expiration date of the associated grant. The timing of expenditures being reimbursed to constituent districts also resulted in budget variances. Additionally, in the final budget amendment of the year, the School District appropriated an additional distribution of special education millage money to its constituent districts. This distribution was not made in 2023-2024, resulting in a budget variance; however, it will be completed in the subsequent fiscal year.

Finally, in the Vocational Education Fund, budgeted revenue was increased by approximately \$3.8 million to address additional property tax revenue and state grant funding. Expenditure budgets were increased by \$3.3 million for increased operating transfers to the CFE Campus Renovations Capital Projects Fund and additional federal grant expenditures offset by reductions in support services budgets due to staff vacancies.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the School District had \$77.8 million invested in a broad range of capital assets, including land, buildings, furniture, equipment, and lease assets. This amount represents a net increase (including additions, disposals, and depreciation and amortization) of approximately \$6.0 million, or 8.4 percent, from last year.

Management's Discussion and Analysis (Continued)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 3,288,778 | \$ 3,288,778 | \$ - | \$ - | \$ 3,288,778 | \$ 3,288,778 |
| Construction in progress | 7,339,514 | - | - | - | 7,339,514 | - |
| Buildings | 26,263,114 | 26,263,114 | - | - | 26,263,114 | 26,263,114 |
| Furniture and equipment | 39,376,929 | 38,161,301 | 1,701,888 | 1,612,070 | 41,078,817 | 39,773,371 |
| Vehicles and other vehicles | 898,878 | 780,970 | - | - | 898,878 | 780,970 |
| Building improvements | 93,911,868 | 92,571,874 | - | - | 93,911,868 | 92,571,874 |
| Lease assets - Building | 3,051,329 | 3,166,140 | 1,489,744 | 1,489,744 | 4,541,073 | 4,655,884 |
| Subscription assets | 2,017,285 | - | - | - | 2,017,285 | - |
| Total capital assets | 176,147,695 | 164,232,177 | 3,191,632 | 3,101,814 | 179,339,327 | 167,333,991 |
| Less accumulated depreciation and amortization | 99,603,722 | 93,789,122 | 1,906,905 | 1,762,081 | 101,510,627 | 95,551,203 |
| Total capital assets - Net of accumulated depreciation and amortization | <u>\$ 76,543,973</u> | <u>\$ 70,443,055</u> | <u>\$ 1,284,727</u> | <u>\$ 1,339,733</u> | <u>\$ 77,828,700</u> | <u>\$ 71,782,788</u> |

We present more detailed information about our capital assets in Note 7 to the financial statements.

Debt

At the end of this year, the School District had \$38.2 million in outstanding limited tax general obligation bonded debt. The State limits the amount of general obligation debt that intermediate school districts can issue to one-ninth of 1.0 percent of the state assessed value of all taxable property within the School District's boundaries unless the question of borrowing money or issuing bonds is submitted first to a vote of the school electors and approved by a majority of registered school electors. The School District's outstanding general obligation debt is below the statutorily imposed limit.

Other obligations include bond premiums, lease liabilities, accrued vacation pay, and sick leave. We present more detailed information about our long-term liabilities in Note 9 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 June 30, 2024 budget. One of the most important factors affecting the budget is the economic condition of the State of Michigan. The fiscal year 2024 budget was adopted in June 2023 based on an estimate of property tax revenue, state aid, and grant funding. State law requires the School District to amend the budget if actual school district resources are not sufficient to fund original appropriations.

Since the School District's revenue is primarily dependent on property taxes and partially dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the projected increase of the School District's tax base and the State's ability to collect revenue to fund its appropriations to school districts. The School District has been experiencing increases in tax revenue over the last 10 fiscal years. Property tax revenue increased by 5.1 percent and 7.3 percent, or \$10.6 million and \$16.0 million, in 2023 and 2024, respectively. Based on projections from the Oakland County, Michigan equalization department, we anticipate 2025 tax receipts to increase by approximately 7.2 percent compared to 2024 collections.

The taxable valuations for Oakland County, Michigan (the "County") properties declined significantly during the Great Recession beginning in 2009 but have rebounded and experienced healthy growth in the last six years.

Several consecutive years of declining property tax values during the recession had an impact lasting into fiscal year 2022, with a cumulative erosion of district revenue of approximately \$435.6 million, until the tax base finally recovered in 2023. Nearly 76 percent of this decline is special education property tax, which flows through to school districts in Oakland County. Taxable values of Oakland County properties have stabilized and have begun to rebound, with 7.2 percent growth projected for 2024 and 4.9 and 4.4 percent growth projected for 2025 and 2026, respectively.

Related to the increase in taxable values are ongoing Michigan Tax Tribunal (MTT) judgments. There has been a backlog of cases that the State is attempting to process. Not all MTT judgments result in a reduction in taxable value for the plaintiff, although a good number of them do. These judgments often result in a refund of previously collected property taxes that the County must provide to a plaintiff, and the County passes these costs on to the respective municipalities and school districts, such as Oakland Schools. At the time of this publication, Oakland Schools is using the same information that the Oakland County, Michigan government has developed for determining the liability exposure to MTT appeals. As a result, we have determined that a reserve of \$0.7 million is appropriate to address successful property tax appeals through the School District's fiscal year ending June 30, 2025.

At times in the past, the State of Michigan has issued midyear executive orders prorating and reducing the State's funding commitment to the School District. This possibility continues to exist for fiscal year 2025, although proration is unlikely based on May 2024 state revenue estimates. Estimates from the Michigan House and Senate Fiscal Agencies show a 2 percent increase in School Aid Fund revenue from 2024 to 2025. Communications surrounding financial projections are highly cautionary, as uncertainties continue to exist regarding inflation, interest rates, housing, financial valuations, and global political developments. Careful monitoring of legislative, gubernatorial, and Michigan Department of Education actions will be essential for the School District to understand and plan for all revenue, identify requirements to receive and utilize federal revenue, and craft methodologies to allocate costs to ensure reimbursement. The extent of possible funding proration by the State and how it affects Oakland Schools' budget have yet to be determined. Oakland Schools' unassigned fund balance in the General Education Fund of \$4.4 million and restricted fund balances in the Special Education Fund of \$26.5 million and Vocational Education Fund of \$8.2 million are sufficient to meet any unanticipated shortfalls the State may experience in the School Aid Fund in fiscal year 2025.

The basic structure of the Michigan Public School Employees' Retirement System, including cost support provided by the School Aid Fund, will continue in 2025. The overall contribution rate is expected to decrease to 42 percent from 48 percent, with the net cost to the School District approximating 31 percent. While the net cost to the School District changes marginally, the overall contribution rate will decrease for the first time in several years. The School Aid Fund implication is that more resources are redirected from the funding of operations to the support of the retirement system funding requirement.

The 2025 budget, as adopted in June 30, 2024, contains an assumption regarding the impact for sequestration and the potential loss in federal revenue. At risk are federal grant revenue and the federal interest subsidy received on Qualified School Construction Bonds (QSCB). The federal interest subsidy on QSCB was reduced in fiscal year 2024 by 5.7 percent. Similar reductions were assumed in the creation of the fiscal year 2025 budget.

Contacting the School District's Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the department of financial services at 2111 Pontiac Lake Road, Waterford, MI 48328 or by telephone at (248) 209-2122.

June 30, 2024

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------|
| Assets | | | |
| Cash and investments (Note 4) | \$ 137,616,021 | \$ 216,794 | \$ 137,832,815 |
| Receivables: | | | |
| Property taxes receivable | 928,885 | - | 928,885 |
| Accrued interest receivable | 833,295 | 1,279 | 834,574 |
| Other receivables | 251,298 | 27,783 | 279,081 |
| Due from other governments | 35,770,049 | 63,996 | 35,834,045 |
| Inventories | - | 103,479 | 103,479 |
| Prepaid expenses and other assets | 366,037 | 4,257 | 370,294 |
| Restricted assets (Notes 2 and 4) | 12,161,001 | - | 12,161,001 |
| Net OPEB asset (Note 12) | 2,619,565 | 9,117 | 2,628,682 |
| Capital assets: (Note 7) | | | |
| Land and construction in progress | 10,628,292 | - | 10,628,292 |
| Depreciable and amortizable capital assets, less accumulated depreciation and amortization of \$101,510,627 | 65,915,681 | 1,284,727 | 67,200,408 |
| Total assets | 267,090,124 | 1,711,432 | 268,801,556 |
| Deferred Outflows of Resources | | | |
| Deferred charges on bond refunding (Note 9) | 358,724 | - | 358,724 |
| Deferred pension costs (Note 12) | 42,475,568 | 363,203 | 42,838,771 |
| Deferred OPEB costs (Note 12) | 8,764,819 | 78,019 | 8,842,838 |
| Total deferred outflows of resources | 51,599,111 | 441,222 | 52,040,333 |
| Liabilities | | | |
| Accounts payable | 4,485,036 | 14,539 | 4,499,575 |
| Due to other governmental units | 26,812,517 | 17,420 | 26,829,937 |
| Accrued liabilities and other | 6,711,735 | 47,945 | 6,759,680 |
| Unearned revenue (Note 6) | 21,488,813 | - | 21,488,813 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Provision for compensated absences (Note 9) | 349,653 | - | 349,653 |
| Bonds, leases, and subscriptions payable (Note 9) | 2,661,611 | 103,367 | 2,764,978 |
| Due in more than one year: | | | |
| Provision for compensated absences - Net of current portion (Note 9) | 3,146,880 | - | 3,146,880 |
| Bonds, leases, and subscriptions payable - Net of current portion (Note 9) | 41,023,686 | 1,124,465 | 42,148,151 |
| Net pension liability (Note 12) | 152,056,941 | 1,274,130 | 153,331,071 |
| Total liabilities | 258,736,872 | 2,581,866 | 261,318,738 |
| Deferred Inflows of Resources (Note 12) | | | |
| Revenue in support of pension contributions made subsequent to the report date | 9,102,183 | 84,709 | 9,186,892 |
| Deferred pension cost reductions | 22,534,524 | 133,595 | 22,668,119 |
| Deferred OPEB cost reductions | 22,475,488 | 179,507 | 22,654,995 |
| Total deferred inflows of resources | 54,112,195 | 397,811 | 54,510,006 |
| Net Position (Deficit) | | | |
| Net investment in capital assets | 30,550,657 | - | 30,550,657 |
| Restricted: | | | |
| Special education | 26,525,660 | - | 26,525,660 |
| Vocational education | 8,175,792 | - | 8,175,792 |
| Debt service | 19,495,319 | - | 19,495,319 |
| Net OPEB asset | 2,619,565 | 9,117 | 2,628,682 |
| Unrestricted | (81,526,825) | (836,140) | (82,362,965) |
| Total net position (deficit) | \$ 5,840,168 | \$ (827,023) | \$ 5,013,145 |

Year Ended June 30, 2024

| Functions/Programs | Program Revenue | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-----------------------|----------------------|------------------------------------|---|--------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government | | |
| | | | | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Special education | \$ 1,084,769 | \$ - | \$ - | \$ (1,084,769) | \$ - | \$ (1,084,769) |
| Vocational education | 15,174,620 | 433,820 | 2,422,107 | (12,318,693) | - | (12,318,693) |
| Other instruction | 3,305,634 | 4,318,692 | 39,778 | 1,052,836 | - | 1,052,836 |
| Support services | 84,497,880 | 33,398,002 | 20,518,949 | (30,580,929) | - | (30,580,929) |
| Community services | 1,593,733 | - | 1,495,962 | (97,771) | - | (97,771) |
| Interdistrict transfers and other | 286,903,089 | - | 104,654,747 | (182,248,342) | - | (182,248,342) |
| Interest and other | 1,905,573 | - | - | (1,905,573) | - | (1,905,573) |
| Unallocated depreciation and amortization (excludes direct depreciation and amortization expenses of various programs) (Note 7) | 6,092,599 | - | - | (6,092,599) | - | (6,092,599) |
| Total governmental activities | 400,557,897 | 38,150,514 | 129,131,543 | (233,275,840) | - | (233,275,840) |
| Business-type activities - Includes depreciation and amortization expense of \$144,824 | 1,806,524 | 1,758,650 | - | - | (47,874) | (47,874) |
| Total primary government | <u>\$ 402,364,421</u> | <u>\$ 39,909,164</u> | <u>\$ 129,131,543</u> | (233,275,840) | (47,874) | (233,323,714) |
| General revenue (expense): | | | | | | |
| Taxes: | | | | | | |
| Property taxes levied for general education purposes | | | | 13,965,039 | - | 13,965,039 |
| Property taxes levied for special education purposes | | | | 177,440,731 | - | 177,440,731 |
| Property taxes levied for vocational education purposes | | | | 43,401,594 | - | 43,401,594 |
| State aid not restricted to specific purposes | | | | 23,905,263 | - | 23,905,263 |
| Interest and investment earnings | | | | 10,949,927 | 13,909 | 10,963,836 |
| Loss on disposal of capital assets | | | | (5,514) | - | (5,514) |
| Other | | | | 994,364 | - | 994,364 |
| Total general revenue (expense) | | | | 270,651,404 | 13,909 | 270,665,313 |
| Change in Net Position | | | | 37,375,564 | (33,965) | 37,341,599 |
| Net Position (Deficit) - Beginning of year | | | | (31,535,396) | (793,058) | (32,328,454) |
| Net Position (Deficit) - End of year | | | | <u>\$ 5,840,168</u> | <u>\$ (827,023)</u> | <u>\$ 5,013,145</u> |

Oakland Schools

Governmental Funds Balance Sheet

June 30, 2024

| | General Education Fund | Special Education Fund | Vocational Education Fund | Capital Projects - CFE Campus Renovations | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------------|---------------------------|------------------------------|---|--------------------------------|-----------------------------|
| Assets | | | | | | |
| Cash and investments (Note 4) | \$ 25,523,599 | \$ 25,849,208 | \$ 11,230,281 | \$ 27,146,805 | \$ 41,446,113 | \$ 131,196,006 |
| Receivables: | | | | | | |
| Property taxes receivable | 55,191 | 701,989 | 171,705 | - | - | 928,885 |
| Accrued interest receivable | 184,885 | 22,599 | 131,178 | 233,434 | 247,659 | 819,755 |
| Other receivables | 69,773 | 11,332 | 823 | - | 169,370 | 251,298 |
| Due from other governments | 10,868,553 | 22,254,907 | 1,510,029 | - | 1,136,560 | 35,770,049 |
| Prepaid expenditures | 142,923 | 71,687 | 33,476 | 39,008 | 78,943 | 366,037 |
| Restricted assets (Notes 2 and 4) | - | - | - | - | 12,161,001 | 12,161,001 |
| Total assets | \$ 36,844,924 | \$ 48,911,722 | \$ 13,077,492 | \$ 27,419,247 | \$ 55,239,646 | \$ 181,493,031 |
| Liabilities | | | | | | |
| Accounts payable | \$ 1,064,760 | \$ 235,798 | \$ 309,706 | \$ 2,687,447 | \$ 165,431 | \$ 4,463,142 |
| Due to other governmental units | 2,521,145 | 20,116,612 | 1,252,592 | - | 2,922,168 | 26,812,517 |
| Accrued payroll and other liabilities | 1,045,561 | 1,329,889 | 3,189,890 | - | 733,979 | 6,299,319 |
| Unearned revenue (Note 6) | 19,878,558 | 527,309 | 134,790 | - | 948,156 | 21,488,813 |
| Total liabilities | 24,510,024 | 22,209,608 | 4,886,978 | 2,687,447 | 4,769,734 | 59,063,791 |
| Deferred Inflows of Resources - Unavailable revenue (Note 6) | 70,907 | 176,454 | 14,722 | - | - | 262,083 |
| Total liabilities and deferred inflows of resources | 24,580,931 | 22,386,062 | 4,901,700 | 2,687,447 | 4,769,734 | 59,325,874 |
| Fund Balances | | | | | | |
| Nonspendable - Prepaid expenditures | 142,923 | 71,687 | 33,476 | 39,008 | 78,943 | 366,037 |
| Restricted: | | | | | | |
| Debt service | - | - | - | - | 19,804,303 | 19,804,303 |
| Special education | - | 26,453,973 | - | - | - | 26,453,973 |
| Vocational education | - | - | 8,142,316 | - | - | 8,142,316 |
| Committed: | | | | | | |
| Capital projects | - | - | - | 24,692,792 | 11,283,821 | 35,976,613 |
| Special revenue funds | - | - | - | - | 19,302,845 | 19,302,845 |
| Assigned - Multiple projects | 7,700,000 | - | - | - | - | 7,700,000 |
| Unassigned | 4,421,070 | - | - | - | - | 4,421,070 |
| Total fund balances | 12,263,993 | 26,525,660 | 8,175,792 | 24,731,800 | 50,469,912 | 122,167,157 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 36,844,924 | \$ 48,911,722 | \$ 13,077,492 | \$ 27,419,247 | \$ 55,239,646 | \$ 181,493,031 |

