

Grosse Pointe Public School System

Board presentation | Year ended June 30, 2026

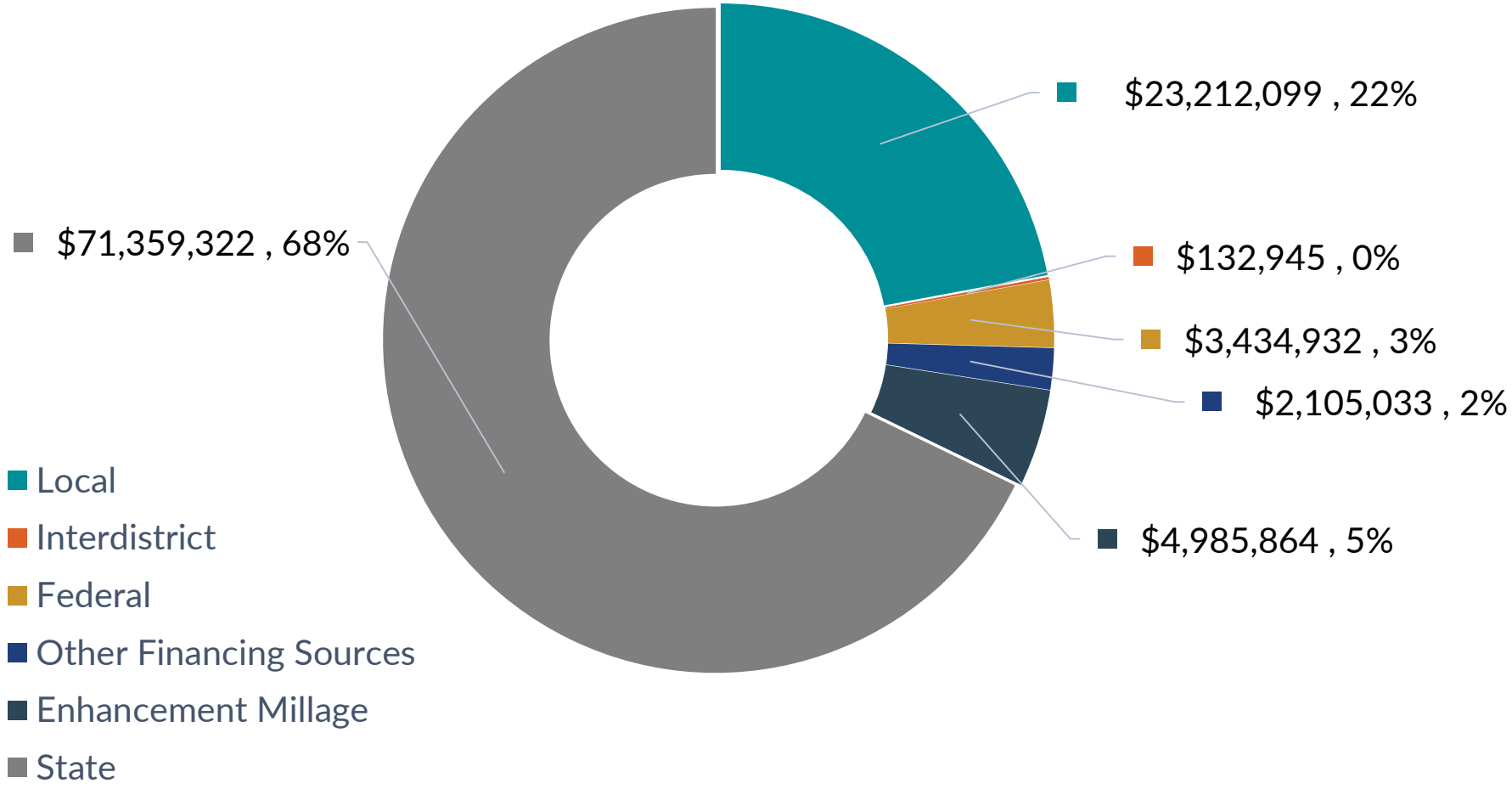
Grosse Pointe Public Schools
Audit Results

- Audit done to comply with State law
- Audit provides reasonable assurance that the District's financial statements are free from material misstatement
- Audit considers District internal controls over financial transactions
- Unmodified or "clean" opinion on basic financial statements and the federal program audit
- No identified noncompliance or questioned costs on the federal program audit