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 | \$ 122,167,157 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets (including right-of-use assets) used in governmental activities are not financial resources and are not reported in the funds: | |
| Cost of assets | 176,147,695 |
| Accumulated depreciation and amortization | <u>(99,603,722)</u> |
| Net capital assets (including right-of-use assets) used in governmental activities | 76,543,973 |
| Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds | 262,083 |
| Deferred outflows related to bond refundings are not reported in the funds | 358,724 |
| Bonds payable including premium, lease liabilities, and subscription liabilities are not due and payable in the current period and are not reported in the funds | (43,685,297) |
| Accrued interest is not due and payable in the current period and is not reported in the funds | (308,984) |
| 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: | |
| Net pension liability and related deferred inflows and outflows | (132,115,897) |
| Net OPEB asset and related deferred inflows and outflows | (11,091,104) |
| 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 | (9,102,183) |
| Internal service funds are included as part of governmental activities | <u>2,811,696</u> |
| Net Position of Governmental Activities | <u>\$ 5,840,168</u> |

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

Year Ended June 30, 2024

| | General Education Fund | Special Education Fund | Vocational Education Fund | Capital Projects - CFE Campus Renovations | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------------|---------------------------|---------------------------------|---|-----------------------------------|--------------------------------|
| Revenue | | | | | | |
| Local sources | \$ 18,652,153 | \$ 181,811,796 | \$ 45,412,547 | \$ 1,105,090 | \$ 36,359,126 | \$ 283,340,712 |
| State sources | 65,698,007 | 11,044,790 | 7,321,875 | - | 2,221,727 | 86,286,399 |
| Federal sources | 3,194,645 | 56,350,754 | 2,072,187 | - | 1,799,135 | 63,416,721 |
| Other | 612,682 | 301,958 | 42,522 | - | - | 957,162 |
| Total revenue | 88,157,487 | 249,509,298 | 54,849,131 | 1,105,090 | 40,379,988 | 434,000,994 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Instruction | 39,610 | 440,549 | 16,728,228 | - | 4,389,732 | 21,598,119 |
| Support services | 27,976,351 | 25,223,997 | 22,316,640 | 33,268 | 16,587,443 | 92,137,699 |
| Community services | 798,129 | 805,875 | - | - | - | 1,604,004 |
| Debt service: | | | | | | |
| Principal | 98,844 | 146,133 | 222,463 | - | 1,898,500 | 2,365,940 |
| Interest and other | 12,797 | 44,096 | 21,901 | - | 1,983,065 | 2,061,859 |
| Capital outlay | 1,088,886 | 746,195 | 375,973 | 7,911,949 | 3,940,353 | 14,063,356 |
| Interdistrict transfers and other | 52,088,540 | 215,838,564 | 3,024,318 | 219,805 | 15,731,862 | 286,903,089 |
| Total expenditures | 82,103,157 | 243,245,409 | 42,689,523 | 8,165,022 | 44,530,955 | 420,734,066 |
| Excess of Revenue Over (Under) Expenditures | 6,054,330 | 6,263,889 | 12,159,608 | (7,059,932) | (4,150,967) | 13,266,928 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in (Note 8) | 395,486 | - | - | 7,500,000 | 4,996,600 | 12,892,086 |
| Transfers out (Note 8) | (638,400) | (115,100) | (10,923,100) | - | (1,215,486) | (12,892,086) |
| Subscriptions entered into | 331,838 | 85,146 | 85,146 | - | 1,341,583 | 1,843,713 |
| Total other financing sources (uses) | 88,924 | (29,954) | (10,837,954) | 7,500,000 | 5,122,697 | 1,843,713 |
| Net Change in Fund Balances | 6,143,254 | 6,233,935 | 1,321,654 | 440,068 | 971,730 | 15,110,641 |
| Fund Balances - Beginning of year | 6,120,739 | 20,291,725 | 6,854,138 | 24,291,732 | 49,498,182 | 107,056,516 |
| Fund Balances - End of year | <u>\$ 12,263,993</u> | <u>\$ 26,525,660</u> | <u>\$ 8,175,792</u> | <u>\$ 24,731,800</u> | <u>\$ 50,469,912</u> | <u>\$ 122,167,157</u> |

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 | \$ 15,110,641 |
| 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 | 12,199,031 |
| Depreciation and amortization expense | (6,092,599) |
| Net book value of assets disposed of | (5,514) |
| 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 | 118,562 |
| Revenue in support of pension contributions made subsequent to the measurement date | 3,819,419 |
| Issuing debt, net of premiums and discounts, and entering into subscriptions provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position | (1,843,713) |
| Repayment of bond principal, lease, and subscription liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt, lease, and subscription liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds | 2,514,761 |
| Interest expense is recognized in the government-wide statements as it accrues | 12,166 |
| Some employee costs (pension, OPEB, or compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds | 11,332,228 |
| Internal service funds are included as part of governmental activities: | 210,582 |
| Change in Net Position of Governmental Activities | <u>\$ 37,375,564</u> |

Proprietary Funds Statement of Net Position

June 30, 2024

| | Production Print Enterprise Fund | Internal Service Fund |
|--|-------------------------------------|----------------------------|
| Assets | | |
| Current assets: | | |
| Cash (Note 4) | \$ 216,794 | \$ 6,420,015 |
| Receivables: | | |
| Accrued interest receivable | 1,279 | 13,540 |
| Other receivables | 27,783 | - |
| Due from other governments | 63,996 | - |
| Inventories | 103,479 | - |
| Prepaid expenses and other assets | 4,257 | - |
| Total current assets | 417,588 | 6,433,555 |
| Noncurrent assets: | | |
| Net OPEB asset (Note 12) | 9,117 | - |
| Capital assets, net of accumulated depreciation of \$1,906,905 (Note 7) | 1,284,727 | - |
| Total assets | 1,711,432 | 6,433,555 |
| Deferred Outflows of Resources (Note 12) | | |
| Deferred pension costs | 363,203 | - |
| Deferred OPEB costs | 78,019 | - |
| Total deferred outflows of resources | 441,222 | - |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 14,539 | 21,894 |
| Due to other governmental units | 17,420 | - |
| Accrued liabilities and other | 47,945 | 103,432 |
| Provision for compensated absences (Note 9) | - | 349,653 |
| Bonds, leases, and subscriptions payable (Note 9) | 103,367 | - |
| Total current liabilities | 183,271 | 474,979 |
| Noncurrent liabilities: | | |
| Provision for compensated absences - Net of current portion (Note 9) | - | 3,146,880 |
| Net pension liability (Note 12) | 1,274,130 | - |
| Bonds, leases, and subscriptions payable - Net of current portion (Note 9) | 1,124,465 | - |
| Total liabilities | 2,581,866 | 3,621,859 |
| Deferred Inflows of Resources (Note 12) | | |
| Revenue in support of pension contributions made subsequent to the report date | 84,709 | - |
| Deferred pension cost reductions | 133,595 | - |
| Deferred OPEB cost reductions | 179,507 | - |
| Total deferred inflows of resources | 397,811 | - |
| Net Position (Deficit) | | |
| Restricted - Net OPEB asset | 9,117 | - |
| Unrestricted | (836,140) | 2,811,696 |
| Total net position (deficit) | <u><u>\$ (827,023)</u></u> | <u><u>\$ 2,811,696</u></u> |

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2024

| | <u>Production Print Enterprise Fund</u> | <u>Internal Service Fund</u> |
|--|---|----------------------------------|
| Operating Revenue | | |
| Charges for services | \$ 1,672,897 | \$ - |
| Charges to other funds | - | 9,163,479 |
| Other | <u>85,753</u> | <u>-</u> |
| Total operating revenue | 1,758,650 | 9,163,479 |
| Operating Expenses | | |
| Claims, reinsurance, and administrative fees - Health, dental, vision, and other | - | 8,695,754 |
| Severance/Compensated absence | - | 477,738 |
| Production print operations | 1,661,700 | - |
| Depreciation and amortization | <u>144,824</u> | <u>-</u> |
| Total operating expenses | <u>1,806,524</u> | <u>9,173,492</u> |
| Operating Loss | (47,874) | (10,013) |
| Nonoperating Revenue - Interest income | <u>13,909</u> | <u>220,595</u> |
| Change in Net Position | (33,965) | 210,582 |
| Net Position (Deficit) - Beginning of year | <u>(793,058)</u> | <u>2,601,114</u> |
| Net Position (Deficit) - End of year | <u><u>\$ (827,023)</u></u> | <u><u>\$ 2,811,696</u></u> |

**Proprietary Funds
Statement of Cash Flows**

Year Ended June 30, 2024

| | <u>Production Print Enterprise Fund</u> | <u>Internal Service Fund</u> |
|---|---|----------------------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers | \$ 1,767,434 | \$ - |
| Receipts from other funds | - | 9,164,528 |
| Payments for production print operations | (1,715,224) | - |
| Payments to other funds | - | (8,990,847) |
| | <u>52,210</u> | <u>173,681</u> |
| Net cash provided by operating activities | 52,210 | 173,681 |
| Cash Flows Used in Financing Activities - Payment on lease liability | (98,729) | - |
| Cash Flows from Investing Activities | | |
| Interest received on investments | 13,909 | 220,595 |
| Purchase of capital assets | (89,818) | - |
| | <u>(75,909)</u> | <u>220,595</u> |
| Net cash (used in) provided by investing activities | (75,909) | 220,595 |
| Net (Decrease) Increase in Cash | (122,428) | 394,276 |
| Cash - Beginning of year | <u>339,222</u> | <u>6,025,739</u> |
| Cash - End of year | <u>\$ 216,794</u> | <u>\$ 6,420,015</u> |
| Reconciliation of Operating Loss to Net Cash from Operating Activities | | |
| Operating loss | \$ (47,874) | \$ (10,013) |
| Adjustments to reconcile operating loss to net cash from operating activities: | | |
| Depreciation and amortization expense | 144,824 | - |
| Changes in assets and liabilities and deferred inflows and outflows of resources: | | |
| Receivables | 94,537 | 1,049 |
| Inventories and prepaids | 20,681 | - |
| Accounts payable | (24,492) | (8,883) |
| Due to other governmental units | (61,279) | - |
| Net pension liability or OPEB asset | (253,317) | - |
| Deferrals related to pension or OPEB | 167,564 | - |
| Accrued and other liabilities | 11,566 | 1,150 |
| Accrued benefits | - | 190,378 |
| | <u>100,084</u> | <u>183,694</u> |
| Total adjustments | 100,084 | 183,694 |
| Net cash provided by operating activities | <u>\$ 52,210</u> | <u>\$ 173,681</u> |

Fiduciary Fund
Statement of Fiduciary Net Position

| | |
|---------------------------------------|-------------------------|
| | June 30, 2024 |
| | <u>Custodial Fund</u> |
| Assets - Cash (Note 4) | \$ 64,876 |
| Liabilities - Accounts payable | <u>-</u> |
| Net Position - Unrestricted | <u><u>\$ 64,876</u></u> |

Fiduciary Fund
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

| | <u>Custodial Fund</u> |
|--|-------------------------|
| Additions - Dues and contributions | \$ 24,250 |
| Deductions - Disbursements for activities | <u>52,680</u> |
| Net Decrease in Fiduciary Net Position | (28,430) |
| Net Position - Beginning of year | <u>93,306</u> |
| Net Position - End of year | <u>\$ 64,876</u> |

June 30, 2024**Note 1 - Nature of Business**

Oakland Schools (the "School District") is an educational service agency in the state of Michigan that provides a broad spectrum of services and support to various school districts within Oakland County, Michigan (the "County"). The School District also provides direct special educational and vocational educational services at several sites throughout the County. The School District is responsible for compliance monitoring, professional development, grant management, a wide array of reporting functions, and many more support services for its constituent districts.

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 County elected its first county commissioner of schools (the "Commissioner") in 1923. The Commissioner had oversight of 175 districts in the County. In 1941, the residents of the County, under the authority of Public Act (P.A.) 117 of 1935, elected the County's first county school board. On March 28, 1963, the county district became a public corporation under P.A. 190 of 1962, formally establishing the Oakland Intermediate School District (Oakland Schools). The School District is not included in any other governmental reporting entity since the School District's Board of Education members are elected by local school boards and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. This report includes all activities of the School District and all activities considered to be controlled by the Board of Education. In accordance with government accounting principles, no component units are required 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. Exceptions to this general rule occur when there are charges between business-type activities and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

June 30, 2024**Note 2 - Significant Accounting Policies (Continued)**

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

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 three 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 Education Fund is used to account for the general operations of the School District pertaining to support services and those operations not provided for in another fund.
- The Special Education Fund is used to account for all revenue and expenditures related to the School District's operation of special education programs, including transfers to its constituent districts for the operation of local special education programs. The primary revenue sources are local tax millages and state and federal special education grants.
- The Vocational Education Fund is used to account for all revenue and expenditures related to the School District's operation of vocational education programs, including transfers to its constituent districts for the operation of local vocational education center programs. The primary revenue sources are countywide tax millages, as well as state and federal vocational education grants.
- The CFE Campus Renovations Capital Projects Fund is used to record transactions associated with capital asset acquisition, renovation, or improvement at the four vocational education technical campuses. The fund arose from operating transfers from the General Education and Vocational Education funds in the current and previous years.

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. Any operating deficit generated by these activities is the responsibility of the General Education Fund. The nonmajor special revenue funds maintained by the School District are as follows:

- The Shared Services and Tuition Programs Cooperative Activities Fund is used to provide noninstructional services to constituent districts on a cost-recovery basis. This fund also contains the activities of two tuition-based programs:
 - Virtual Learning Academy Consortium K-8 (VLAC K-8) and Virtual Learning Academy Consortium 9-12 (VLAC 9-12) - These programs are tuition-based virtual school programs for children in kindergarten through 8th grade and 9th through 12th grades, respectively.
 - Oakland Accelerated College Experience (Oakland ACE) - Oakland ACE is a tuition-based early college program for students in participating Oakland County districts.

June 30, 2024**Note 2 - Significant Accounting Policies (Continued)**

- The Oakland Network for Education (ONE) Cooperative Activities Fund is used to provide services through advanced voice, video, and data network infrastructure in order to build a stronger learning community within the Oakland Schools boundaries. Its primary revenue source is fees earned by Oakland Schools through the fee-for-service program.
- The Medicaid Cooperative Activities Fund is used to account for all Medicaid billing operations. The Medicaid School Services program is cofunded by the state and federal governments and reimburses schools for some of the costs related to providing health care services to children of low-income families.
- The HR/Finance Consortium Cooperative Activities Fund is a collaborative effort between Oakland Schools and 21 local school districts for a new financial/human resources software business application. Participating districts pay a per student fee to Oakland Schools, which will in turn pay the vendor for conversion costs, software maintenance agreements, etc.
- The School Activities Fund is used to account for all student and other group activities managed by the School District. Revenue sources for the School Activities Fund include fundraising revenue and donations earned and received by student or other groups over which the School District exercises administrative control.

Capital projects funds are established for the Administration Building Capital Projects Fund and the Career Connections Facility Capital Projects Fund. Each of these funds is utilized to record transactions associated with capital asset acquisition, renovation, or improvement.

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

- The Qualified School Construction Bond (QSCB) Debt Service Fund is used to record transfers from the General Education, Special Education, ONE Cooperative Activities, and capital projects funds in order to defease the QSCB debt and provide annual transfers to a QSCB reserve fund established in fiscal year 2011. The QSCB Reserve Debt Service Fund is used to pay the required debt service payments.
- The 2016 Refunding Bonds Debt Service Fund is used to account for the advance refunding of the 2007 bonds and will contain transfers from the Vocational Education Fund to be used to pay debt principal and interest on outstanding bond obligations.

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 Production Print Enterprise Fund is used to report activities for which there is a fee to external users for goods and services. The results of the Production Print Enterprise Fund are included in business-type activities in the statement of net position and statement of activities.

The School District's internal service fund accounts for all of the School District's insurance programs and employee compensated absences provided to other funds of the School District on a cost-reimbursement basis and provides a claims fluctuation reserve for future insurance liabilities. All revenue and expenses not meeting these definitions are reported as nonoperating revenue and expenses.