General Fund Revenue & Other Financing Sources

Year Ended June 30, 2026

Total = $105,230,195



Impact of State MPSERS Funding on General Fund

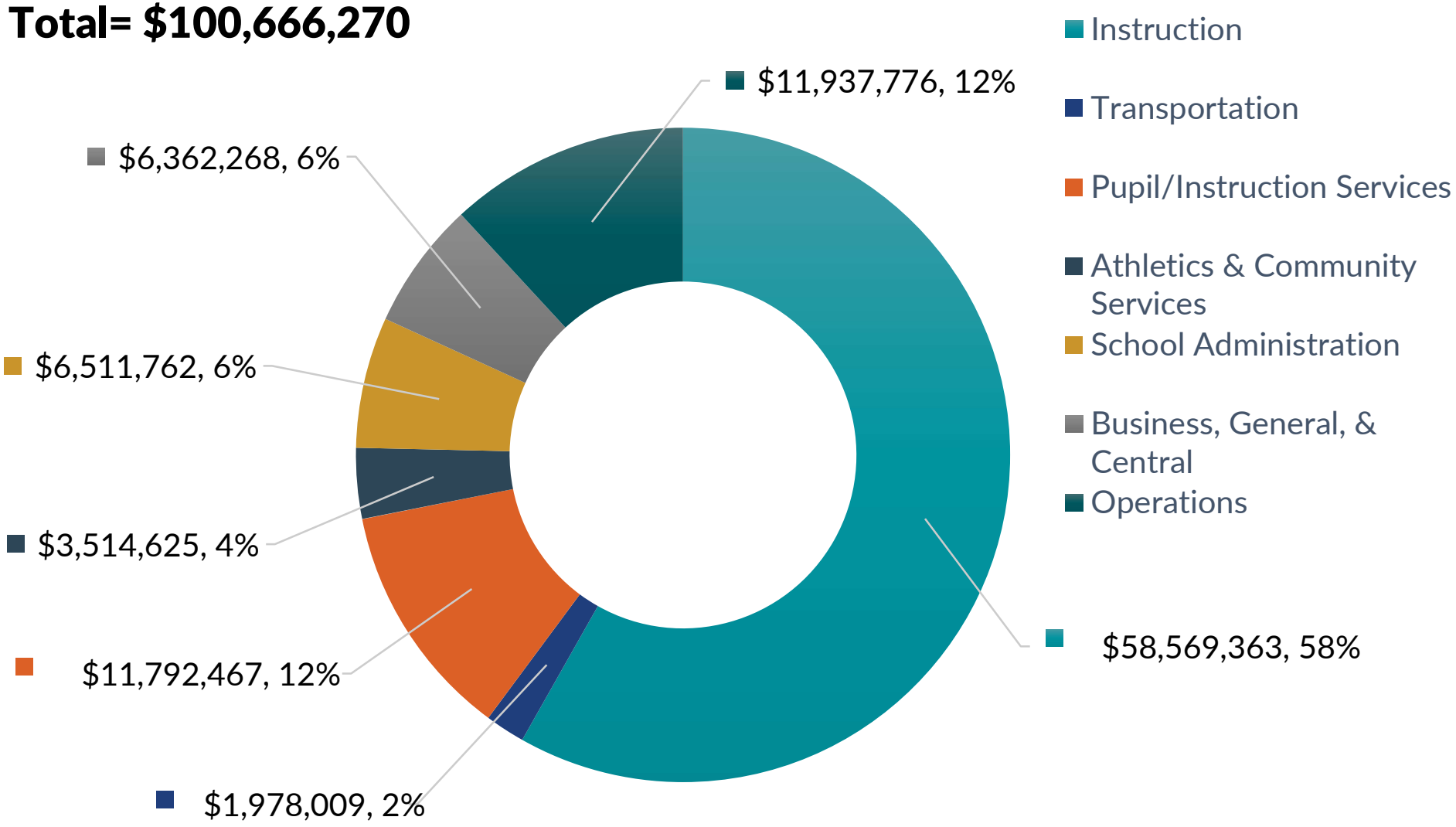
Year Ended June 30, 2026

	Actual	MPSERS Funding - 147c	Adjusted Actual (without MPSERS)
Revenue & Other Financing Sources	$ 105,230,195	$ 6,183,253	$ 99,046,942
Less: Expenditures	100,666,270	6,183,253	94,483,017
Net Change in Fund Balance	4,563,925	-	4,563,925
Ending Fund Balance	**$ 19,208,161**	**$ -**	**$ 19,208,161**

General Fund Expenditures (By Function)

Year Ended June 30, 2026

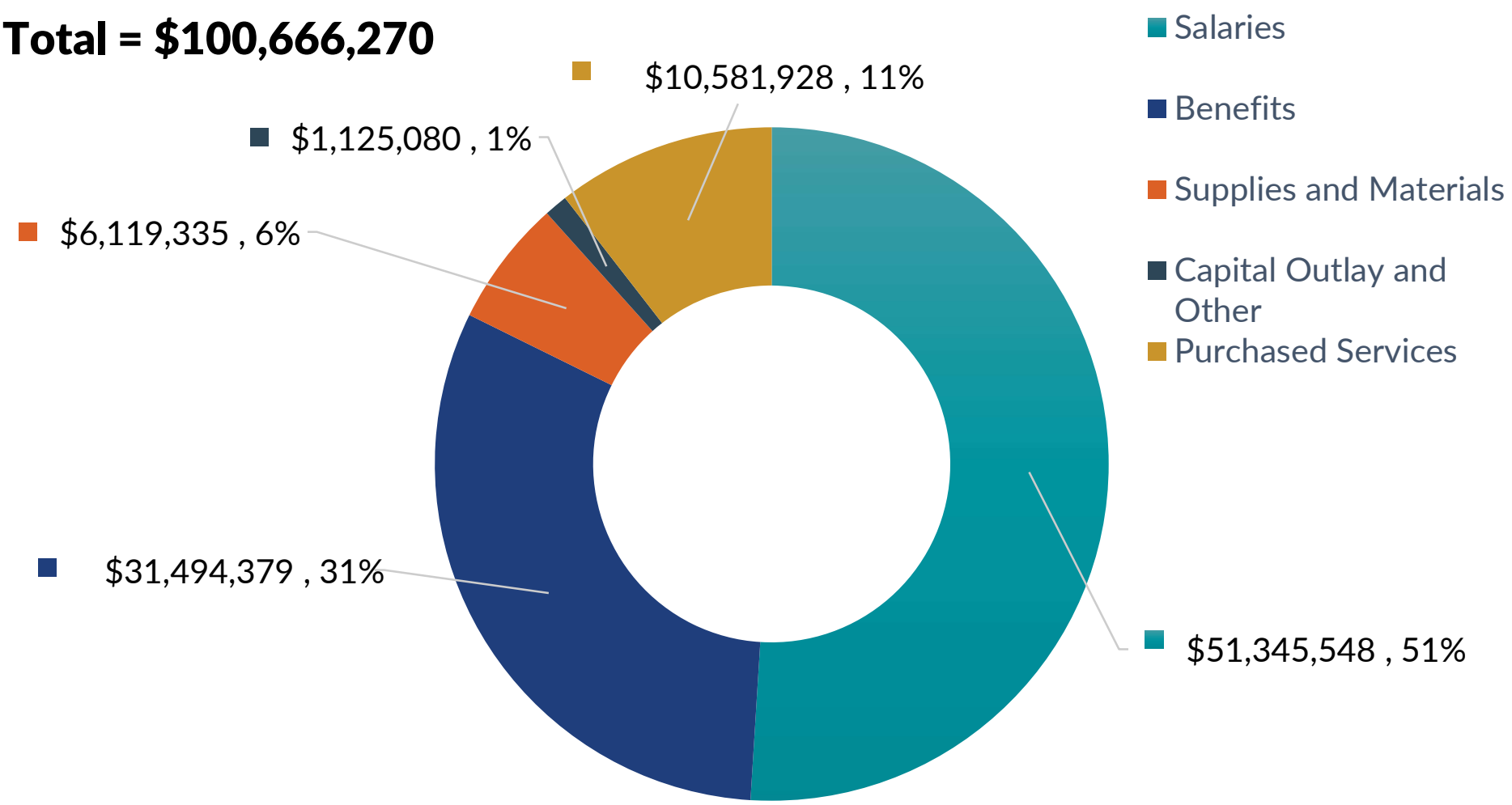
Total= $100,666,270



General Fund Expenditures (By Object)

Year Ended June 30, 2026

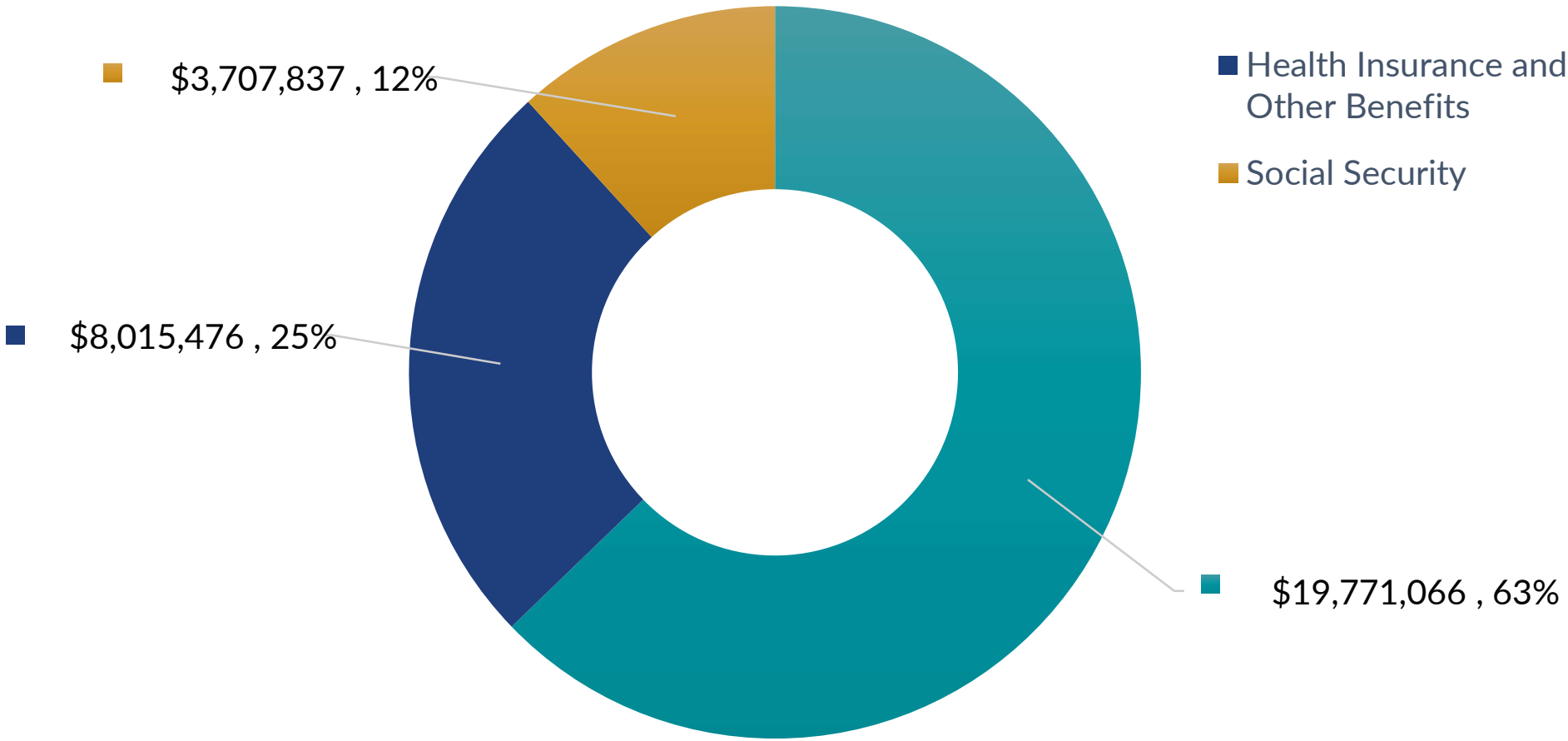
Total = $100,666,270



General Fund Employee Benefits Detail

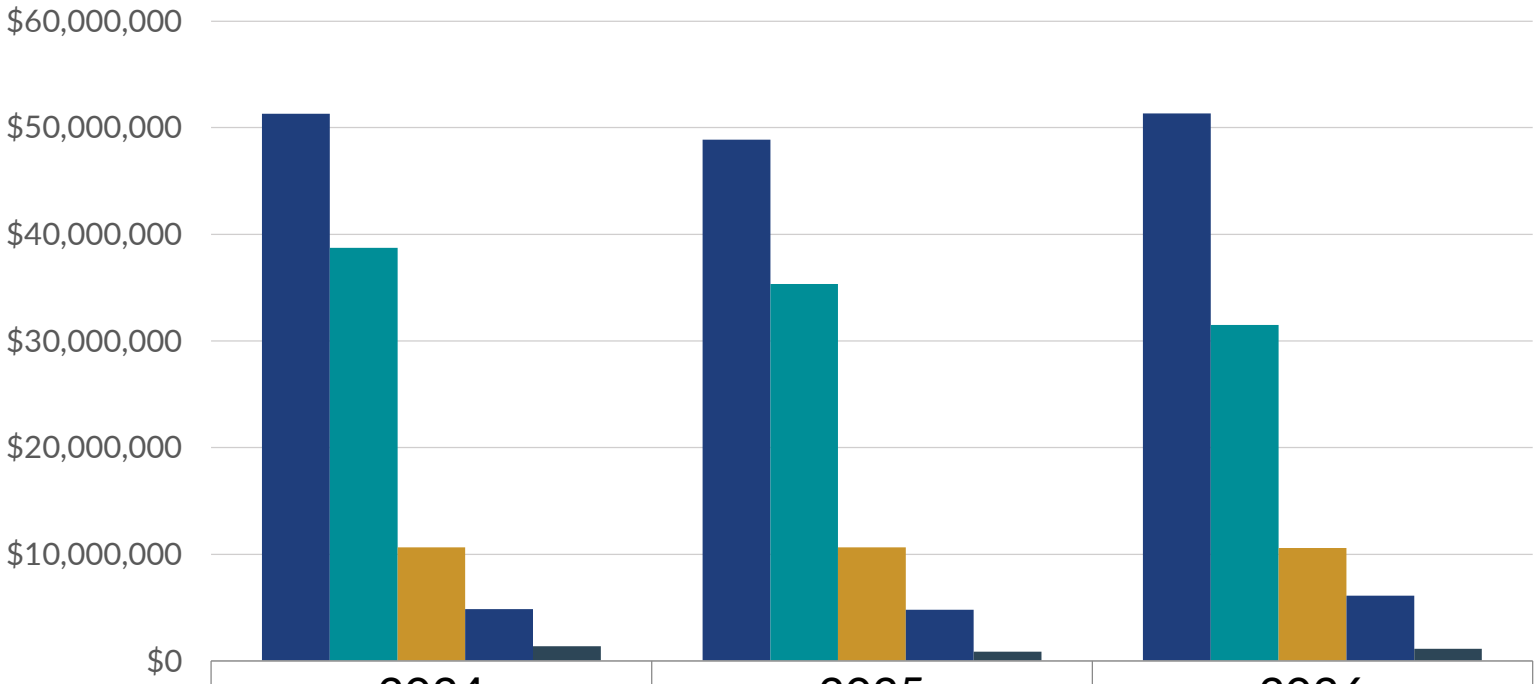
Year Ended June 30, 2026

Total = $31,494,379



General Fund Expenditures by Object

Years Ended June 30



	2024	2025	2026
Salaries	$51,304,589	$48,879,000	$51,345,548
Employee Benefits	$38,733,733	$35,332,677	$31,494,379
Purchased Services	$10,660,581	$10,657,058	$10,581,928
Supplies & Materials	$4,859,020	$4,788,094	$6,119,335
Capital Outlay & Other	$1,364,672	$869,102	$1,125,080