June 30, 2024**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. The School District maintains a custodial fund to record the transactions of administrative groups. The funds are segregated and are held for the groups.

Interfund Activity

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

Proprietary funds and fiduciary funds, as applicable, 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 investments include cash on hand, demand deposits, and highly liquid investments with a maturity of less than three months when acquired. Investments are stated at fair value, except for investments in external investment pools, which are valued at amortized cost or net asset value.

Note 2 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

Inventories consist primarily of instructional materials and are valued at cost, determined on the basis of average cost. Enterprise fund-type inventories are recorded as expenditures when sold. Inventories are recorded on the consumption method.

Payments made for services that will benefit periods beyond June 30, 2024 are recorded as prepaid expenditures. Prepaid expenditures recorded in the governmental fund types do not reflect current appropriable resources, and, thus, an equivalent portion of fund balance is considered nonspendable. Prepaid expenditures are recorded on the consumption method.

Restricted Assets

Restricted assets on the statement of net position and the governmental funds balance sheet represent the cash associated with the Qualified School Construction Bonds and can only be used for the purpose for which the bonds were issued and to service the associated debt.

Capital Assets

Capital assets are reported in the applicable governmental or business-type 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. Additionally, the School District capitalizes building improvements of \$50,000 or more. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred. 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.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

| | Depreciable/ Amortizable Life - Years |
|---------------------------|---|
| Buildings | 50 |
| Building improvements | 20-30 |
| Equipment | 5-10 |
| Furniture | 10 |
| Vehicles other than buses | 7 |
| Lease assets - Building | 2-13 |
| Lease assets - Vehicle | 5 |
| Subscription assets | 2-5 |

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type 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.

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

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

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

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

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

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

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

Subscriptions

The School District obtains the right to use vendors' information technology software through various long-term contracts. The School District recognizes a subscription liability and an intangible right-of-use subscription asset in the applicable governmental column in the government-wide financial statements.

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

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

The School District uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancelable period of the subscription.

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

June 30, 2024**Note 2 - Significant Accounting Policies (Continued)**

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to deferred charges on refundings and deferred pension and OPEB plan 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. The other deferred inflows reported related to unavailable revenue, which arises only under the modified accrual basis of accounting and is, therefore, reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization and is reduced by the current balances 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 and proprietary fund financial statements (as applicable), 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.

Note 2 - Significant Accounting Policies (Continued)**Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the 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.

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

The fund balance policy prescribes the minimum fund balance as 7.5-12.5 percent of expected operating expenditures in the General Education Fund and Vocational Education Fund and 5-10 percent of expected operating expenditures less payments to local school districts in the Special Education Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Property Tax Revenue

Real and personal properties are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 of the following year for the portion of the taxes that is due on September 14 and on December 1 for the remainder of the property taxes that is due on February 14. The final collection date is February 28, after which they are added to the county tax rolls. The available period for property tax revenue recognition in the governmental fund financial statements is limited to 60 days.

The delinquent real property taxes of the School District are purchased by the County of Oakland, Michigan. The County of Oakland, Michigan intends to sell tax notes, the proceeds of which will be used to pay the School District for these property taxes. These taxes have been recorded as revenue for the current year.

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 for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Note 2 - Significant Accounting Policies (Continued)**Pension and Other Postemployment Benefit (OPEB) Plans**

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

Compensated Absences (Vacation and Sick Leave)

Unused vacation time accumulates up to a maximum level until termination of employment. Upon termination of employment, the School District pays out the employee's accumulated vacation days at his or her current per diem. Employees accumulate sick leave at a rate of 13 days per year. It is the policy of Oakland Schools that, upon resignation or retirement with 90 days' notice, an employee shall be paid separation at \$70.00 per day for all sick days accumulated up to 100 days and half of his or her unused accumulated sick leave at the rate of \$35.00 per day for days accumulated over 100 days. Without 90 days' notice, an employee is paid half of his or her unused accumulated sick leave at the rate of \$35.00 per day.

The liability for compensated absences reported in the proprietary and government-wide statements consists of unpaid, accumulated vacation, and sick leave balances.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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.

June 30, 2024

Note 2 - Significant Accounting Policies (Continued)

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 23, 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 Education Fund and all special revenue funds except that operating transfers have been included in the revenue and expenditures categories rather than as other financing sources (uses), and capital outlay expenditures are included in the functional categories to which they relate in accordance with the adopted budget of the School District. 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 and contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. There are no encumbrances outstanding at year end.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Fund Deficit

Under Michigan law, school districts are required to maintain positive fund balance in each fund. The School District has an accumulated net position deficit in the Print Production Enterprise Fund. The deficit in the Print Production Enterprise Fund is due to the inclusion of the Print Production Enterprise Fund's proportionate share of the net pension liability and net OPEB asset and will be eliminated through future required contributions to the Michigan Public School Employees' Retirement System.

June 30, 2024**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 three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a 1-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

The investment policy adopted by the board additionally requires the investment officer to obtain bids from at least two brokers or financial institutions on all purchases of investment instruments on the secondary market.

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

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's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk be used for the School District's deposits. At year end, the School District had bank deposits totaling \$59,152,672 (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's investment policy states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2024, the School District does not have investments with custodial credit risk, as all investments were held directly by the School District.

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 adopted by the board minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

June 30, 2024

Note 4 - Deposits and Investments (Continued)

At year end, the School District had the following investments:

| Investment | Value | Average Maturity (Years) |
|---------------------------------------|----------------------|-----------------------------|
| Primary Government | | |
| MILAF - Term Series | \$ 50,698,956 | 0.07 - 0.95 |
| U.S. government agency securities | 1,576,238 | 1.16 |
| Resolution Funding Corporation STRIPS | 5,411,654 | 2.79 |
| U.S. Treasury STRIPS | 4,314,095 | 2.63 |
| U.S. Treasury notes | 1,865,824 | 2.83 |
| Total | <u>\$ 63,866,767</u> | |

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. At June 30, 2024, the School District had no investments in commercial paper, held by an agent in the School District's name. As of year end, the credit quality ratings of investments are as follows:

| Investment | Value | Rating | Rating Organization |
|---|----------------------|--------|------------------------|
| Primary Government | | | |
| U.S. Treasury STRIPS | \$ 4,314,095 | AA+ | Standard & Poor's |
| U.S. government agency securities | 1,576,238 | AA+ | Standard & Poor's |
| U.S. Treasury notes | 1,865,824 | AA+ | Standard & Poor's |
| Resolution Funding Corporation STRIPS | 5,411,654 | AA+ | Standard & Poor's |
| MILAF - Cash management and MAX Classes | 27,677,372 | AAAm | Standard & Poor's |
| MILAF - Term Series | 50,698,956 | AAAm | Standard & Poor's |
| Total | <u>\$ 91,544,139</u> | | |

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. The investments in Resolution Funding Corporation STRIPS represent investments approximately equal to 5.9 percent of investments.

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 - Fair Value Measurements

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

June 30, 2024

Note 5 - Fair Value Measurements (Continued)

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

The School District has the following fair value measurements as of June 30, 2024:

| | Significant Other Observable Inputs (Level 2) |
|--|--|
| Available-for-sale debt securities: | |
| U.S. Treasury STRIPS | \$ 4,314,095 |
| U.S. governmental agency securities | 1,576,238 |
| U.S. Treasury notes | 1,865,824 |
| Resolution Funding Corporation STRIPS | 5,411,654 |
| Total available-for-sale debt securities | \$ 13,167,811 |

Investments in Entities that Calculate Net Asset Value per Share

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

As of June 30, 2024, the net asset value of the School District's investment in the MILAF Term Series was \$50,698,956 and matures at various times between July 2024 and June 2025. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date upon initiation of the investment. Early redemptions are permitted, but an early redemption fee would apply.

The MILAF Term Series includes investments that the School District does not control. The investment pool invests primarily in high-quality money market instruments, including certificates of deposit, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

Note 6 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2024, the School District had approximately \$262,000 of unavailable revenue, primarily related to amounts due from other governmental units not received timely, and approximately \$21,489,000 of unearned revenue, primarily related to grant and categorical aid payments received prior to meeting all eligibility requirements.

June 30, 2024

Note 7 - Capital Assets

Capital asset activity of the School District's governmental and business-type activities was as follows:

Governmental Activities

| | Balance July 1, 2023 | Additions | Disposals and Adjustments | Balance June 30, 2024 |
|--|-------------------------|---------------------|------------------------------|--------------------------|
| Capital assets not being depreciated or amortized: | | | | |
| Land | \$ 3,288,778 | \$ - | \$ - | \$ 3,288,778 |
| Construction in progress | - | 7,339,514 | - | 7,339,514 |
| Subtotal | 3,288,778 | 7,339,514 | - | 10,628,292 |
| Capital assets being depreciated or amortized: | | | | |
| Buildings | 26,263,114 | - | - | 26,263,114 |
| Furniture and equipment | 38,161,301 | 1,335,114 | (119,486) | 39,376,929 |
| Vehicles other than buses | 780,970 | 167,124 | (49,216) | 898,878 |
| Building improvements | 92,571,874 | 1,339,994 | - | 93,911,868 |
| Lease assets - Building | 2,172,100 | - | (114,811) | 2,057,289 |
| Lease assets - Vehicle | 994,040 | - | - | 994,040 |
| Subscription assets | - | 2,017,285 | - | 2,017,285 |
| Subtotal | 160,943,399 | 4,859,517 | (283,513) | 165,519,403 |
| Accumulated depreciation and amortization: | | | | |
| Buildings | 11,405,031 | 502,953 | - | 11,907,984 |
| Furniture and equipment | 31,820,011 | 1,503,710 | (113,972) | 33,209,749 |
| Vehicles other than buses | 761,705 | 20,260 | (49,216) | 732,749 |
| Building improvements | 48,975,459 | 3,073,884 | - | 52,049,343 |
| Accumulated amortization - Lease assets - Building | 429,300 | 157,244 | (114,811) | 471,733 |
| Accumulated amortization - Lease assets - Vehicle | 397,616 | 198,808 | - | 596,424 |
| Subscription asset | - | 635,740 | - | 635,740 |
| Subtotal | 93,789,122 | 6,092,599 | (277,999) | 99,603,722 |
| Net capital assets being depreciated and amortized | 67,154,277 | (1,233,082) | (5,514) | 65,915,681 |
| Net governmental activities capital assets | <u>\$ 70,443,055</u> | <u>\$ 6,106,432</u> | <u>\$ (5,514)</u> | <u>\$ 76,543,973</u> |

June 30, 2024

Note 7 - Capital Assets (Continued)***Business-type Activities***

| | Balance July 1, 2023 | Additions | Disposals and Adjustments | Balance June 30, 2024 |
|--|-------------------------|-------------|------------------------------|--------------------------|
| Capital assets being depreciated or amortized: | | | | |
| Furniture and equipment | \$ 1,612,070 | \$ 89,818 | \$ - | \$ 1,701,888 |
| Lease assets - Building | 1,489,744 | - | - | 1,489,744 |
| Subtotal | 3,101,814 | 89,818 | - | 3,191,632 |
| Accumulated depreciation and amortization: | | | | |
| Furniture and equipment | 1,534,348 | 30,957 | - | 1,565,305 |
| Accumulated amortization - Lease assets - Building | 227,733 | 113,867 | - | 341,600 |
| Subtotal | 1,762,081 | 144,824 | - | 1,906,905 |
| Net business-type activities capital assets | \$ 1,339,733 | \$ (55,006) | \$ - | \$ 1,284,727 |

Depreciation and amortization expense was not charged to activities, as the School District's assets benefit multiple activities, and allocation is impractical.

Construction Commitments

The School District has active construction projects at year end. The outstanding commitments as of June 30, 2024 were \$8,514,537.

Note 8 - Interfund Transfers

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

The General Education Fund transferred \$413,400 to the ONE Cooperative Activities Fund to provide resources for projects.

The General Education Fund transferred \$25,000 to the HR/Finance Consortium Cooperative Activities Fund to provide resources for projects.

The General Education Fund transferred \$200,000 to the capital projects funds to provide resources for capital projects.

The Special Education Fund transferred \$6,600 to the ONE Cooperative Activities Fund to provide resources for projects.

The Special Education Fund transferred \$12,500 to the HR/Finance Consortium Cooperative Activities Fund to provide resources for projects.

The Special Education Fund transferred \$96,000 to the capital projects funds to provide resources for capital projects.

The Vocational Education Fund transferred \$7,604,000 to the capital projects funds to provide resources for capital projects.

The Vocational Education Fund transferred \$3,300,000 to the debt service funds to provide resources for debt service.

The Vocational Education Fund transferred \$6,600 to the ONE Cooperative Activities Fund to provide resources for projects.

June 30, 2024

Note 8 - Interfund Transfers (Continued)

The Vocational Education Fund transferred \$12,500 to the HR/Finance Consortium Cooperative Activities Fund to provide resources for projects.

The QSCB Debt Service Fund transferred \$770,000 to the QSCB Reserve Debt Service Fund to provide for annual set-aside requirements and debt service.

The Shared Services and Tuition Programs Cooperative Activities Fund transferred \$268,486 to the General Education Fund to transfer indirect costs earned on shared services.

The HR/Finance Consortium Cooperative Activities Fund transferred \$127,000 to the General Education Fund for technology hosting services.

The HR/Finance Consortium Cooperative Activities Fund transferred \$50,000 to the ONE Cooperative Activities Fund to return resources provided for the startup of a new program.

Note 9 - Long-term Debt

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

Governmental Activities

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|--|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Bonds payable: | | | | | |
| Other debt - General obligation bonds payable | \$ 39,675,000 | \$ - | \$ (1,460,000) | \$ 38,215,000 | \$ 1,535,000 |
| Unamortized bond premiums | 2,262,166 | - | (174,013) | 2,088,153 | 174,013 |
| Total bonds payable | 41,937,166 | - | (1,634,013) | 40,303,153 | 1,709,013 |
| Leases (Note 10) | 2,449,072 | - | (334,906) | 2,114,166 | 348,372 |
| Compensated absences | 3,306,155 | 513,714 | (323,336) | 3,496,533 | 349,653 |
| Subscriptions (Note 11) | - | 1,843,713 | (575,735) | 1,267,978 | 604,226 |
| Total governmental activities long-term debt | <u>\$ 47,692,393</u> | <u>\$ 2,357,427</u> | <u>\$ (2,867,990)</u> | <u>\$ 47,181,830</u> | <u>\$ 3,011,264</u> |

Business-type Activities

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|--------|----------------------|-----------|-------------|----------------|------------------------|
| Leases | \$ 1,326,561 | \$ - | \$ (98,729) | \$ 1,227,832 | \$ 103,367 |

The School District had deferred outflows of \$358,724 related to deferred charges on bond refundings at June 30, 2024. Amortization of deferred charges on bond refundings totaled \$29,893 during the year.

June 30, 2024

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

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. General obligations outstanding at June 30, 2024 are as follows:

| Purpose | Remaining Annual Installments | Interest Rates | Maturing | Outstanding |
|--|-------------------------------------|----------------|----------|----------------------|
| \$30,695,000 general obligation bonds (2016) | \$1,535,000 - \$2,345,000 | 3%-5% | 2036 | \$ 23,415,000 |
| \$14,800,000 general obligation bonds (2010) | 14,800,000 | 6.25%* | 2027 | 14,800,000 |
| Total governmental activities | | | | <u>\$ 38,215,000</u> |

*The interest payments made each year by the School District, through maturity, will be subsidized by the federal government (as shown below in the debt service requirements table).

Other Long-term Liabilities

Other long-term obligations consist of compensated absences of unpaid, accumulated vacation, and sick leave balances. These amounts are paid for by the internal service fund and are funded by charges to the respective fund to which the eligible employee's compensation is charged.

See Note 10 for further information on lease liabilities and Note 11 for further information on subscription liabilities.

Pension and OPEB Liability (Asset)

See Note 12 for further information regarding this liability (asset). The net pension liability decreased by \$32,224,509 from \$185,555,580 as of June 30, 2023 to \$153,331,071 as of June 30, 2024. The net OPEB liability decreased by \$12,786,751 from \$10,158,069 as of June 30, 2023 to an OPEB asset of \$2,628,682 as of June 30, 2024.