Grosse Pointe Public Schools
Analysis of General Fund Budget to Actual
Year Ended June 30, 2026

Budget to Actual Comparison

	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Budget Variance
Revenue & Other Financing Sources	$ 105,197,829	$ 105,445,519	$ 105,230,195	$ (215,324)	-0.20%
Less: Expenditures	105,181,170	103,253,414	100,666,270	$ (2,587,144)	-2.51%
Net Change in Fund Balance	16,659	2,192,105	4,563,925	$ 2,371,820	
Ending Fund Balance	**$ 14,660,895**	**$ 16,836,341**	**$ 19,208,161**	**$ 2,371,820**	

General Fund Budget Variances - Explained

Revenues:

- State aid, grant funding, and other revenues are budgeted using best estimates available at the time the budget is adopted
- The District continually monitors revenues throughout the year and amends projections as more accurate information becomes available
- Timing differences in grant reimbursements and other funding sources can impact year-end results

Expenditures:

- Budgeted expenditures are the legal maximum the District is permitted to spend (without making a budget amendment)
- School districts generally budget conservatively to ensure appropriations are sufficient to meet operational needs and comply with state budget requirements
- Variance reflects sensible fiscal management and ongoing monitoring of expenditures

Analysis of General Fund Balance

Year Ended June 30, 2026

Changes in Fund Balance

Fund Balance - June 30, 2025		$ 14,644,236
Revenue	105,230,195	
Expenditures	(100,666,270)	
Excess of Revenue over Expenditures		4,563,925
Fund Balance - June 30, 2026		**$ 19,208,161**

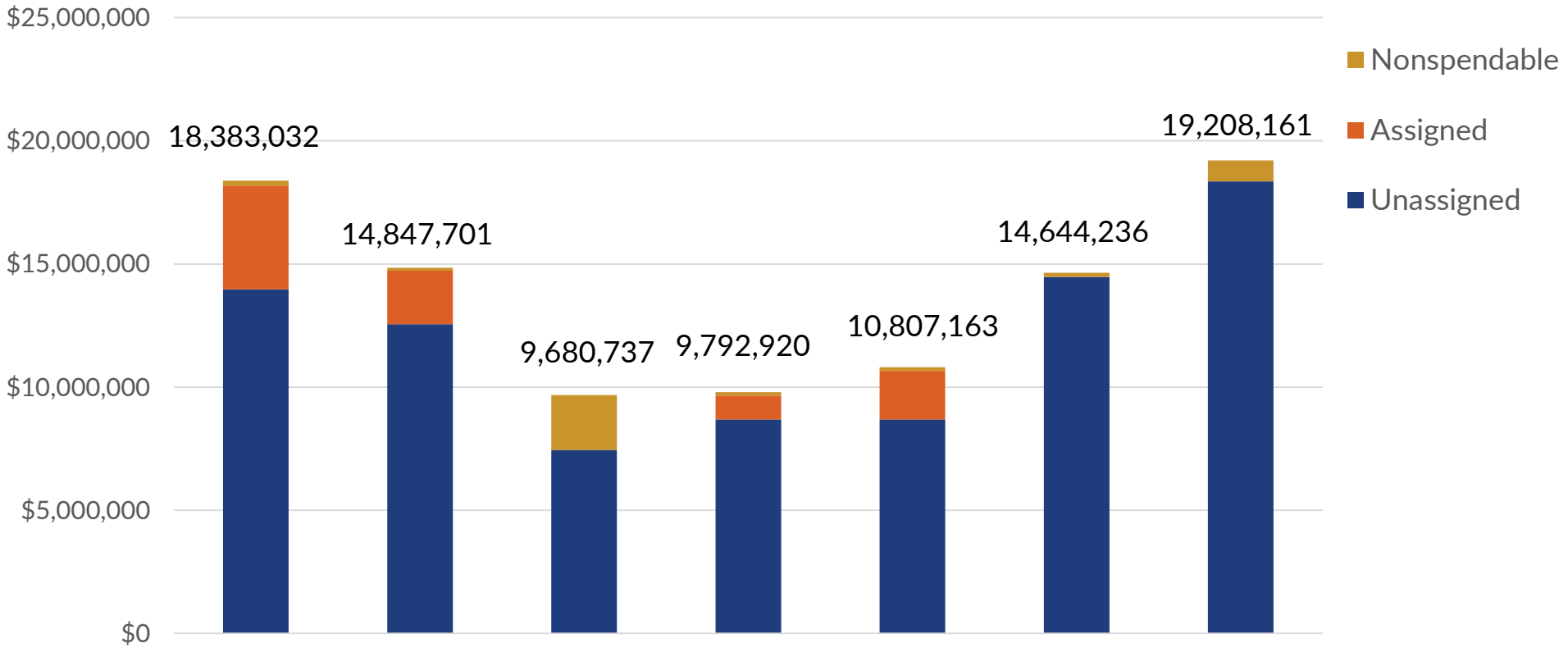
Components of Fund Balance

Nonspendable - Prepaids	$ 851,745
Unassigned	18,356,416
Total Fund Balance - June 30, 2026	**$ 19,208,161**

	Grosse Pointe Schools	State Average
Fund Balance as a Percentage of Expenditures	19.1%	24.6%
Fund Balance - Weeks of Operations	9.9	11
Fund Balance - Days of Operations	49.6	55

General Fund - Fund Balance

Year Ended June 30



Fund balance as a percent of expenditures

2020	2021	2022	2023	2024	2025	2026
18.2%	14.2%	9.6%	8.8%	10.1%	14.7%	19.1%

Thank you.

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

Independent Auditor's Report

To Management and the Board of Education
Grosse Pointe Public School System

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grosse Pointe Public School System as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 14, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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To Management and the Board of Education
Grosse Pointe Public School System

Purpose of this Report

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

Plante & Moran, PLLC

October 14, 2026

Grosse Pointe Public School System

Report to the Board of Education

June 30, 2026

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To the Board of Education
Grosse Pointe Public School System

We have recently completed our audit of the basic financial statements of Grosse Pointe Public School System (the "School District") as of and for the year ended June 30, 2026. In addition to our audit report, we are providing the following results of the audit and informational items that impact the School District:

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We are grateful for the opportunity to be of service to Grosse Pointe Public School System. We would also like to extend our thanks to Andrea Agrusa, CFO; Beth Wilczek, supervisor of finance; and the entire business office for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

October 14, 2026

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Results of the Audit

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October 14, 2026

To the Board of Education
Grosse Pointe Public School System

We have audited the financial statements of Grosse Pointe Public School System (the "School District") as of and for the year ended June 30, 2026 and have issued our report thereon dated October 14, 2026. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 28, 2026, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 14, 2026 regarding our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 14, 2026.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School District are described in Note 2 to the financial statements.