Debt Service Requirements to Maturity

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

| Years Ending June 30 | Governmental Activities | | | |
|-------------------------|-------------------------|---------------------|-----------------------------|----------------------|
| | Principal | Interest | Maximum Interest Subsidy | Total - Net |
| 2025 | \$ 1,535,000 | \$ 1,853,900 | \$ (800,680) | \$ 2,588,220 |
| 2026 | 1,610,000 | 1,777,150 | (800,680) | 2,586,470 |
| 2027 | 16,490,000 | 1,696,650 | (800,680) | 17,385,970 |
| 2028 | 1,775,000 | 687,150 | - | 2,462,150 |
| 2029 | 1,865,000 | 598,400 | - | 2,463,400 |
| 2030-2034 | 10,365,000 | 2,109,100 | - | 12,474,100 |
| 2035-2036 | 4,575,000 | 346,000 | - | 4,921,000 |
| Total | <u>\$ 38,215,000</u> | <u>\$ 9,068,350</u> | <u>\$ (2,402,040)</u> | <u>\$ 44,881,310</u> |

June 30, 2024

Note 10 - Leases

The School District leases certain facilities and vehicles from various third parties. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability.

Lease asset activity of the School District is included in Note 7.

Future principal and interest payment requirements related to the School District's lease liability at June 30, 2024 are as follows:

| Years Ending | Governmental Activities | | Business-type Activities | | Total |
|--------------|-------------------------|-------------------|--------------------------|-------------------|---------------------|
| | Principal | Interest | Principal | Interest | |
| 2025 | \$ 348,372 | \$ 68,442 | \$ 103,367 | \$ 41,327 | \$ 561,508 |
| 2026 | 360,763 | 56,052 | 107,043 | 37,650 | 561,508 |
| 2027 | 153,079 | 46,736 | 110,850 | 33,843 | 344,508 |
| 2028 | 158,524 | 41,291 | 114,793 | 29,900 | 344,508 |
| 2029 | 164,162 | 35,653 | 118,876 | 25,818 | 344,509 |
| 2030-2034 | 912,655 | 86,418 | 660,888 | 62,578 | 1,722,539 |
| 2035-2037 | 16,611 | 48 | 12,015 | 35 | 28,709 |
| Total | <u>\$ 2,114,166</u> | <u>\$ 334,640</u> | <u>\$ 1,227,832</u> | <u>\$ 231,151</u> | <u>\$ 3,907,789</u> |

Note 11 - Subscriptions

The School District obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed annually.

Subscription asset activity of the School District is included in Note 7.

Future principal and interest payment requirements related to the School District's subscription liability at June 30, 2024 are as follows:

| Years | Principal | Interest | Total |
|-------|---------------------|------------------|---------------------|
| 2025 | \$ 604,226 | \$ 37,043 | \$ 641,269 |
| 2026 | 619,828 | 5,013 | 624,841 |
| 2027 | 21,106 | 1,274 | 22,380 |
| 2028 | 22,818 | 101 | 22,919 |
| Total | <u>\$ 1,267,978</u> | <u>\$ 43,431</u> | <u>\$ 1,311,409</u> |

Note 12 - 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>.

June 30, 2024

Note 12 - Michigan Public School Employees' Retirement System (Continued)***Benefits Provided***

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

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

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

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

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

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

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

Contributions

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

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

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

The 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 \$20,051,749, 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 \$9,186,892 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$4,233,250, 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 \$153,331,071 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 0.47 and 0.49 percent, respectively, representing a change of (3.98) percent.

June 30, 2024

Note 12 - Michigan Public School Employees' Retirement System (Continued)***Net OPEB Asset***

At June 30, 2024, the School District reported an asset of \$(2,628,682) 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 liability 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 0.46 and 0.48 percent, respectively, representing a change of (3.11) 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 \$16,238,409, 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 | \$ 4,840,194 | \$ (234,879) |
| Changes in assumptions | 20,777,058 | (11,979,579) |
| Net difference between projected and actual earnings on pension plan investments | - | (3,137,650) |
| Changes in proportion and differences between the School District's contributions and proportionate share of contributions | - | (7,316,011) |
| The School District's contributions to the plan subsequent to the measurement date | 17,221,519 | - |
| Total | <u>\$ 42,838,771</u> | <u>\$ (22,668,119)</u> |

The \$9,186,892 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 | \$ 705,934 |
| 2026 | 106,503 |
| 2027 | 4,993,490 |
| 2028 | <u>(2,856,794)</u> |
| Total | <u>\$ 2,949,133</u> |

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

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

For the year ended June 30, 2024, the School District recognized OPEB recovery of \$5,033,690.

June 30, 2024

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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 | \$ - | \$ (19,863,674) |
| Changes in assumptions | 5,851,905 | (704,680) |
| Net difference between projected and actual earnings on OPEB plan investments | 8,015 | - |
| Changes in proportionate share or difference between amount contributed and proportionate share of contributions | 32,401 | (2,086,641) |
| Employer contributions to the plan subsequent to the measurement date | 2,950,517 | - |
| Total | <u>\$ 8,842,838</u> | <u>\$ (22,654,995)</u> |

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

| Years Ending | Amount |
|--------------|------------------------|
| 2025 | \$ (5,373,630) |
| 2026 | (4,976,255) |
| 2027 | (2,159,888) |
| 2028 | (2,047,882) |
| 2029 | (1,477,785) |
| Thereafter | (727,234) |
| Total | <u>\$ (16,762,674)</u> |

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 percent |
| Health care cost trend rate - OPEB | 6.25% - 7.50% | Year 1 graded to 3.5 percent in year 15 |
| Mortality basis | | PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010 |
| Cost of living pension adjustments | 3.00% | Annual noncompounded for MIP members |

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

June 30, 2024

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2022, for the OPEB plan include a decrease in the health care cost trend rate of 0.25 percentage point 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 and OPEB liability was 6.00 percent as of September 30, 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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 |
| Short-term investment pools | 10.00 | 7.30 |
| Real return/opportunistic 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 | \$ 207,149,827 | \$ 153,331,071 | \$ 108,525,009 |

June 30, 2024

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

The following presents the net OPEB asset of the 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 | \$ 2,725,155 | \$ (2,628,682) | \$ (7,229,780) |

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 | \$ (7,241,252) | \$ (2,628,682) | \$ 2,363,629 |

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 \$2,467,632 and \$292,509 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Note 13 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property loss, employee medical benefits, workers' compensation, dental and vision, and errors and omissions; the School District is partially insured for the unemployment benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Vision and Dental - The School District provides vision and dental insurance with certain copay features to substantially all employees. Some plans require that the employees pay a portion of the premium. Total premiums paid by the School District were approximately \$706,800 for the year ended June 30, 2024.

Unemployment - The School District is self-insured for unemployment expenses. Claims are funded by the School District and paid by the plan administrator. The School District incurred approximately \$20,800 in unemployment expense for fiscal year 2024.

Workers' Compensation - The School District provides a workers' compensation plan that covers all employees. The premiums are paid for by the School District. During 2024, the premiums amounted to approximately \$70,000.

June 30, 2024**Note 13 - Risk Management (Continued)**

Medical - The School District provides medical insurance with certain copay features to substantially all employees. Some plans require that the employee pay a portion of the premium. During 2024, the premiums paid by the School District amounted to approximately \$6,683,700.

Property and General Liability - The School District is exposed to various risks of loss related to property loss and employee injuries. The School District has purchased insurance to cover losses to its buildings and contents in the amount of approximately \$249.7 million. The School District has a fleet of 30 licensed vehicles and trailers, which are included in the School District's auto liability coverage. The School District has commercial general and excess liability insurance coverage in the amount of \$16 million and cyber liability coverage in the amount of \$3 million.

There has not been a significant reduction in insurance coverage in the current year, and settlements have not exceeded coverage for each of the past three years for the risk management liabilities.

Provision for Uninsured Losses and Liabilities - The School District has established a reserve in the internal service fund for future uninsured losses and liabilities that may occur over time.

Note 14 - Contingencies

All funded projects established by the School District under federal, state, and local programs of education are subject to audit by the funding agency. No provision has been established in the financial statements for disallowed costs, if any, that might occur as a result of an audit by a funding agency. Any disallowed costs would become a liability of the School District; however, any such liability, in the opinion of management, is expected to be immaterial.

The School District, through its involvement in the Community Telecommunications Network (CTN), has agreed to sell excess capacity related to certain cellular phone towers. The agreement lasts for an extended period, and collections will be dependent upon collections by CTN from the sublessee. During the year ended June 30, 2024, the School District received approximately \$725,000, which is reported in the General Education Fund.

Note 15 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), brownfield redevelopment agreements, personal property tax exemptions under PA 328 of 1998, and payment in lieu of taxes (PILOT) 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, the personal property tax exemption allows specific businesses in distressed communities to file for exemption from paying tax on personal property, and PILOTs compensate local governments for some or all of the real estate tax revenue that is lost due to the waiver of that revenue.

For the fiscal year ended June 30, 2024, the School District's property tax revenue was reduced by approximately \$2,894,000 under these programs. The School District does not receive reimbursement for these amounts.

There are no abatements made by the School District.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule - General Education Fund

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | (Under) Over Final Budget |
|---|----------------------------|-----------------------------|-----------------------------|------------------------------|
| Revenue | | | | |
| Local sources | \$ 17,240,200 | \$ 21,125,200 | \$ 18,652,153 | \$ (2,473,047) |
| State sources | 69,438,000 | 84,302,000 | 65,698,007 | (18,603,993) |
| Federal sources | 4,628,900 | 7,775,000 | 3,194,645 | (4,580,355) |
| Transfers and other revenue | 691,200 | 1,138,300 | 1,340,006 | 201,706 |
| Total revenue | 91,998,300 | 114,340,500 | 88,884,811 | (25,455,689) |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special education | - | 530,000 | 22,285 | (507,715) |
| Vocational education | 71,000 | 260,000 | 17,325 | (242,675) |
| Support services: | | | | |
| Pupil | 3,472,000 | 2,600,200 | 1,380,782 | (1,219,418) |
| Instructional staff | 18,798,100 | 15,932,100 | 12,805,876 | (3,126,224) |
| General administration | 1,783,500 | 1,744,300 | 1,639,735 | (104,565) |
| School administration | - | - | 1,400 | 1,400 |
| Business | 1,037,900 | 1,022,200 | 1,035,627 | 13,427 |
| Operations and maintenance | 680,300 | 860,200 | 715,343 | (144,857) |
| Pupil transportation services | 1,502,800 | 2,368,200 | 1,794,815 | (573,385) |
| Central | 8,680,500 | 10,238,700 | 8,858,657 | (1,380,043) |
| Other | 1,100,000 | 914,400 | 833,002 | (81,398) |
| Community services | 708,500 | 1,440,000 | 798,129 | (641,871) |
| Debt service | 35,600 | 113,200 | 111,641 | (1,559) |
| Interdistrict transfers and other | 54,324,200 | 70,977,600 | 52,726,940 | (18,250,660) |
| Total expenditures | 92,194,400 | 109,001,100 | 82,741,557 | (26,259,543) |
| Net Change in Fund Balance | (196,100) | 5,339,400 | 6,143,254 | 803,854 |
| Fund Balance - Beginning of year | 6,120,739 | 6,120,739 | 6,120,739 | - |
| Fund Balance - End of year | <u><u>\$ 5,924,639</u></u> | <u><u>\$ 11,460,139</u></u> | <u><u>\$ 12,263,993</u></u> | <u><u>\$ 803,854</u></u> |

Oakland Schools

Required Supplementary Information Budgetary Comparison Schedules - Major Special Revenue Funds Special Education Fund

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | (Under) Over Final Budget |
|---|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Revenue | | | | |
| Local sources | \$ 175,477,200 | \$ 182,436,800 | \$ 181,811,796 | \$ (625,004) |
| State sources | 13,172,900 | 11,370,000 | 11,044,790 | (325,210) |
| Federal sources | 63,523,700 | 62,200,000 | 56,350,754 | (5,849,246) |
| Transfers and other revenue | 250,000 | 384,100 | 387,104 | 3,004 |
| Total revenue | 252,423,800 | 256,390,900 | 249,594,444 | (6,796,456) |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 1,500,000 | 461,400 | 440,549 | (20,851) |
| Support services: | | | | |
| Pupil | 19,434,900 | 15,497,200 | 14,291,362 | (1,205,838) |
| Instructional staff | 3,774,100 | 3,711,200 | 3,599,898 | (111,302) |
| General administration | 918,700 | 839,100 | 800,193 | (38,907) |
| Business | 1,341,000 | 1,099,000 | 1,068,347 | (30,653) |
| Operations and maintenance | 426,600 | 407,200 | 383,671 | (23,529) |
| Pupil transportation services | 96,900 | 47,100 | 43,088 | (4,012) |
| Central | 5,539,200 | 5,568,400 | 5,425,577 | (142,823) |
| Other | 342,500 | 389,000 | 358,056 | (30,944) |
| Community services | 2,538,000 | 2,925,000 | 805,875 | (2,119,125) |
| Debt service | 177,100 | 203,700 | 190,229 | (13,471) |
| Interdistrict transfers and other | 216,250,400 | 228,981,900 | 215,953,664 | (13,028,236) |
| Total expenditures | 252,339,400 | 260,130,200 | 243,360,509 | (16,769,691) |
| Net Change in Fund Balance | 84,400 | (3,739,300) | 6,233,935 | 9,973,235 |
| Fund Balance - Beginning of year | 20,291,725 | 20,291,725 | 20,291,725 | - |
| Fund Balance - End of year | <u><u>\$ 20,376,125</u></u> | <u><u>\$ 16,552,425</u></u> | <u><u>\$ 26,525,660</u></u> | <u><u>\$ 9,973,235</u></u> |

Oakland Schools

Required Supplementary Information
Budgetary Comparison Schedules - Major Special Revenue Funds
(Continued)
Vocational Education Fund

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | (Under) Over Final Budget |
|---|----------------------------|----------------------------|----------------------------|------------------------------|
| Revenue | | | | |
| Local sources | \$ 43,531,500 | \$ 45,553,300 | \$ 45,412,547 | \$ (140,753) |
| State sources | 5,900,400 | 7,174,200 | 7,321,875 | 147,675 |
| Federal sources | 1,707,500 | 2,115,000 | 2,072,187 | (42,813) |
| Transfers and other revenue | 128,100 | 220,100 | 127,668 | (92,432) |
| Total revenue | 51,267,500 | 55,062,600 | 54,934,277 | (128,323) |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 16,493,100 | 17,149,600 | 16,935,206 | (214,394) |
| Support services: | | | | |
| Pupil | 3,402,600 | 3,553,900 | 3,462,702 | (91,198) |
| Instructional staff | 3,453,100 | 3,548,700 | 3,215,851 | (332,849) |
| General administration | 1,078,000 | 1,080,300 | 1,012,323 | (67,977) |
| School administration | 2,669,300 | 2,647,400 | 2,620,330 | (27,070) |
| Business | 1,570,300 | 1,443,300 | 1,430,328 | (12,972) |
| Operations and maintenance | 4,932,500 | 4,612,300 | 4,619,248 | 6,948 |
| Pupil transportation services | 153,600 | 144,000 | 128,618 | (15,382) |
| Central | 6,339,000 | 6,014,800 | 5,823,764 | (191,036) |
| Other | 193,500 | 181,000 | 172,471 | (8,529) |
| Debt service | 218,600 | 245,200 | 244,364 | (836) |
| Interdistrict transfers and other | 10,911,100 | 14,061,100 | 13,947,418 | (113,682) |
| Total expenditures | 51,414,700 | 54,681,600 | 53,612,623 | (1,068,977) |
| Net Change in Fund Balance | (147,200) | 381,000 | 1,321,654 | 940,654 |
| Fund Balance - Beginning of year | 6,854,138 | 6,854,138 | 6,854,138 | - |
| Fund Balance - End of year | <u><u>\$ 6,706,938</u></u> | <u><u>\$ 7,235,138</u></u> | <u><u>\$ 8,175,792</u></u> | <u><u>\$ 940,654</u></u> |

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 | 0.47374 % | 0.49338 % | 0.50279 % | 0.50722 % | 0.51448 % | 0.51505 % | 0.50550 % | 0.47845 % | 0.46070 % | 0.43183 % |
| School District's proportionate share of the net pension liability | \$ 153,331,071 | \$ 185,555,580 | \$ 119,036,550 | \$ 174,235,138 | \$ 170,378,362 | \$ 154,832,673 | \$ 130,996,169 | \$ 119,368,632 | \$ 112,525,808 | \$ 95,110,375 |
| School District's covered payroll | \$ 46,424,601 | \$ 46,518,009 | \$ 45,322,447 | \$ 44,854,132 | \$ 44,790,381 | \$ 44,265,616 | \$ 43,162,651 | \$ 41,134,535 | \$ 38,484,732 | \$ 36,808,094 |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | 330.28 % | 398.89 % | 262.64 % | 388.45 % | 380.39 % | 349.78 % | 303.49 % | 290.19 % | 292.39 % | 258.40 % |
| Plan fiduciary net position as a percentage of total pension liability | 65.91 % | 60.77 % | 72.32 % | 59.49 % | 60.08 % | 62.12 % | 63.96 % | 63.01 % | 62.92 % | 66.20 % |