As described in Note 2, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*. The adoption of the standard impacted the disclosure requirements of management's discussion and analysis and budgetary comparison disclosures in the required supplementary information.

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

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

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

The most sensitive estimates affecting the financial statements were the School District's share of the MPSERS net pension liability and net postemployment benefit (OPEB) asset recorded on the government-wide statements related to GASB Statement Nos. 68 and 75, respectively. The School District's estimates as of June 30, 2026 were $102.8 million and $33.3 million for the net pension liability and net OPEB asset, respectively, based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Corrected and Uncorrected Misstatements

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

Significant Findings or Issues

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2026.

Management Consultations with Other Independent Accountants

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

To the Board of Education
Grosse Pointe Public School System

October 14, 2026

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

Very truly yours,

Plante & Moran, PLLC

Keith Syzmanski

Keith Syzmanski, CPA
Partner

Informational Items

Managing the Changing Fiscal Landscape - Michigan School Districts

School districts were once again placed in the difficult position of needing to adopt an initial budget for fiscal year 2026-2027 prior to the adoption of the school aid budget. The budget was signed on July 21, 2026 compared to last year's much delayed October 7, 2025 signing. The State has a statutory deadline of July 1 for finalizing the annual school aid budget. School districts are required by law to adopt an initial budget by July 1, the start of their fiscal year.

The State of Michigan's fiscal year 2026-2027 school aid budget provides school districts with another year of historically strong state support while also introducing several policy changes that may influence future funding allocations and district operations. The budget totals approximately $19.8 billion and continues the State's commitment to K-12 education, including a record foundation allowance of $10,300 per pupil, a 2.5 percent increase over last year's $10,050. The budget also continues funding for universal school meals and maintains significant investments in student mental health, school safety, special education, and educator workforce initiatives.

One of the most significant changes in the new school aid budget is the introduction of a weighted funding model for economically disadvantaged students and English language learners. Historically, funding for these programs was largely distributed through categorical grants such as At-Risk (Section 31a) and bilingual education funding. Under the new framework, funding is increasingly linked directly to student characteristics through a weighted formula. Proponents believe this approach more directly aligns resources with student needs and may provide a foundation for future funding reforms. However, districts should recognize that receipt of these funds is tied to additional accountability, reporting, screening, instructional, and audit requirements established by the State.

The budget also continues substantial investments in student mental health and school safety initiatives. While these resources provide important support for students and communities, districts should carefully evaluate any related compliance obligations. Certain school safety funding continues to carry requirements associated with cooperation during investigations of school safety incidents, which has generated discussion among school districts regarding operational and legal considerations.

Although the state budget provides record per pupil funding levels, boards should continue to monitor several long-term fiscal challenges. Student enrollment remains the primary driver of school funding in Michigan. Many districts continue to experience enrollment declines resulting from demographic changes, lower birth rates, and increased educational choice options. Even modest enrollment declines can offset annual increases in the foundation allowance and place pressure on operating budgets. As a result, districts should continue to evaluate staffing levels, facility utilization, and long-term financial sustainability in light of projected enrollment trends. To help deal with the impact of enrollment declines on the amount of foundation allowance received by school districts, this state budget modifies the annual student count formula. Historically, the student count was based on a weighted split between the October and February student count days. For this year, school districts can use the greater of this year's count or the three-year average weighted count.

Labor costs also remain a significant challenge. School districts continue to face competitive labor markets, educator shortages, and ongoing pressure to increase wages and benefits to attract and retain qualified staff. While state funding has increased in recent years, recurring expenditures, such as payroll, retirement contributions, health care costs, and special education services, continue to consume a growing share of district resources. Boards should remain focused on maintaining structural budget balance and avoiding the use of one-time funding sources to support recurring expenditures.

From a state revenue perspective, boards should also recognize that the School Aid Fund faces increasing demands. The State continues to use School Aid Fund resources to support programs beyond traditional K-12 operations, including certain higher education expenditures. At the same time, Michigan faces ongoing infrastructure, transportation, health care, and economic development funding priorities. Future Consensus Revenue Estimating Conference projections will be important indicators of whether School Aid Fund revenue growth keeps pace with these competing demands. Previous state budget discussions have also highlighted concerns regarding the long-term impact of broader economic conditions on revenue collections.

While this commentary is primarily focused on Michigan funding, districts should continue to monitor federal developments as well. Much of the federal pandemic-related funding that helped support district operations over the past several years has now expired. Going forward, federal support will be concentrated primarily in recurring programs such as Title I, IDEA, Child Nutrition, and other formula and competitive grants. Any future federal funding changes could place additional pressure on state and local resources.

Overall, the fiscal outlook for Michigan school districts remains stable, supported by continued state investment and record per pupil funding. However, boards should remain attentive to evolving funding formulas, enrollment trends, labor cost pressures, and future School Aid Fund revenue performance as they make strategic decisions regarding staffing, programming, capital planning, and fund balance management.

Federal Funding and Policy Considerations

Although Michigan schools continue to benefit from stable formula-based federal funding streams, several developments at the federal level warrant ongoing monitoring. School districts have now largely moved beyond the period supported by pandemic-related relief funding, requiring districts to sustain programs and staffing levels using recurring local, state, and federal resources. As a result, districts may face difficult decisions regarding programs or positions that were initially expanded with temporary federal funding. In addition, federal policymakers continue to evaluate education spending priorities, including Title I, IDEA special education funding, school nutrition programs, and other formula grants that provide significant financial support to Michigan school districts. While these programs remain foundational funding sources for many districts, ongoing budget negotiations and policy discussions at the federal level create uncertainty regarding future funding levels and program requirements. Districts should also continue to monitor changes to federal grant compliance requirements, procurement standards, program eligibility rules, and reporting expectations, as these areas remain subject to periodic revisions. For districts that rely heavily on federal funding to support at-risk student populations, special education services, or nutrition programs, maintaining flexibility within long-term financial plans and monitoring federal developments will remain important components of fiscal stewardship. The significant reduction in federal funding reflected within the State's fiscal year 2026-2027 school aid budget, resulting primarily from the expiration of pandemic-related federal programs, serves as a reminder that future budgets will increasingly rely on recurring state and local revenue sources rather than temporary federal assistance.

Federal Grants Compliance and Single Audit Updates

In addition to monitoring funding levels, school districts should remain attentive to recent changes in federal grant administration and compliance requirements. Federal agencies continue to place heightened emphasis on grant oversight, documentation, internal controls, procurement practices, and subrecipient monitoring. Recent updates to the Uniform Guidance and *Compliance Supplement* have increased the importance of maintaining well-documented policies and procedures surrounding grant administration. One notable change is the increase in the single audit threshold from $750,000 to $1 million in annual federal expenditures for certain audits, along with a corresponding increase in the Type A program threshold used in major program determination. At the grant level, revisions to the Uniform Guidance increased the federal equipment capitalization threshold from $5,000 to $10,000 and introduced additional compliance considerations for awards subject to the updated regulations. Districts should ensure that purchasing policies, capital asset policies, procurement procedures, and grant administration practices have been reviewed and updated accordingly.

School districts should also be aware that federal oversight agencies continue to scrutinize documentation supporting allowable costs, procurement compliance, period-of-performance requirements, and internal controls over federal programs. The most commonly audited federal programs, including the Child Nutrition Cluster, IDEA Special Education Cluster, and Title I programs, continue to be subject to extensive compliance requirements and remain a significant focus of single audits. Current audit guidance suggests no major compliance requirement changes for these core K-12 programs; however, federal agencies continue to revise grant requirements and reporting expectations, making ongoing monitoring essential. Additionally, delayed issuance of annual *Compliance Supplements* and evolving federal funding priorities have created a more uncertain compliance environment, increasing the importance of proactive grant management and timely consultation with federal awarding agencies and pass-through entities when questions arise.

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

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

At September 30, 2025, the pension portion of the MPSERS plan for the State of Michigan had a net pension liability of approximately $20 billion. This is a decrease of approximately 18 percent from the reported amount of $24.5 billion on September 30, 2024. One of the primary reasons for the decrease in the net liability was the net investment returns, which continue to exceed the expected rate of return. The pension plan's annual investment rate of return was 9.8 percent for the year ended September 30, 2025 compared to 15.5 percent for the year ended September 30, 2024.

At September 30, 2025, the retiree health care portion (OPEB) of the MPSERS plan had a net OPEB asset of approximately $6.1 billion compared to the net OPEB asset of $4.6 billion at September 30, 2024. This is an increase of approximately 33 percent. One of the reasons for the increase in the net asset was the net investment returns as well as favorable differences between expected and actual experience. The pension plan's annual investment rate of return was 9.3 percent for the year ended September 30, 2025 compared to 15.5 percent for the year ended September 30, 2024. Despite the decrease, the investment returns continue to exceed the expected rate of return.

Fund Balance

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

During the 2025-2026 school year, the School District's General Fund revenue exceeded expenditures by approximately $4.6 million. This resulted in increasing the General Fund fund balance to approximately $19.2 million at June 30, 2026. Fund balance goals are often stated in terms of a percentage of total expenditures. As a point of reference, the statewide average for school districts at June 30, 2025 was approximately 24.6 percent of operating expenditures. Fund balance at the statewide average would approximately equal the School District's average operating costs for an 11-week period. The School District's fund balance percentage is 19.1 percent and equals approximately 9.9 weeks of operation.

Sinking Fund Legislation

The most recent legislation, which is effective August 6, 2023, amends previous sinking fund legislation to allow a school district to use its Sinking Fund to support certain transportation costs. Specifically, a sinking fund millage approved by voters after May 7, 2023 is now allowed to be used by school districts for the acquisition of student transportation vehicles and parts, supplies, and equipment used for the maintenance of student transportation vehicles. Funds may also be used for the acquisition of trucks and vans registered under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, and used to carry parts, equipment, and personnel for or in the maintenance of school buildings or for the acquisition of parts, supplies, and equipment used to maintain those trucks and vans.

Sinking funds authorized (1) prior to March 29, 2017; (2) between March 29, 2017 and May 7, 2023; and (3) after May 7, 2023 should be accounted for separately in the audited financial statements. Each separate fund should have its own balance sheet and statement of revenue, expenditures, and changes in fund balance for the fiscal year. The previous sinking fund language regarding the use of funds for purchase of real estate, buildings, building improvements, and technology was not amended, as those are still allowable uses of sinking funds approved prior to this amendment. A school district that levies a Sinking Fund must have an independent audit of its Sinking Fund conducted annually, including a review of the uses of the Sinking Fund.

Bond Investment Earnings - Arbitrage Considerations

Arbitrage is not a new topic; however, in the current environment of raising interest rates, it is a topic that has recently received more attention. So, what is arbitrage? To summarize, arbitrage is the difference between the interest expense paid by the bond debt issuer (school district) and the earnings on the invested bond proceeds. School districts are tax-exempt organizations and, therefore, subject to federal arbitrage compliance rules. As a result, the School District may be limited to the amount of investment earnings that it is allowed to retain. The arbitrage calculations are quite complex, and, generally, the School District needs to work with its bond advisor to ensure this computation is completed on a recurring basis. Generally, at the five-year anniversary of the original bond sale, a computation is also completed and used to report to the federal government any investment earnings in excess of what is allowed to be retained and is generally due back to the federal government (Internal Revenue Service). The annual arbitrage calculations are also utilized to determine if the School District should report an arbitrage liability at June 30 in the full accrual set of financial statements. No amounts are recognized in the capital projects funds until the year of the final calculation. At June 30, the School District has unspent bond proceeds that are accruing investment earnings. The School District completed its analysis, and it was determined that there is an arbitrage liability in the amount of approximately $364,000, and the School District has reported this as a liability in the government-wide statement of net position at June 30, 2026.

Grosse Pointe Public School System

Financial Report
with Supplementary Information
June 30, 2026

Grosse Pointe Public School System

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Independent Auditor's Report

To the Board of Education
Grosse Pointe Public School System

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grosse Pointe Public School System (the "School District") as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise Grosse Pointe Public School System's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grosse Pointe Public School System as of June 30, 2026 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

To the Board of Education
Grosse Pointe Public School System

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2026 on our consideration of Grosse Pointe Public School System's 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 Grosse Pointe Public School System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grosse Pointe Public School System's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 14, 2026

This section of the annual financial report for Grosse Pointe Public School System (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2026. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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 Grosse Pointe Public School System financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the 2025 School Building and Site Bond Fund, and the 2024 Sinking Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

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

Schedule of OPEB Contributions

Supplementary Information

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

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

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

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

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

Overall Financial Summary

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, 2026 and 2025:

	Governmental Activities	
	2026	2025
	(in millions)	
Assets		
Current and other assets	$ 117.2	$ 68.0
Capital assets	144.5	144.0
Total assets	261.7	212.0
Deferred Outflows of Resources	30.7	42.9
Liabilities		
Current liabilities	23.0	17.3
Noncurrent liabilities	123.3	105.0
Net pension liability	102.8	133.6
Total liabilities	249.1	255.9
Deferred Inflows of Resources	84.4	90.3
Net Position (Deficit)		
Net investment in capital assets	48.9	43.1
Restricted	47.7	32.0
Unrestricted	(137.7)	(166.4)
Total net position (deficit)	**$ (41.1)**	**$ (91.3)**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position (deficit) was $(41.1) million at June 30, 2026. Net investment in capital assets totaling $48.9 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position ($(137.7) million) was unrestricted.