Oakland Schools

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

| | Last Ten Fiscal Years Years Ended June 30 | | | | | | | | | |
|---|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutorily required contribution | \$ 19,594,551 | \$ 22,115,022 | \$ 16,780,227 | \$ 15,368,937 | \$ 14,125,270 | \$ 13,720,880 | \$ 13,262,230 | \$ 12,085,927 | \$ 11,005,194 | \$ 8,210,005 |
| Contributions in relation to the statutorily required contribution | 19,594,551 | 22,115,022 | 16,780,227 | 15,368,937 | 14,125,270 | 13,720,880 | 13,262,230 | 12,085,927 | 11,005,194 | 8,210,005 |
| Contribution Deficiency | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School District's Covered Payroll | \$ 47,844,601 | \$ 45,777,599 | \$ 44,800,859 | \$ 45,223,459 | \$ 45,030,328 | \$ 44,385,939 | \$ 44,060,613 | \$ 44,388,538 | \$ 40,183,160 | \$ 38,428,512 |
| Contributions as a Percentage of Covered Payroll | 40.95 % | 48.31 % | 37.46 % | 33.98 % | 31.37 % | 30.91 % | 30.10 % | 27.23 % | 27.39 % | 21.36 % |

Oakland Schools

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 | | | | | | |
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| School District's proportion of the net OPEB (asset) liability | 0.46468 % | 0.47959 % | 0.50208 % | 0.50595 % | 0.51234 % | 0.51992 % | 0.50477 % |
| School District's proportionate share of the net OPEB (asset) liability | \$ (2,628,682) | \$ 10,158,069 | \$ 7,663,639 | \$ 27,104,973 | \$ 36,774,468 | \$ 41,328,273 | \$ 44,699,757 |
| School District's covered payroll | \$ 46,424,601 | \$ 46,518,009 | \$ 45,322,447 | \$ 44,854,132 | \$ 44,790,381 | \$ 44,265,616 | \$ 43,162,651 |
| School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll | (5.66)% | 21.84 % | 16.91 % | 60.43 % | 82.10 % | 93.36 % | 103.56 % |
| 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 % |

Oakland Schools

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 | \$ 3,910,638 | \$ 3,677,841 | \$ 3,647,059 | \$ 3,759,878 | \$ 3,614,134 | \$ 3,485,051 | \$ 3,182,377 |
| Contributions in relation to the statutorily required contribution | 3,910,638 | 3,677,841 | 3,647,059 | 3,759,878 | 3,614,134 | 3,485,051 | 3,182,377 |
| Contribution Deficiency | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School District's Covered Payroll | \$ 47,844,601 | \$ 45,777,599 | \$ 44,800,859 | \$ 45,223,459 | \$ 45,030,328 | \$ 44,385,939 | \$ 44,060,613 |
| Contributions as a Percentage of Covered Payroll | 8.17 % | 8.03 % | 8.14 % | 8.31 % | 8.03 % | 7.85 % | 7.22 % |

June 30, 2024***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Education Fund and all special revenue funds except that operating transfers have been included in the revenue and expenditures categories rather than as other financing sources (uses), and capital outlay expenditures are included in the functional categories to which they relate in accordance with the adopted budget of the School District. Capital outlay is presented separately on the statement of revenue, expenditures, and changes in fund balances. All annual appropriations lapse at fiscal year end. 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.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level (i.e., the level at which expenditures may not legally exceed appropriations).

Pension Information**Benefit Changes**

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

Changes in Assumptions

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

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

OPEB Information

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

Benefit Changes

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

June 30, 2024**Changes in Assumptions**

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

- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage 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 costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Supplementary Information

Oakland Schools

Supplementary Information

Budgetary Comparison Schedules - Nonmajor Special Revenue Funds

Shared Services and Tuition Programs Cooperative Activities Fund

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---|----------------------------|----------------------------|----------------------------|------------------------------|
| Revenue | | | | |
| Local sources | \$ 16,119,400 | \$ 15,862,000 | \$ 16,472,489 | \$ 610,489 |
| State sources | 1,474,500 | 1,935,000 | 2,017,304 | 82,304 |
| Transfers in and other revenue | 484,400 | 1,518,900 | 982,027 | (536,873) |
| Total revenue | 18,078,300 | 19,315,900 | 19,471,820 | 155,920 |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 4,002,900 | 4,457,500 | 4,497,305 | 39,805 |
| Support services: | | | | |
| Pupil | 52,800 | 80,800 | 74,604 | (6,196) |
| General administration | 547,300 | 315,500 | 310,697 | (4,803) |
| School administration | 424,600 | 380,700 | 375,954 | (4,746) |
| Business | 1,357,700 | 933,900 | 936,903 | 3,003 |
| Operations and maintenance | 19,000 | 26,700 | 26,700 | - |
| Central | 12,460,200 | 12,775,200 | 12,820,494 | 45,294 |
| Debt service | - | 346,300 | 346,321 | 21 |
| Interdistrict transfers and other | 303,000 | 326,300 | 327,686 | 1,386 |
| Total expenditures | 19,167,500 | 19,642,900 | 19,716,664 | 73,764 |
| Net Change in Fund Balance | (1,089,200) | (327,000) | (244,844) | 82,156 |
| Fund Balance - Beginning of year | 4,567,802 | 4,567,802 | 4,567,802 | - |
| Fund Balance - End of year | <u><u>\$ 3,478,602</u></u> | <u><u>\$ 4,240,802</u></u> | <u><u>\$ 4,322,958</u></u> | <u><u>\$ 82,156</u></u> |

Oakland Schools

Supplementary Information Budgetary Comparison Schedules - Nonmajor Special Revenue Funds (Continued) ONE Cooperative Activities Fund

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | (Under) Over Final Budget |
|---|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Revenue | | | | |
| Local sources | \$ 775,400 | \$ 2,045,000 | \$ 1,845,094 | \$ (199,906) |
| Transfers and other revenue | 476,600 | 833,200 | 836,156 | 2,956 |
| Total revenue | 1,252,000 | 2,878,200 | 2,681,250 | (196,950) |
| Expenditures | | | | |
| Current - Support services: | | | | |
| Instructional staff | 904,100 | 903,700 | 561,967 | (341,733) |
| General administration | 5,000 | 5,000 | - | (5,000) |
| Operations and maintenance | 1,000,000 | 1,213,000 | 994,100 | (218,900) |
| Central | 434,800 | 940,000 | 916,998 | (23,002) |
| Debt service | - | 133,200 | 133,118 | (82) |
| Total expenditures | 2,343,900 | 3,194,900 | 2,606,183 | (588,717) |
| Net Change in Fund Balance | (1,091,900) | (316,700) | 75,067 | 391,767 |
| Fund Balance - Beginning of year | 14,011,667 | 14,011,667 | 14,011,667 | - |
| Fund Balance - End of year | <u><u>\$ 12,919,767</u></u> | <u><u>\$ 13,694,967</u></u> | <u><u>\$ 14,086,734</u></u> | <u><u>\$ 391,767</u></u> |

Oakland Schools

Supplementary Information Budgetary Comparison Schedules - Nonmajor Special Revenue Funds (Continued) Medicaid Cooperative Activities Fund

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---|------------------------|------------------------|------------------------|------------------------------|
| Revenue | | | | |
| Local sources | \$ 11,861,500 | \$ 15,212,200 | \$ 15,223,115 | \$ 10,915 |
| State sources | 62,100 | 82,200 | 85,686 | 3,486 |
| Federal sources | 541,500 | 912,000 | 1,037,395 | 125,395 |
| Total revenue | 12,465,100 | 16,206,400 | 16,346,196 | 139,796 |
| Expenditures | | | | |
| Current - Support services: | | | | |
| Operations and maintenance | 6,800 | 3,500 | 4,114 | 614 |
| Central | 697,700 | 713,100 | 692,060 | (21,040) |
| Debt service | 24,400 | 24,400 | 9,396 | (15,004) |
| Interdistrict transfers and other | 11,736,200 | 15,465,400 | 15,641,262 | 175,862 |
| Total expenditures | 12,465,100 | 16,206,400 | 16,346,832 | 140,432 |
| Net Change in Fund Balance | - | - | (636) | (636) |
| Fund Balance - Beginning of year | 1,855 | 1,855 | 1,855 | - |
| Fund Balance - End of year | <u><u>\$ 1,855</u></u> | <u><u>\$ 1,855</u></u> | <u><u>\$ 1,219</u></u> | <u><u>\$ (636)</u></u> |

Oakland Schools

Supplementary Information Budgetary Comparison Schedules - Nonmajor Special Revenue Funds (Continued) HR/Finance Consortium Cooperative Activities Fund

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---|--------------------------|--------------------------|--------------------------|------------------------------|
| Revenue | | | | |
| Local sources | \$ 1,124,600 | \$ 1,213,200 | \$ 1,219,260 | \$ 6,060 |
| State sources | 97,300 | 114,300 | 118,737 | 4,437 |
| Transfers and other revenue | 50,000 | 50,000 | 50,000 | - |
| Total revenue | 1,271,900 | 1,377,500 | 1,387,997 | 10,497 |
| Expenditures | | | | |
| Current - Support services: | | | | |
| General administration | - | 10,000 | 9,630 | (370) |
| Central | 1,116,000 | 1,052,800 | 999,297 | (53,503) |
| Interdistrict transfers and other | 177,000 | 177,000 | 208,400 | 31,400 |
| Total expenditures | 1,293,000 | 1,239,800 | 1,217,327 | (22,473) |
| Net Change in Fund Balance | (21,100) | 137,700 | 170,670 | 32,970 |
| Fund Balance - Beginning of year | 474,577 | 474,577 | 474,577 | - |
| Fund Balance - End of year | <u><u>\$ 453,477</u></u> | <u><u>\$ 612,277</u></u> | <u><u>\$ 645,247</u></u> | <u><u>\$ 32,970</u></u> |

Oakland Schools

Supplementary Information Budgetary Comparison Schedules - Nonmajor Special Revenue Funds (Continued) School Activities Fund

Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | Over Final Budget |
|--|--------------------------|--------------------------|--------------------------|------------------------|
| Revenue - Local sources | \$ 180,000 | \$ 180,000 | \$ 191,880 | \$ 11,880 |
| Expenditures - Support services - Other | 180,000 | 180,000 | 190,715 | 10,715 |
| Net Change in Fund Balance | - | - | 1,165 | 1,165 |
| Fund Balance - Beginning of year | 256,201 | 256,201 | 256,201 | - |
| Fund Balance - End of year | <u><u>\$ 256,201</u></u> | <u><u>\$ 256,201</u></u> | <u><u>\$ 257,366</u></u> | <u><u>\$ 1,165</u></u> |

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

| | Special Revenue Funds | 2016 Refunding Bonds Debt Service Fund | Qualified School Construction Bond Debt Service Fund | Qualified School Construction Bond Reserve Debt Service Fund | Administration Building Capital Projects Fund | Total |
|--|--------------------------|--|--|---|---|----------------------|
| Assets | | | | | | |
| Cash and investments | \$ 22,555,942 | \$ 7,613,115 | \$ - | \$ - | \$ 11,277,056 | \$ 41,446,113 |
| Receivables: | | | | | | |
| Accrued interest receivable | 192,497 | 30,010 | 11 | 166 | 24,975 | 247,659 |
| Other receivables | 169,370 | - | - | - | - | 169,370 |
| Due from other governments | 1,136,560 | - | - | - | - | 1,136,560 |
| Prepaid expenditures | 10,679 | - | - | - | 68,264 | 78,943 |
| Restricted assets | - | - | 533,019 | 11,627,982 | - | 12,161,001 |
| Total assets | \$ 24,065,048 | \$ 7,643,125 | \$ 533,030 | \$ 11,628,148 | \$ 11,370,295 | \$ 55,239,646 |
| Liabilities | | | | | | |
| Accounts payable | \$ 147,221 | \$ - | \$ - | \$ - | \$ 18,210 | \$ 165,431 |
| Due to other governmental units | 2,922,168 | - | - | - | - | 2,922,168 |
| Accrued payroll and other liabilities | 733,979 | - | - | - | - | 733,979 |
| Unearned revenue | 948,156 | - | - | - | - | 948,156 |
| Total liabilities | 4,751,524 | - | - | - | 18,210 | 4,769,734 |
| Fund Balances | | | | | | |
| Nonspendable - Prepaid expenditures | 10,679 | - | - | - | 68,264 | 78,943 |
| Restricted - Debt service | - | 7,643,125 | 533,030 | 11,628,148 | - | 19,804,303 |
| Committed: | | | | | | |
| Capital projects | - | - | - | - | 11,283,821 | 11,283,821 |
| Special revenue funds | 19,302,845 | - | - | - | - | 19,302,845 |
| Total fund balances | 19,313,524 | 7,643,125 | 533,030 | 11,628,148 | 11,352,085 | 50,469,912 |
| Total liabilities and fund balances | \$ 24,065,048 | \$ 7,643,125 | \$ 533,030 | \$ 11,628,148 | \$ 11,370,295 | \$ 55,239,646 |

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

Year Ended June 30, 2024

| | Special Revenue Funds | 2016 Refunding Bonds Debt Service Fund | Qualified School Construction Bond Debt Service Fund | Qualified School Construction Bond Reserve Debt Service Fund | Administration Building Capital Projects Fund | Total |
|--|--------------------------|--|--|---|---|----------------------|
| Revenue | | | | | | |
| Local sources | \$ 34,951,838 | \$ 317,608 | \$ 54,604 | \$ 432,534 | \$ 602,542 | \$ 36,359,126 |
| State sources | 2,221,727 | - | - | - | - | 2,221,727 |
| Federal sources | 1,037,395 | - | - | 761,740 | - | 1,799,135 |
| Total revenue | 38,210,960 | 317,608 | 54,604 | 1,194,274 | 602,542 | 40,379,988 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Instruction | 4,389,732 | - | - | - | - | 4,389,732 |
| Support services | 16,527,696 | - | - | - | 59,747 | 16,587,443 |
| Debt service: | | | | | | |
| Principal | 438,500 | 1,460,000 | - | - | - | 1,898,500 |
| Interest and other | 50,335 | 1,002,400 | 2,830 | 927,500 | - | 1,983,065 |
| Capital outlay | 2,494,110 | - | - | - | 1,446,243 | 3,940,353 |
| Interdistrict transfers and other | 15,731,862 | - | - | - | - | 15,731,862 |
| Total expenditures | 39,632,235 | 2,462,400 | 2,830 | 927,500 | 1,505,990 | 44,530,955 |
| Excess of Revenue (Under) Over Expenditures | (1,421,275) | (2,144,792) | 51,774 | 266,774 | (903,448) | (4,150,967) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 526,600 | 3,300,000 | - | 770,000 | 400,000 | 4,996,600 |
| Transfers out | (445,486) | - | (770,000) | - | - | (1,215,486) |
| Subscriptions entered into | 1,341,583 | - | - | - | - | 1,341,583 |
| Total other financing sources (uses) | 1,422,697 | 3,300,000 | (770,000) | 770,000 | 400,000 | 5,122,697 |
| Net Change in Fund Balances | 1,422 | 1,155,208 | (718,226) | 1,036,774 | (503,448) | 971,730 |
| Fund Balances - Beginning of year | 19,312,102 | 6,487,917 | 1,251,256 | 10,591,374 | 11,855,533 | 49,498,182 |
| Fund Balances - End of year | <u>\$ 19,313,524</u> | <u>\$ 7,643,125</u> | <u>\$ 533,030</u> | <u>\$ 11,628,148</u> | <u>\$ 11,352,085</u> | <u>\$ 50,469,912</u> |

Supplementary Information
Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2024

| | Shared Services and Tuition Programs Cooperative Activities Fund | ONE Cooperative Activities Fund | Medicaid Cooperative Activities Fund | HR/Finance Consortium Cooperative Activities Fund | School Activities Fund | Total |
|--|--|---------------------------------------|--|--|---------------------------|----------------------|
| Assets | | | | | | |
| Cash and investments | \$ 3,933,289 | \$ 14,091,954 | \$ 3,617,984 | \$ 655,349 | \$ 257,366 | \$ 22,555,942 |
| Receivables: | | | | | | |
| Accrued interest receivable | 20,390 | 162,227 | 6,686 | 3,194 | - | 192,497 |
| Other receivables | 101,361 | 68,009 | - | - | - | 169,370 |
| Due from other governments | 1,094,359 | 3,574 | 16,191 | 22,436 | - | 1,136,560 |
| Prepaid expenditures | 9,460 | - | 1,219 | - | - | 10,679 |
| Total assets | \$ 5,158,859 | \$ 14,325,764 | \$ 3,642,080 | \$ 680,979 | \$ 257,366 | \$ 24,065,048 |
| Liabilities | | | | | | |
| Accounts payable | \$ 65,427 | \$ 80,601 | \$ 830 | \$ 363 | \$ - | \$ 147,221 |
| Due to other governmental units | 56,829 | 157,738 | 2,707,601 | - | - | 2,922,168 |
| Accrued payroll and other liabilities | 671,645 | 691 | 26,274 | 35,369 | - | 733,979 |
| Unearned revenue | 42,000 | - | 906,156 | - | - | 948,156 |
| Total liabilities | 835,901 | 239,030 | 3,640,861 | 35,732 | - | 4,751,524 |
| Fund Balances | | | | | | |
| Nonspendable - Prepaid expenditures | 9,460 | - | 1,219 | - | - | 10,679 |
| Committed - Special revenue funds | 4,313,498 | 14,086,734 | - | 645,247 | 257,366 | 19,302,845 |
| Total fund balances | 4,322,958 | 14,086,734 | 1,219 | 645,247 | 257,366 | 19,313,524 |
| Total liabilities and fund balances | \$ 5,158,859 | \$ 14,325,764 | \$ 3,642,080 | \$ 680,979 | \$ 257,366 | \$ 24,065,048 |

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

Year Ended June 30, 2024

| | Shared Services and Tuition Programs Cooperative Activities Fund | ONE Cooperative Activities Fund | Medicaid Cooperative Activities Fund | HR/Finance Consortium Cooperative Activities Fund | SRF- Student Activities Fund | Total |
|--|--|------------------------------------|--|--|---------------------------------|-----------------------------|
| Revenue | | | | | | |
| Local sources | \$ 16,472,489 | \$ 1,845,094 | \$ 15,223,115 | \$ 1,219,260 | \$ 191,880 | \$ 34,951,838 |
| State sources | 2,017,304 | - | 85,686 | 118,737 | - | 2,221,727 |
| Federal sources | - | - | 1,037,395 | - | - | 1,037,395 |
| Total revenue | 18,489,793 | 1,845,094 | 16,346,196 | 1,337,997 | 191,880 | 38,210,960 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Instruction | 4,389,732 | - | - | - | - | 4,389,732 |
| Support services | 13,541,844 | 1,093,290 | 692,920 | 1,008,927 | 190,715 | 16,527,696 |
| Debt service: | | | | | | |
| Principal | 310,192 | 121,256 | 7,052 | - | - | 438,500 |
| Interest and other | 36,129 | 11,862 | 2,344 | - | - | 50,335 |
| Capital outlay | 1,111,081 | 1,379,775 | 3,254 | - | - | 2,494,110 |
| Interdistrict transfers and other | 59,200 | - | 15,641,262 | 31,400 | - | 15,731,862 |
| Total expenditures | 19,448,178 | 2,606,183 | 16,346,832 | 1,040,327 | 190,715 | 39,632,235 |
| Excess of Revenue (Under) Over Expenditures | (958,385) | (761,089) | (636) | 297,670 | 1,165 | (1,421,275) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | - | 476,600 | - | 50,000 | - | 526,600 |
| Transfers out | (268,486) | - | - | (177,000) | - | (445,486) |
| Subscriptions entered into | 982,027 | 359,556 | - | - | - | 1,341,583 |
| Total other financing sources (uses) | 713,541 | 836,156 | - | (127,000) | - | 1,422,697 |
| Net Change in Fund Balances | (244,844) | 75,067 | (636) | 170,670 | 1,165 | 1,422 |
| Fund Balances - Beginning of year | 4,567,802 | 14,011,667 | 1,855 | 474,577 | 256,201 | 19,312,102 |
| Fund Balances - End of year | <u><u>\$ 4,322,958</u></u> | <u><u>\$ 14,086,734</u></u> | <u><u>\$ 1,219</u></u> | <u><u>\$ 645,247</u></u> | <u><u>\$ 257,366</u></u> | <u><u>\$ 19,313,524</u></u> |

Supplementary Information
Schedule of Bonded Indebtedness

June 30, 2024

| Years Ending June 30 | 2009-2010 General Bonds | 2016 Refunding Bonds | Total |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Principal | Principal | |
| 2025 | \$ - | \$ 1,535,000 | \$ 1,535,000 |
| 2026 | - | 1,610,000 | 1,610,000 |
| 2027 | 14,800,000 | 1,690,000 | 16,490,000 |
| 2028 | - | 1,775,000 | 1,775,000 |
| 2029 | - | 1,865,000 | 1,865,000 |
| 2030 | - | 1,950,000 | 1,950,000 |
| 2031 | - | 2,010,000 | 2,010,000 |
| 2032 | - | 2,070,000 | 2,070,000 |
| 2033 | - | 2,135,000 | 2,135,000 |
| 2034 | - | 2,200,000 | 2,200,000 |
| 2035 | - | 2,230,000 | 2,230,000 |
| 2036 | - | 2,345,000 | 2,345,000 |
| Total remaining payments | <u>\$ 14,800,000</u> | <u>\$ 23,415,000</u> | <u>\$ 38,215,000</u> |
| Interest rate (percent) | 6.25 | 3.00 - 5.00 | |
| Original issue | <u>\$ 14,800,000</u> | <u>\$ 30,695,000</u> | |

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.

Statistical Section (Unaudited)

Introduction to Statistical Section

This part of the School District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the School District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Oakland Schools
Net Position by Component (Unaudited)
Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------------------|---------------------|---------------------|---------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 42,310,533 | \$ 45,887,902 | \$ 41,636,657 | \$ 36,773,245 | \$ 35,003,470 | \$ 34,010,149 | \$ 33,142,463 | \$ 30,558,154 | \$ 26,445,434 | \$ 30,550,657 |
| Restricted | 39,475,802 | 19,243,353 | 16,898,371 | 41,041,957 | 39,321,973 | 41,645,288 | 43,463,326 | 40,767,367 | 45,155,260 | 56,816,336 |
| Unrestricted | <u>(74,701,841)</u> | <u>(61,333,731)</u> | <u>(54,561,605)</u> | <u>(119,596,597)</u> | <u>(123,177,742)</u> | <u>(132,010,797)</u> | <u>(137,301,735)</u> | <u>(120,820,165)</u> | <u>(103,136,090)</u> | <u>(81,526,825)</u> |
| Total governmental activities | <u>7,084,494</u> | <u>3,797,524</u> | <u>3,973,423</u> | <u>(41,781,395)</u> | <u>(48,852,299)</u> | <u>(56,355,360)</u> | <u>(60,695,946)</u> | <u>(49,494,644)</u> | <u>(31,535,396)</u> | <u>5,840,168</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | 490,149 | 323,990 | 220,075 | 142,395 | 205,307 | 197,810 | 157,271 | 82,509 | 13,172 | - |
| Restricted | - | - | - | - | - | - | - | - | - | 9,117 |
| Unrestricted | <u>564,718</u> | <u>727,120</u> | <u>959,031</u> | <u>1,204,573</u> | <u>1,240,092</u> | <u>1,142,307</u> | <u>(542,918)</u> | <u>(799,646)</u> | <u>(806,230)</u> | <u>(836,140)</u> |
| Total business-type activities | <u>1,054,867</u> | <u>1,051,110</u> | <u>1,179,106</u> | <u>1,346,968</u> | <u>1,445,399</u> | <u>1,340,117</u> | <u>(385,647)</u> | <u>(717,137)</u> | <u>(793,058)</u> | <u>(827,023)</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | 42,800,682 | 46,211,892 | 41,856,732 | 36,915,640 | 35,208,777 | 34,207,959 | 33,299,734 | 30,640,663 | 26,458,606 | 30,550,657 |
| Restricted | 39,475,802 | 19,243,353 | 16,898,371 | 41,041,957 | 39,321,973 | 41,645,288 | 43,463,326 | 40,767,367 | 45,155,260 | 56,825,453 |
| Unrestricted | <u>(74,137,123)</u> | <u>(60,606,611)</u> | <u>(53,602,574)</u> | <u>(118,392,024)</u> | <u>(121,937,650)</u> | <u>(130,868,490)</u> | <u>(137,844,653)</u> | <u>(121,619,811)</u> | <u>(103,942,320)</u> | <u>(82,362,965)</u> |
| Total primary government net position | <u>\$ 8,139,361</u> | <u>\$ 4,848,634</u> | <u>\$ 5,152,529</u> | <u>\$ (40,434,427)</u> | <u>\$ (47,406,900)</u> | <u>\$ (55,015,243)</u> | <u>\$ (61,081,593)</u> | <u>\$ (50,211,781)</u> | <u>\$ (32,328,454)</u> | <u>\$ 5,013,145</u> |

Note: On July 1, 2017, the School District implemented the provisions of GASB No. 75, which resulted in the School District recording a net OPEB liability of \$(47,148,341) and a deferred outflow for OPEB contributions of \$3,363,068 made subsequent to the measurement date, and a deferred inflow for revenue received in support of OPEB contributions of \$(1,394,867) that was received subsequent to the measurement date. Unrestricted Net Position has been restated to reflect this change in accounting principle in 2017.

Source: Prior years' Annual Comprehensive Financial Reports

Changes in Governmental Net Position (Unaudited)

Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Instruction | \$ 21,298,926 | \$ 22,006,499 | \$ 21,575,693 | \$ 22,911,869 | \$ 23,463,114 | \$ 24,085,554 | \$ 19,974,781 | \$ 19,235,228 | \$ 19,841,609 | \$ 19,565,023 |
| Support services, community services, interdistrict transfers and other | 255,011,090 | 260,177,286 | 268,922,341 | 276,685,016 | 293,043,802 | 301,767,148 | 310,803,372 | 315,107,006 | 354,312,682 | 372,994,702 |
| Interest on long-term debt | 2,931,214 | 2,233,465 | 2,275,495 | 2,070,614 | 2,031,281 | 1,988,906 | 1,948,322 | 2,001,805 | 1,921,360 | 1,905,573 |
| Depreciation and amortization (unallocated) | 5,441,001 | 5,375,569 | 4,929,373 | 4,905,673 | 4,679,704 | 4,781,269 | 4,843,389 | 5,479,942 | 5,535,406 | 6,092,599 |
| Total governmental activities | 284,682,231 | 289,792,819 | 297,702,902 | 306,573,172 | 323,217,901 | 332,622,877 | 337,569,864 | 341,823,981 | 381,611,057 | 400,557,897 |
| Business-type activities: | | | | | | | | | | |
| Support services | - | - | 1,886,186 | 1,680,673 | 1,678,417 | 1,744,793 | 1,764,532 | 1,974,916 | 1,974,122 | 1,661,700 |
| Depreciation and amortization (unallocated) | - | - | 109,463 | 106,709 | 64,088 | 68,902 | 40,539 | 154,359 | 152,923 | 144,824 |
| Total business-type activities | - | - | 1,995,649 | 1,787,382 | 1,742,505 | 1,813,695 | 1,805,071 | 2,129,275 | 2,127,045 | 1,806,524 |
| Total primary government expenses | 284,682,231 | 289,792,819 | 299,698,551 | 308,360,554 | 324,960,406 | 334,436,572 | 339,374,935 | 343,953,256 | 383,738,102 | 402,364,421 |
| Program Revenue | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction | 4,774,800 | 4,701,407 | 4,657,556 | 5,237,236 | 5,486,325 | 5,235,313 | 5,440,729 | 6,037,844 | 3,079,878 | 4,752,512 |
| Support services | 22,224,460 | 22,859,101 | 24,665,315 | 25,333,917 | 26,363,113 | 28,559,488 | 26,796,732 | 28,803,603 | 36,912,601 | 33,398,002 |
| Total charges for services | 26,999,260 | 27,560,508 | 29,322,871 | 30,571,153 | 31,849,438 | 33,794,801 | 32,237,461 | 34,841,447 | 39,992,479 | 38,150,514 |
| Operating grants and contributions: | | | | | | | | | | |
| Instruction | 857,686 | 1,656,153 | 2,687,861 | 2,363,479 | 2,343,883 | 2,439,646 | 2,689,386 | 2,627,001 | 3,167,158 | 2,461,885 |
| Support services | 15,951,153 | 15,978,317 | 17,837,757 | 17,377,474 | 15,486,543 | 14,741,421 | 18,062,766 | 20,536,552 | 19,126,431 | 20,518,949 |
| Interdistrict payments and other | 62,132,296 | 61,378,053 | 62,942,963 | 61,872,742 | 63,309,880 | 62,318,419 | 63,015,819 | 73,224,552 | 95,273,638 | 106,150,709 |
| Total operating grants and contributions | 78,941,135 | 79,012,523 | 83,468,581 | 81,613,695 | 81,140,306 | 79,499,486 | 83,767,971 | 96,388,105 | 117,567,227 | 129,131,543 |
| Total governmental activities program revenue | 105,940,395 | 106,573,031 | 112,791,452 | 112,184,848 | 112,989,744 | 113,294,287 | 116,005,432 | 131,229,552 | 157,559,706 | 167,282,057 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: Support services | - | - | 2,118,822 | 1,939,877 | 1,817,157 | 1,693,119 | 1,416,278 | 1,797,111 | 2,035,230 | 1,758,650 |
| Total primary government program revenue | 105,940,395 | 106,573,031 | 114,910,274 | 114,124,725 | 114,806,901 | 114,987,406 | 117,421,710 | 133,026,663 | 159,594,936 | 169,040,707 |
| Net (Expenses) Revenue: | | | | | | | | | | |
| Governmental activities | (178,741,836) | (183,219,788) | (184,911,450) | (194,388,324) | (210,228,157) | (219,328,590) | (221,564,432) | (210,594,429) | (224,051,351) | (233,275,840) |
| Business-type activities | - | - | 123,173 | 152,495 | 74,652 | (120,576) | (388,793) | (332,164) | (91,815) | (47,874) |
| Total primary government net (expenses) | \$ (178,741,836) | \$ (183,219,788) | \$ (184,788,277) | \$ (194,235,829) | \$ (210,153,505) | \$ (219,449,166) | \$ (221,953,225) | \$ (210,926,593) | \$ (224,143,166) | \$ (233,323,714) |

Changes in Governmental Net Position (Unaudited) (Continued)

Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Net (Expenses) Revenue: | | | | | | | | | | |
| Governmental activities | \$ (178,741,836) | \$ (183,219,788) | \$ (184,911,450) | \$ (194,388,324) | \$ (210,228,157) | \$ (219,328,590) | \$ (221,564,432) | \$ (210,594,429) | \$ (224,051,351) | \$ (233,275,840) |
| Business-type activities | - | - | 123,173 | 152,495 | 74,652 | (120,576) | (388,793) | (332,164) | (91,815) | (47,874) |
| Total primary government net (expenses) | (178,741,836) | (183,219,788) | (184,788,277) | (194,235,829) | (210,153,505) | (219,449,166) | (221,953,225) | (210,926,593) | (224,143,166) | (233,323,714) |
| General Revenue | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | 167,867,989 | 173,763,748 | 175,566,760 | 180,204,423 | 187,339,089 | 195,203,636 | 202,585,827 | 208,177,057 | 218,800,921 | 234,807,364 |
| Federal and state aid not restricted to specific purposes | 7,189,210 | 5,211,440 | 10,434,989 | 12,410,402 | 12,135,214 | 13,129,765 | 13,239,692 | 14,353,714 | 16,294,515 | 23,905,263 |
| Investment earnings (loss) | 125,960 | 953,873 | 491,390 | 1,261,664 | 3,682,950 | 3,189,652 | 50,873 | (806,070) | 6,519,462 | 10,949,927 |
| Other | 87,612 | - | 144,119 | (62,843) | - | 156,099 | 10,186 | 71,548 | 164,190 | 994,364 |
| Gain (Loss) on disposal of capital assets | - | - | - | - | - | - | - | (518) | 231,511 | (5,514) |
| Loss on the impairment of capital assets | - | - | (1,549,909) | - | - | (118,948) | - | - | - | - |
| Total governmental activities general revenue | 175,270,771 | 179,929,061 | 185,087,349 | 193,813,646 | 203,157,253 | 211,560,204 | 215,886,578 | 221,795,731 | 242,010,599 | 270,651,404 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | - | - | 4,823 | 13,367 | 23,779 | 15,294 | 297 | 674 | 15,894 | 13,909 |
| Other | - | - | - | 2,000 | - | - | - | - | - | - |
| Loss on the impairment of capital assets | - | - | - | - | - | - | - | - | - | - |
| Total primary government general revenue | 175,270,771 | 179,929,061 | 185,092,172 | 193,829,013 | 203,181,032 | 211,575,498 | 215,886,875 | 221,796,405 | 242,026,493 | 270,665,313 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (3,471,065) | \$ (3,290,727) | \$ 175,899 | \$ (574,678) | \$ (7,070,904) | \$ (7,768,386) | \$ (5,677,854) | \$ 11,201,302 | \$ 17,959,248 | \$ 37,375,564 |
| Business-type activities | - | - | 127,996 | 165,862 | 98,431 | (105,282) | (388,496) | (331,490) | (75,921) | (33,965) |
| Total primary government change in net position | \$ (3,471,065) | \$ (3,290,727) | \$ 303,895 | \$ (408,816) | \$ (6,972,473) | \$ (7,873,668) | \$ (6,066,350) | \$ 10,869,812 | \$ 17,883,327 | \$ 37,341,599 |

Source: Prior years' Annual Comprehensive Financial Reports

Note: On July 1, 2017, the School District implemented the provisions of GASB No. 75, which resulted in the School District recording a net OPEB liability of \$(47,148,341) and a deferred outflow for OPEB contributions of \$3,363,068 made subsequent to the measurement date, and a deferred inflow for revenue received in support of OPEB contributions of \$(1,394,867) that was received subsequent to the measurement date. Unrestricted Net Position has been restated to reflect this change in accounting principle in 2017.