The $(137.7) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension liability and OPEB asset from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension liability and OPEB asset will have significant impacts on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2026 and 2025:

	Governmental Activities	
	2026	2025
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 4.0	$ 3.9
Operating grants	34.1	36.1
General revenue:		
Taxes	44.9	36.6
State aid not restricted to specific purposes	59.6	61.0
Other	7.0	5.6
Total revenue	149.6	143.2
Expenses		
Instruction	45.1	49.8
Support services	35.6	39.2
Athletics	2.4	2.6
Food services	2.1	2.1
Community services	2.5	2.7
Debt service	4.1	3.4
Depreciation expense (unallocated)	7.6	7.5
Total expenses	99.4	107.3
Change in Net Position	50.2	35.9
Net Position (Deficit) - Beginning of year	(91.3)	(127.2)
Net Position (Deficit) - End of year	**$ (41.1)**	**$ (91.3)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $99.4 million. Certain activities were partially funded from those who benefited from the programs ($4.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($34.1 million). We paid for the remaining public benefit portion of our governmental activities with $44.9 million in taxes, $59.6 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of approximately $50.2 million. Total revenue increased by $6.4 million, largely due to an increase in state funding through the foundation allowance and operating grants for the year. Total expenses decreased by $7.7 million. A key reason for the change in net position was attributed to changes in net pension liability and related deferred inflows and outflows and net other postemployment benefit programs (OPEB) associated with our required participation in the Michigan Public School Employees' Retirement System (MPSERS). Information on the changes in the School District's funds is further described in *Financial Summary of Individual Funds* below.

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.

Financial Summary of Individual Funds

The School District uses individual funds to account for resources designated for specific purposes. Reviewing these funds provides insight into the School District's financial health and its accountability for resources provided by taxpayers and other sources.

At June 30, 2026, governmental funds reported a combined fund balance of $61.8 million, an increase of $32.8 million from the prior year. The largest contributors were the issuance of the 2025 School Building and Site Bonds, the accumulation of resources in the 2024 Sinking Fund, and improved General Fund operating results.

Major Funds

The General Fund, the School District's principal operating fund, reported a $4.6 million increase in fund balance, ending the year at $19.2 million. Of this amount, approximately $18.4 million was unassigned and $0.9 million was nonspendable for prepaid expenses. Favorable operating results reflected lower than anticipated health care costs, including a one-time $1.9 million adjustment related to prior year health care costs. The School District continues to monitor expenditures and align staffing levels with enrollment and program needs.

The 2025 School Building and Site Bond Fund ended the year with a fund balance of approximately $24.8 million. Bond proceeds and the related premium provided approximately $25.0 million to finance capital improvements, with a portion expended during the year.

The 2024 Sinking Fund ended the year with a fund balance of approximately $6.6 million, reflecting revenue of $10.8 million and capital expenditures of $4.2 million. Fiscal year 2026 was the first year of revenue collection under the new voter-approved, 10-year, 3-mill levy. The remaining resources are restricted for eligible capital projects.

Nonmajor Funds

The special revenue funds reported combined ending fund balances of approximately $3.8 million, an increase of $0.2 million from the prior year. These funds account for community services, food service, student activities, and special education center programs.

The debt service fund's balance increased by approximately $0.9 million to $5.3 million. Debt millage rates are determined annually to provide sufficient resources for scheduled principal and interest payments. The fund balance is restricted for debt service obligations.

The 2019 Sinking Fund's balance decreased by approximately $2.9 million to $1.1 million as resources were used for capital projects.

The 2021 School Building and Site Bond Fund's balance decreased by approximately $1.4 million to $1.0 million as capital work continued.

Significant Capital Asset and Long-term Financing Activity

Capital Assets

As of June 30, 2026, the School District had $144.5 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately $0.5 million from last year.

	2026	2025
Land	$ 4,744,095	$ 4,744,095
Construction in progress	5,502,821	60,327
Buildings and improvements	258,351,293	255,628,097
Total capital assets	268,598,209	260,432,519
Less accumulated depreciation	124,125,229	116,438,585
Total capital assets - Net of accumulated depreciation	**$ 144,472,980**	**$ 143,993,934**

This year's additions of $8.3 million were included in buildings and equipment that are related to the 2024 Sinking Fund projects. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had $106.4 million in bonds outstanding versus $89.6 million in the previous year. Those bonds consisted of the following:

	2026	2025
General obligation bonds	$ 106,445,000	$ 89,645,000

The School District's general obligation bond rating was upgraded by Moody's to Aa3. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District does not have outstanding unqualified general obligation debt.

Other obligations include accrued vacation pay, sick leave, arbitrage rebate liabilities, and self-insurance claims and judgments. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Currently Known Facts, Decisions, or Conditions

The Board of Education and administration consider several factors when developing the School District's fiscal year 2026-2027 budget, including enrollment, state funding, staffing needs, and contractual obligations. A significant portion of operating revenue is determined by the per pupil foundation allowance and the School District's blended student count. Consequently, changes in enrollment and state funding directly affect the resources available to support district programs and services.

The 2026-2027 budget was adopted in June 2026 and assumes a foundation allowance of $11,995 per pupil, an increase of $250 over the prior year. The budget also assumes a blended student count of 6,334 FTEs, a decrease of 30 FTEs compared to prior year. Following confirmation of enrollment and state funding, the School District will review its revenue projections and amend the budget as necessary.

The 2026-2027 state school aid budget, signed in July 2026, includes a $250 increase in the foundation allowance, consistent with the School District's adopted budget assumptions. The School District's operating revenue remains dependent on state funding and the financial condition of the School Aid Fund. The anticipated enrollment decline will partially offset the benefit of increased per pupil funding, while increases in salaries and related personnel costs will place additional pressure on the operating budget. The School District will continue to monitor revenue, expenditures, and staffing needs to maintain fiscal stability while supporting its educational priorities.

Since the original budget for 2026-2027 was adopted, the School District settled labor agreements with GPEPA (paraprofessionals), GPAA (administrators), GPEOA (office staff), and GPPA (plant staff). These agreements are expected to increase costs by approximately $250,000 above the amount included in the adopted budget. The School District has also reached a tentative agreement with GPEA (instructional staff), which, if ratified, is expected to increase costs by approximately $1.5 million above the amount originally projected. The additional costs associated with these agreements will be incorporated into the next budget amendment.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at 20601 Morningside Drive, Grosse Pointe Woods, MI 48236.