Note: The District began reporting business-type activities separate from governmental activities in the year ended June 30, 2017. Prior to that, business-type activities were combined with governmental activities.

Oakland Schools

Fund Balances - Governmental Funds (Unaudited)

Last Ten Fiscal Years

| | June 30 | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General Education Fund: | | | | | | | | | | |
| Nondisposable | \$ 48,658 | \$ 82,590 | \$ 28,623 | \$ 29,311 | \$ 28,508 | \$ 74,784 | \$ 16,496 | \$ 94,712 | \$ 45,317 | \$ 142,923 |
| Assigned | - | - | - | - | 1,500,000 | 1,700,000 | 1,700,000 | 2,000,000 | 1,400,000 | 7,700,000 |
| Unassigned | 5,354,979 | 4,495,201 | 4,771,686 | 4,101,978 | 3,452,252 | 3,989,241 | 4,856,756 | 4,876,347 | 4,675,422 | 4,421,070 |
| Total General Education Fund | \$ 5,403,637 | \$ 4,577,791 | \$ 4,800,309 | \$ 4,131,289 | \$ 4,980,760 | \$ 5,764,025 | \$ 6,573,252 | \$ 6,971,059 | \$ 6,120,739 | \$ 12,263,993 |
| All other governmental funds: | | | | | | | | | | |
| Nondisposable | \$ 132,291 | \$ 239,828 | \$ 174,203 | \$ 116,522 | \$ 87,109 | \$ 71,873 | \$ 565,492 | \$ 513,264 | \$ 270,577 | \$ 223,114 |
| Restricted | 39,823,734 | 35,726,366 | 38,036,824 | 41,364,279 | 39,641,091 | 41,947,392 | 43,766,582 | 41,020,357 | 45,397,319 | 54,400,592 |
| Committed | 13,997,041 | 14,838,844 | 19,082,413 | 24,246,341 | 28,216,731 | 31,907,934 | 32,968,070 | 39,240,194 | 55,267,881 | 55,279,458 |
| Total all other governmental funds | \$ 53,953,066 | \$ 50,805,038 | \$ 57,293,440 | \$ 65,727,142 | \$ 67,944,931 | \$ 73,927,199 | \$ 77,300,144 | \$ 80,773,815 | \$ 100,935,777 | \$ 109,903,164 |

Source: Prior years' Annual Comprehensive Financial Reports

Oakland Schools
Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years

| | Year Ended June 30 | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 (b) | 2021 | 2022 | 2023 | 2024 |
| Revenue | | | | | | | | | | |
| Local | \$ 183,816,559 | \$ 200,198,492 | \$ 204,798,472 | \$ 211,570,968 | \$ 222,515,712 | \$ 232,034,174 | \$ 234,611,672 | \$ 241,544,105 | \$ 265,001,190 | \$ 283,340,712 |
| State | 40,742,535 | 36,726,944 | 40,620,573 | 41,630,028 | 41,984,010 | 42,333,355 | 43,190,630 | 52,764,162 | 80,171,402 | 86,286,399 |
| Federal | 53,034,215 | 50,173,029 | 53,671,926 | 51,679,276 | 51,407,151 | 49,462,106 | 54,360,437 | 59,124,976 | 58,836,929 | 63,416,721 |
| Other revenue | 1,095,341 | 899,877 | 1,016,235 | 1,119,129 | 830,931 | 793,370 | 733,793 | 807,585 | 722,734 | 957,162 |
| Total revenue | 278,688,650 | 287,998,342 | 300,107,206 | 305,999,401 | 316,737,804 | 324,623,005 | 332,896,532 | 354,240,828 | 404,732,255 | 434,000,994 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Instruction | 21,483,026 | 22,057,423 | 21,142,122 | 21,832,820 | 21,838,699 | 21,382,592 | 18,488,421 | 20,981,404 | 21,050,230 | 21,598,119 |
| Support services | 61,818,402 | 66,576,949 | 71,002,568 | 73,583,141 | 74,256,417 | 75,164,928 | 81,817,277 | 84,043,366 | 90,603,232 | 92,137,699 |
| Community services | 5,762,576 | 3,792,539 | 3,584,617 | 3,536,960 | 1,399,473 | 1,164,038 | 1,206,286 | 1,320,982 | 1,758,507 | 1,604,004 |
| Interdistrict transfers and other | 184,432,804 | 187,177,491 | 191,501,377 | 194,869,571 | 209,688,844 | 213,254,856 | 220,139,980 | 237,240,863 | 265,369,328 | 286,903,089 |
| Facilities acquisition | 4,540 | 31,918 | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | |
| Principal | 1,085,000 | 1,130,000 | 1,185,000 | 800,000 | 840,000 | 885,000 | 925,000 | 1,329,022 | 1,758,046 | 2,365,940 |
| Interest and other | 2,938,447 | 1,967,328 | 2,420,973 | 2,221,400 | 2,182,400 | 2,140,400 | 2,100,151 | 2,154,049 | 2,077,104 | 2,061,859 |
| Bond issuance costs and fees | - | 230,432 | - | - | - | - | - | - | - | - |
| Capital outlay | 2,868,170 | 3,320,674 | 2,559,629 | 2,907,527 | 3,464,711 | 4,130,983 | 4,037,245 | 3,299,664 | 4,854,166 | 14,063,356 |
| Total expenditures | 280,392,965 | 286,284,754 | 293,396,286 | 299,751,419 | 313,670,544 | 318,122,797 | 328,714,360 | 350,369,350 | 387,470,613 | 420,734,066 |
| Excess of Revenue (Under) Over Expenditures | (1,704,315) | 1,713,588 | 6,710,920 | 6,247,982 | 3,067,260 | 6,500,208 | 4,182,172 | 3,871,478 | 17,261,642 | 13,266,928 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from sale of capital assets | - | - | - | 1,516,700 | - | - | - | - | 2,050,000 | - |
| Payment to escrow agent for debt refunding | - | (39,862,718) | - | - | - | - | - | - | - | - |
| Debt issuance | - | 30,695,000 | - | - | - | - | - | - | - | - |
| Premium on debt issued | - | 3,480,256 | - | - | - | - | - | - | - | - |
| Subscriptions entered into | - | - | - | - | - | - | - | - | - | 1,843,713 |
| Transfers in | 4,901,600 | 15,182,226 | 6,934,684 | 7,614,248 | 8,550,541 | 8,078,843 | 12,097,474 | 11,696,171 | 20,835,864 | 12,892,086 |
| Transfers out | (4,901,600) | (15,182,226) | (6,934,684) | (7,614,248) | (8,550,541) | (8,078,843) | (12,097,474) | (11,696,171) | (20,835,864) | (12,892,086) |
| Total other financing sources (uses) | - | (5,687,462) | - | 1,516,700 | - | - | - | - | 2,050,000 | 1,843,713 |
| Net Change in Fund Balances | (1,704,315) | (3,973,874) | 6,710,920 | 7,764,682 | 3,067,260 | 6,500,208 | 4,182,172 | 3,871,478 | 19,311,642 | 15,110,641 |
| Fund Balances - Beginning of year | 120,117,345 | 118,413,030 | 114,439,156 | 121,150,076 | 128,914,758 | 73,191,016 | 79,691,224 | 83,873,396 | 87,744,874 | 107,056,516 |
| Fund Balances - End of year | \$ 118,413,030 | \$ 114,439,156 | \$ 121,150,076 | \$ 128,914,758 | \$ 131,982,018 | \$ 79,691,224 | \$ 83,873,396 | \$ 87,744,874 | \$ 107,056,516 | \$ 122,167,157 |
| Debt service as a percentage of noncapital expenditures (a) | 1.45% | 1.09% | 1.24% | 1.02% | 0.97% | 0.96% | 0.93% | 1.00% | 1.00% | 1.09% |

Source: Prior years' Annual Comprehensive Financial Reports

(a) Noncapital expenditures are total governmental expenditures less capital outlay.

(b) BOY fund balance has been restated due to adoption of GASB 84

Oakland Schools

Taxable Value of Property (Unaudited)

Last Ten Fiscal Years

| Levy Year | Fiscal Year | Tax Year | Real Property | | | | | | Personal Property | Total Value | Total Direct Tax Rate |
|-----------|-------------|----------|---------------|------------------|------------------|-------------------|---------------|---------------------|-------------------|-------------------|-----------------------|
| | | | Agricultural | Commercial | Industrial | Residential | Developmental | Total Real Property | | | |
| 2014 | 15/16 | 2015 | \$ 42,908,710 | \$ 8,668,179,912 | \$ 1,575,950,217 | \$ 37,726,099,014 | - | \$ 48,013,137,853 | \$ 3,882,203,584 | \$ 51,895,341,437 | 3.3633 |
| 2015 | 16/17 | 2016 | 42,597,045 | 8,731,176,989 | 1,606,675,259 | 38,997,799,934 | - | 49,378,249,227 | 3,407,953,246 | 52,786,202,473 | 3.3398 |
| 2016 | 17/18 | 2017 | 44,178,330 | 8,957,063,497 | 1,661,231,821 | 40,609,322,089 | - | 51,271,795,737 | 3,451,947,290 | 54,723,743,027 | 3.3079 |
| 2017 | 18/19 | 2018 | 46,014,710 | 9,373,464,567 | 1,751,303,050 | 42,722,004,594 | - | 53,892,786,921 | 3,409,219,510 | 57,302,006,431 | 3.2813 |
| 2018 | 19/20 | 2019 | 49,363,690 | 9,874,861,799 | 1,824,816,636 | 45,025,561,832 | - | 56,774,603,957 | 3,531,464,890 | 60,306,068,847 | 3.2539 |
| 2019 | 20/21 | 2020 | 51,861,930 | 10,260,143,342 | 1,895,811,378 | 47,186,788,266 | - | 59,394,604,916 | 3,603,140,154 | 62,997,745,070 | 3.2280 |
| 2020 | 21/22 | 2021 | 51,964,260 | 10,599,175,014 | 1,973,439,019 | 49,073,505,006 | - | 61,698,083,299 | 3,721,570,829 | 65,419,654,128 | 3.2012 |
| 2021 | 22/23 | 2022 | 54,208,080 | 11,420,390,043 | 2,190,437,432 | 52,116,908,871 | - | 65,781,944,426 | 3,863,319,745 | 69,645,264,171 | 3.1658 |
| 2022 | 23/24 | 2023 | 59,063,020 | 12,301,318,413 | 2,443,081,033 | 56,184,059,575 | - | 70,987,522,041 | 3,893,103,273 | 74,880,625,314 | 3.1658 |
| 2023 | 24/25 | 2024 | 65,883,260 | 13,044,195,925 | 2,693,339,881 | 60,620,513,814 | - | 76,423,932,880 | 3,932,120,995 | 80,356,053,875 | 3.1541 |

Notes:

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.
Under Michigan law, the revenue base is taxable value.

Source: Prior years' Annual Comprehensive Financial Report Statistical Sections
Oakland County Equalization Report

Oakland Schools

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Fiscal Years

| Tax Year | Fiscal Year Ended June 30 | General Operating | Parks | Oakland Schools | Oakland Community College | Huron-Clinton Authority | Public Transportation Authority | Oakland County Zoological Authority | Art Institute Authority |
|----------|------------------------------|----------------------|--------|--------------------|---------------------------------|----------------------------|---------------------------------------|--|----------------------------|
| 2014 | 2015 | 4.1900 | 0.2415 | 3.3690 | 1.5844 | 0.2146 | 1.0000 | 0.1000 | 0.2000 |
| 2015 | 2016 | 4.0900 | 0.2410 | 3.3633 | 1.5819 | 0.2146 | 0.9998 | 0.0998 | 0.1996 |
| 2016 | 2017 | 4.0400 | 0.2392 | 3.3398 | 1.5707 | 0.2146 | 0.9941 | 0.0990 | 0.1981 |
| 2017 | 2018 | 4.0400 | 0.2368 | 3.3079 | 1.5555 | 0.2140 | 0.9863 | 0.0980 | 0.1961 |
| 2018 | 2019 | 4.0400 | 0.2349 | 3.2813 | 1.5431 | 0.2129 | 1.0000 | 0.0982 | 0.1945 |
| 2019 | 2020 | 4.0400 | 0.2329 | 3.2539 | 1.5303 | 0.2117 | 0.9927 | 0.0973 | 0.1929 |
| 2020 | 2021 | 4.0200 | 0.3500 | 3.2280 | 1.5184 | 0.2104 | 0.9851 | 0.0965 | 0.1913 |
| 2021 | 2022 | 4.0132 | 0.3470 | 3.2012 | 1.5057 | 0.2089 | 0.9765 | 0.0956 | 0.1897 |
| 2022 | 2023 | 3.9686 | 0.3431 | 3.1658 | 1.4891 | 0.2070 | 0.9500 | 0.0945 | 0.1945 |
| 2023 | 2024 | 3.9686 | 0.3431 | 3.1658 | 1.4891 | 0.2070 | 0.9500 | 0.0945 | 0.1945 |

Source: Oakland County Apportionment of Local Tax Rates

Oakland Schools

Principal Property Taxpayers (Unaudited)

For the Current Year and Nine Years Prior

| Taxpayer | 2023 | | Percentage of County | | 2014 | | Percentage of County | |
|--|------------------|------|-------------------------|--|------------------|------|-------------------------|--|
| | Taxable Value | Rank | Taxable Value | | Taxable Value | Rank | Taxable Value | |
| Detroit Edison Company/DTE | \$ 775,697,714 | 1 | 1.04 % | | \$ 516,752,800 | 1 | 1.05 % | |
| Consumers Energy | 685,593,644 | 2 | 0.92 % | | 260,204,203 | 2 | 0.53 % | |
| International Transmission | 178,778,093 | 3 | 0.24 % | | 89,217,670 | 5 | 0.18 % | |
| Stellantis (formerly FCA US LLC, Chrysler) | 170,320,290 | 4 | 0.23 % | | 150,000,000 | 3 | 0.30 % | |
| Amazon | 155,298,020 | 5 | 0.21 % | | - | | | |
| Taubman/Great Lakes Crossing | 152,020,150 | 6 | 0.20 % | | 117,410,340 | 4 | 0.24 % | |
| SighCidermill Village | 144,207,769 | 7 | 0.19 % | | 72,817,750 | 7 | 0 | |
| Enbridge Energy | 121,396,870 | 8 | 0.16 % | | - | | | |
| Edward Rose/Occidental Development Ltd | 119,045,380 | 9 | 0.16 % | | - | | | |
| General Motors | 117,391,850 | 10 | 0.16 % | | 67,148,760 | 9 | 0.14 % | |
| Comcast | 87,287,037 | 11 | 0.12 % | | - | | | |
| SL Town Etal | 84,740,742 | 12 | 0.11 % | | 67,398,350 | 8 | 0.14 % | |
| Redico | 81,601,946 | 13 | 0.11 % | | - | | | |
| Meijer/Goodwill Co | 80,017,120 | 14 | 0.11 % | | - | | | |
| LITHIA Motors | 75,016,450 | 15 | 0.10 % | | - | | | |
| Oakland Management | 72,086,380 | 16 | 0.10 % | | 63,277,950 | 10 | 0 | |
| Kroger | 68,482,720 | 17 | 0.09 % | | - | | | |
| Redwood-ERC Novi LLC | 68,342,380 | 18 | 0.09 % | | - | | | |
| Somerset Collection LTD PTN | 63,920,120 | 19 | 0.09 % | | 51,579,130 | 12 | 0.10 % | |
| LREH, MI/CA | 59,894,990 | 20 | 0.08 % | | - | | | |
| Total | \$ 3,361,139,665 | | 4.49 % | | \$ 1,455,806,953 | | 2.91 % | |

Source: Oakland County Department of Management and Budget, Equalization Division

Note: The Taxable Values have been compiled from a number of sources/reports and may include estimated figures.

Oakland Schools

Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years

| Tax Year | Fiscal Year Ended June 30 | Total Levy | Current Collections | Percent Collected | Delinquent Collections | Total Tax Collections | Percent of Levy Collected |
|----------|---------------------------------|----------------|---------------------|-------------------|---------------------------|-----------------------|---------------------------------|
| 2014 | 2015 | \$ 167,738,055 | \$ 167,867,989 | 100.1 | - | \$ 167,867,989 | 100.1 |
| 2015 | 2016 | 173,670,414 | 173,760,655 | 100.1 | - | 173,760,655 | 100.1 |
| 2016 | 2017 | 175,377,383 | 175,561,749 | 100.1 | - | 175,561,749 | 100.1 |
| 2017 | 2018 | 180,040,597 | 180,201,551 | 100.1 | - | 180,201,551 | 100.1 |
| 2018 | 2019 | 186,983,839 | 187,336,580 | 100.2 | - | 187,336,580 | 100.2 |
| 2019 | 2020 | 195,150,702 | 195,198,050 | 100.0 | - | 195,198,050 | 100.0 |
| 2020 | 2021 | 202,251,724 | 202,582,815 | 100.2 | - | 202,582,815 | 100.2 |
| 2021 | 2022 | 208,277,582 | 208,172,204 | 99.9 | - | 208,172,204 | 99.9 |
| 2022 | 2023 | 219,242,452 | 218,796,917 | 99.8 | - | 218,796,917 | 99.8 |
| 2023 | 2024 | 235,782,199 | 234,803,322 | 99.6 | - | 234,803,322 | 99.6 |

Source: Oakland County Treasurer

Ratios of Outstanding Debt (Unaudited)

Last Ten Fiscal Years

| Tax Year | Limited Tax General Obligation Bonds (a) | Accumulated Resources Restricted to Repaying the Principal of General Bonded Debt (b) | Net General Bonded Debt | Taxable Value | Net General Bonded Debt as a Percentage of Taxable Value | Total Debt as a Percentage of Taxable Value | Population | Percentage of Personal Income (c) | Net Debt per Capita |
|----------|--|---|----------------------------|------------------|---|---|------------|---|------------------------|
| 2014 | \$54,540,000 | \$11,231,235 | \$43,308,765 | \$49,788,677,544 | 0.09% | 0.11% | 1,249,149 | 0.07 % | 35 |
| 2015 | 46,680,000 | 10,627,531 | 36,052,469 | 51,636,908,346 | 0.07% | 0.09% | 1,244,851 | 0.06 % | 29 |
| 2016 | 45,495,000 | 11,239,710 | 34,255,290 | 52,511,343,048 | 0.07% | 0.09% | 1,243,970 | 0.06 % | 28 |
| 2017 | 44,695,000 | 11,114,752 | 33,580,248 | 54,427,460,698 | 0.06% | 0.08% | 1,250,836 | 0.05 % | 27 |
| 2018 | 43,855,000 | 12,499,506 | 31,355,494 | 53,892,786,921 | 0.06% | 0.08% | 1,255,936 | 0.05 % | 25 |
| 2019 | 42,970,000 | 13,426,152 | 29,543,848 | 56,774,603,957 | 0.05% | 0.08% | 1,262,034 | 0.05 % | 23 |
| 2020 | 42,045,000 | 13,179,200 | 28,865,800 | 59,394,604,916 | 0.05% | 0.07% | 1,274,395 | 0.03 % | 23 |
| 2021 | 41,070,000 | 12,129,233 | 28,940,767 | 61,698,083,299 | 0.05% | 0.07% | 1,270,017 | 0.03 % | 23 |
| 2022 | 39,675,000 | 11,842,576 | 27,832,424 | 65,781,944,426 | 0.04% | 0.06% | 1,269,431 | 0.03 % | 22 |
| 2023 | 38,215,000 | 12,161,000 | 26,054,000 | 70,987,522,041 | 0.04% | 0.05% | 1,270,426 | * % | 21 |

* Fiscal year 2024 information is not yet available.

Note: (a) All debt is related to governmental activities

(b) This is the amount restricted for debt service principal payments, contained in the Qualified School Construction Bond Debt Service Fund and the Qualified School Construction Bond Reserve Debt Service Fund.

(c) Personal income information can be found in the table on Demographic and Economic Statistics.

Sources: Population - U.S. Department of Commerce, Bureau of Census
Taxable Value - Oakland Schools L-4029

Oakland Schools

Direct and Overlapping Governmental Activities Debt (Unaudited)

Year Ended June 30, 2024

| Governmental Unit | Debt Outstanding | Estimated Percent Applicable | Estimated Share of Overlapping Debt |
|---|-------------------------|------------------------------------|--|
| Overlapping debt: | | | |
| Oakland County - Net of Self Supporting | \$ 145,600,000 | 0.0% | \$ - |
| Water & sewer special assessment debt | 46,837,312 | 0.0% | - |
| Lake Levels special assessment debt | 1,066,183 | 0.0% | - |
| Cities, Villages and Townships | 1,216,100,139 | 0.0% | - |
| Community Colleges | 4,034,256 | 0.0% | - |
| District Libraries | 1,796,768 | 0.0% | - |
| Local School Districts | 3,568,359,461 | 0.0% | - |
| Total overlapping debt | <u>\$ 4,983,794,119</u> | | - |
| Direct district debt: | | | |
| General Obligation Bonds | | | <u>38,215,000</u> |
| Total direct district debt | | | <u>\$ 38,215,000</u> |

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Calculation of debt limit: | | | | | | | | | | |
| State Equalized Value | \$ 63,702,012,174 | \$ 59,449,270,456 | \$ 63,034,061,500 | \$ 65,649,975,015 | \$ 70,074,783,331 | \$ 74,167,150,677 | \$ 77,015,169,263 | \$ 81,512,855,148 | \$ 88,734,894,114 | \$ 96,871,883,904 |
| 1/9 of 1% of State Equalized Value | 70,780,014 | 66,054,745 | 70,037,846 | 72,944,417 | 77,860,870 | 82,407,945 | 85,572,410 | 90,569,839 | 98,594,327 | 107,635,427 |
| Calculation of debt subject to limit: | | | | | | | | | | |
| Net debt subject to limit | 54,540,000 | 46,680,000 | 45,495,000 | 44,695,000 | 43,855,000 | 42,970,000 | 42,045,000 | 41,070,000 | 39,675,000 | 38,215,000 |
| Legal debt margin | \$ 16,240,014 | \$ 19,374,745 | \$ 24,542,846 | \$ 28,249,417 | \$ 34,005,870 | \$ 39,437,945 | \$ 43,527,410 | \$ 49,499,839 | \$ 58,919,327 | \$ 69,420,427 |
| Net debt subject to limit as percent of debt limit | 77.06% | 70.67% | 64.96% | 61.27% | 56.32% | 52.14% | 49.13% | 45.35% | 40.24% | 35.50% |

Source: Oakland County Treasurer

Note - The legal debt margin is only applicable in the year the debt is issued. Subsequent changes in the legal debt margin only relate to additional debt issued.

Per Section 629(2) of this State Aid Act - An intermediate school district board shall not borrow money or issue bonds for a sum that, together with the outstanding bonded indebtedness of the intermediate school district, exceeds 1/9 of 1% of the state equalized value of the taxable property within the District, unless the question of borrowing the money or issuing bonds is submitted first to a vote of the school electors of the intermediate school district in accordance with Act 451.

Demographic and Economic Statistics (Unaudited)

Last Ten Fiscal Years

| Fiscal Years Ended June 30 | Population | Total Personal Income (in thousands) | Per Capita Personal Income | Unemployment Rate |
|----------------------------|------------|---|----------------------------|-------------------|
| 2015 | 1,249,149 | \$73,973,217 | 59,219 | 5.4% |
| 2016 | 1,244,851 | 78,829,158 | 63,324 | 4.7% |
| 2017 | 1,243,970 | 81,802,445 | 68,971 | 2.9% |
| 2018 | 1,250,836 | 86,271,021 | 68,971 | 3.4% |
| 2019 | 1,255,936 | 91,595,253 | 72,930 | 3.7% |
| 2020 | 1,262,034 | 92,144,604 | 73,013 | 14.9% |
| 2021 | 1,274,395 | 96,441,996 | 75,677 | 3.6% |
| 2022 | 1,270,017 | 102,822,763 | 80,962 | 3.5% |
| 2023 | 1,269,431 | 107,711,780 | 84,850 | 3.1% |
| 2024 | 1,270,426 | * | * | 4.3% |

* Information not yet available

Source: Population = U.S. Department of Commerce, Bureau of Census
 Personal Income = Michigan Bureau of Economic Analysis
 Unemployment Rate = Michigan Department of Labor & Economic Growth

Oakland Schools

Principal Employers (Unaudited)

For the Current Year and Nine Years Prior

| Taxpayer | | 2023 Employees | Percentage of Total Employment | 2014 Employees | Percentage of Total Employment |
|---------------------------|--|----------------|-----------------------------------|----------------|-----------------------------------|
| 1 | Corewell Health (formerly Beaumont Health System) | 14,580 | 2.18% | 11,891 | 2.13% |
| 2 | Stellantis (formerly FCA US LLC, Chrysler) | 11,524 | 1.73% | 12,308 | 2.21% |
| 3 | General Motors Corporation | 7,451 | 1.12% | 9,154 | 1.64% |
| 4 | United Wholesale Mortgage | 6,000 | 0.90% | - | |
| 5 | Henry Ford Health System | 5,301 | 0.79% | 2,674 | 0.48% |
| 6 | Ascension Michigan (formerly St. John Providence Hospital) | 5,219 | 0.78% | 4,208 | 0.76% |
| 7 | U.S. Postal Service | 4,927 | 0.74% | 4,108 | 0.74% |
| 8 | Oakland County Government | 3,679 | 0.55% | 3,211 | 0.58% |
| 9 | Amazon | 3,650 | 0.55% | - | |
| 10 | Trinity Health (formerly St. Joseph Mercy) | 3,159 | 0.47% | 2,372 | 0.43% |
| | Botsford Health Care | - | | 2,634 | 0.47% |
| Total Principal Employers | | 65,490 | 9.81% | 52,560 | 9.44% |

Fiscal year 2024 information is not yet available.

Source: Oakland County Department of Planning & Economic Development

Oakland Schools

Full-time Equivalent School District Employees (Unaudited)

For the Current Year and Nine Years Prior

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General government: | | | | | | | | | | |
| Instruction | 123.20 | 108.40 | 126.50 | 130.45 | 128.97 | 130.34 | 113.00 | 107.00 | 104.00 | 108.00 |
| Support services | 367.10 | 354.40 | 352.30 | 357.39 | 378.75 | 376.40 | 370.25 | 370.98 | 377.13 | 379.55 |
| Community service | 50.00 | 31.00 | 33.00 | 26.90 | 12.00 | 13.00 | 11.50 | 11.05 | 3.10 | 1.55 |
| Subtotal | 540.30 | 493.80 | 511.80 | 514.74 | 519.72 | 519.74 | 494.75 | 489.03 | 484.23 | 489.10 |
| External services | 38.60 | 71.80 | 77.00 | 80.00 | 75.90 | 83.90 | 98.90 | 103.97 | 106.37 | 108.52 |
| Total Regular Employees | 578.90 | 565.60 | 588.80 | 594.74 | 595.62 | 603.64 | 593.65 | 593.00 | 590.60 | 597.62 |
| Part-time or retired employees | | | | 60.86 | 61.08 | 44.61 | 38.26 | 16.30 | 10.13 | 12.39 |

Source: School District Human Resource records

Note: The above data is a snapshot of District employees as of June 30 each year.

Definition of Employee Groups:

Instruction - employees dealing directly with the teaching of pupils or the interaction between teacher and pupils. This includes instructors, instructional technicians, and consultants dealing directly with pupils.

Support services - employees providing administrative, technical, and logistical support to facilitate and enhance instruction

Community service - employees that provide services for the community as a whole, such as community welfare activities.

External services - employees providing services for local districts on a cost recovery basis in order to further the State's consolidation of services initiatives.

Part-time or retired employees - substitute teachers or retirees of the Michigan Public School System which are authorized to work for the District on an as-needed basis.

Oakland Schools**Operating Indicators (Unaudited)****Last Ten Years Ended June 30**

| Year | Enrollment | Operating Expenditures/Uses | Cost per Pupil | Operating Revenue/Sources | Revenue per Pupil | Total Teaching Staff |
|------|------------|-----------------------------|----------------|---------------------------|-------------------|----------------------|
| 2015 | 188,504 | \$276,439,795 | \$1,466 | 278,688,650 | 1,478 | 123.20 |
| 2016 | 187,911 | 281,834,080 | 1,500 | 287,998,342 | 1,533 | 108.40 |
| 2017 | 188,951 | 289,651,657 | 1,533 | 300,107,206 | 1,588 | 126.50 |
| 2018 | 188,989 | 296,043,892 | 1,566 | 305,999,401 | 1,619 | 130.45 |
| 2019 | 186,932 | 309,365,833 | 1,655 | 316,737,804 | 1,694 | 128.97 |
| 2020 | 188,435 | 313,106,814 | 1,662 | 324,623,005 | 1,723 | 130.34 |
| 2021 | 187,021 | 323,752,115 | 1,731 | 332,896,532 | 1,780 | 113.00 |
| 2022 | 181,036 | 345,740,664 | 1,910 | 354,240,828 | 1,957 | 107.00 |
| 2023 | 179,826 | 380,858,401 | 2,118 | 404,732,255 | 2,251 | 104.00 |
| 2024 | 178,372 | 404,304,770 | 2,267 | 434,000,994 | 2,433 | 108.00 |

Source: Prior year District financial reports

Oakland Schools

Facility Capital Asset Owned and Leased Information (Unaudited)

Last Ten Fiscal Years Ended June 30

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Vocational education buildings owned: | | | | | | | | | | |
| Number of buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Square footage | 200,414 | 200,414 | 200,414 | 200,414 | 200,414 | 200,414 | 200,414 | 200,414 | 200,414 | 200,414 |
| Vocational education buildings leased: | | | | | | | | | | |
| Number of buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Square footage | 218,801 | 218,801 | 218,801 | 218,801 | 218,801 | 218,801 | 218,801 | 218,801 | 218,801 | 218,801 |
| Special education buildings owned: | | | | | | | | | | |
| Number of buildings | 1 | 1 | 1 | - | - | - | - | - | - | - |
| Square footage | 19,317 | 19,317 | 19,317 | - | - | - | - | - | - | - |
| Other buildings owned: | | | | | | | | | | |
| Number of buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Square footage | 166,238 | 166,238 | 166,238 | 166,238 | 166,238 | 166,238 | 166,238 | 166,238 | 133,238 | 133,238 |
| Other buildings leased: | | | | | | | | | | |
| Number of buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Square footage | 38,339 | 38,339 | 38,339 | 38,339 | 38,339 | 38,339 | 38,339 | 38,339 | 33,747 | 33,747 |
| Total buildings owned and leased: | | | | | | | | | | |
| Number of buildings | 9 | 9 | 9 | 8 | 8 | 8 | 8 | 8 | 6 | 6 |
| Square footage | 643,109 | 643,109 | 643,109 | 623,792 | 623,792 | 623,792 | 623,792 | 623,792 | 586,200 | 586,200 |

Source: District internal records