Grosse Pointe Public School System

Statement of Net Position

June 30, 2026

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 26,593,885
Receivables:	
Property taxes receivable	83,358
Accrued interest receivable	87,119
Due from other governments	15,378,908
Prepaid expenses and other assets	851,745
Restricted assets: (Note 4)	
Restricted cash and cash equivalents	14,977,394
Restricted investments	26,016,018
Net OPEB asset (Note 10)	33,276,280
Capital assets: (Note 6)	
Assets not subject to depreciation	10,246,916
Assets subject to depreciation - Net	134,226,064
Total assets	261,737,687
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	6,997
Deferred pension costs (Note 10)	24,578,395
Deferred OPEB costs (Note 10)	6,109,585
Total deferred outflows of resources	30,694,977
Liabilities	
Accounts payable	5,081,305
Accrued liabilities and other:	
Accrued salaries and wages	9,478,962
Payroll taxes and withholdings	3,467,100
Accrued interest payable	815,625
Other accrued liabilities	501,299
Unearned revenue	3,521,144
Other current liabilities	141,933
Noncurrent liabilities:	
Due within one year (Note 9)	11,773,930
Due in more than one year (Note 9)	111,495,878
Net pension liability (Note 10)	102,825,298
Total liabilities	249,102,474
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date	6,183,253
Deferred pension cost reductions (Note 10)	48,261,077
Deferred OPEB cost reductions (Note 10)	29,946,243
Total deferred inflows of resources	84,390,573
Net Position (Deficit)	
Net investment in capital assets	48,936,832
Restricted:	
Debt service	4,434,546
Food service	437,971
Capital projects	9,582,312
Net OPEB asset	33,276,280
Unrestricted	(137,728,324)
Total net position (deficit)	**$ (41,060,383)**

See notes to financial statements.

Grosse Pointe Public School System

Statement of Activities

Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	$ 45,125,118	$ 75,646	$ 15,062,383	$ (29,987,089)
Support services	35,565,272	-	17,144,188	(18,421,084)
Athletics	2,390,202	509,403	-	(1,880,799)
Food services	2,056,482	238,107	1,921,806	103,431
Community services	2,491,643	3,143,672	-	652,029
Interdistrict payments	2,045	-	-	(2,045)
Interest	3,774,956	-	-	(3,774,956)
Other debt costs	326,053	-	-	(326,053)
Depreciation expense (unallocated)	7,686,644	-	-	(7,686,644)
Total primary government	**$ 99,418,415**	**$ 3,966,828**	**$ 34,128,377**	(61,323,210)
General revenue:				
Taxes:				
Property taxes levied for general purposes				21,970,502
Property taxes levied for debt service				11,883,437
Property taxes levied for capital projects				11,057,599
State aid not restricted to specific purposes				59,602,740
Interest and investment earnings				773,085
Penalties, interest, and other taxes				5,199
Gain on sale of capital assets				476,004
County-wide enhancement millage				2,868,144
Other				2,972,164
Total general revenue				111,608,874
Change in Net Position				50,285,664
Net Position (Deficit) - Beginning of year				(91,346,047)
Net Position (Deficit) - End of year				**$ (41,060,383)**

See notes to financial statements.

Grosse Pointe Public School System

Governmental Funds Balance Sheet

June 30, 2026

	General Fund	2025 School Building and Site Bond Fund	2024 Sinking Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	$ 23,733,561	$ -	$ -	$ 2,860,324	$ 26,593,885
Receivables:					
Property taxes receivable	83,358	-	-	-	83,358
Accrued interest receivable	-	87,119	-	-	87,119
Due from other governments	15,298,956	-	-	79,952	15,378,908
Due from other funds (Note 7)	-	-	5,546	3,061,143	3,066,689
Prepaid expenses and other assets	851,745	-	-	-	851,745
Restricted assets: (Note 4)					
Restricted cash and cash equivalents	-	-	10,225,590	4,751,804	14,977,394
Restricted investments	-	24,910,819	-	1,105,199	26,016,018
Total assets	**$ 39,967,620**	**$ 24,997,938**	**$ 10,231,136**	**$ 11,858,422**	**$ 87,055,116**
Liabilities					
Accounts payable	$ 732,307	$ 179,532	$ 3,595,344	$ 574,122	$ 5,081,305
Due to other funds (Note 7)	3,007,525	-	-	59,164	3,066,689
Accrued liabilities and other:					
Accrued salaries and wages	9,447,688	-	-	31,274	9,478,962
Payroll taxes and withholdings	3,467,100	-	-	-	3,467,100
Other accrued liabilities	501,155	-	-	144	501,299
Unearned revenue	3,521,144	-	-	-	3,521,144
Other current liabilities	82,540	-	-	59,393	141,933
Total liabilities	20,759,459	179,532	3,595,344	724,097	25,258,432
Fund Balances					
Nonspendable - Prepaids	851,745	-	-	-	851,745
Restricted:					
Debt service	-	-	-	5,250,171	5,250,171
Capital projects	-	24,818,406	6,635,792	2,042,602	33,496,800
Special education	-	-	-	12,847	12,847
Food service	-	-	-	437,971	437,971
Committed - Student activities	-	-	-	2,521,981	2,521,981
Assigned - School services	-	-	-	868,753	868,753
Unassigned	18,356,416	-	-	-	18,356,416
Total fund balances	19,208,161	24,818,406	6,635,792	11,134,325	61,796,684
Total liabilities, deferred inflows of resources, and fund balances	**$ 39,967,620**	**$ 24,997,938**	**$ 10,231,136**	**$ 11,858,422**	**$ 87,055,116**

See notes to financial statements.

Grosse Pointe Public School System

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

June 30, 2026

Fund Balances Reported in Governmental Funds	$ 61,796,684
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	268,598,209
Accumulated depreciation	(124,125,229)
Net capital assets used in governmental activities	144,472,980
Deferred inflows and outflows related to bond refundings are not reported in the funds	6,997
Bonds payable, including unamortized bond premiums, are not due and payable in the current period and are not reported in the funds	(119,093,163)
Accrued interest is not due and payable in the current period and is not reported in the funds	(815,625)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,252,459)
Provision for health and workers' compensation claims	(2,559,716)
Net pension liability and related deferred inflows and outflows	(126,507,980)
Net OPEB asset and related deferred inflows and outflows	9,439,622
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(6,183,253)
Arbitrage rebate liabilities do not present a claim on current financial resources and are not reported as fund liabilities	(364,470)
Net Position (Deficit) of Governmental Activities	**$ (41,060,383)**

See notes to financial statements.

Grosse Pointe Public School System

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

Year Ended June 30, 2026

	General Fund	2025 School Building and Site Bond Fund	2024 Sinking Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	$ 23,212,099	$ 415,655	$ 10,785,157	$ 18,215,903	$ 52,628,814
State sources	71,359,322	-	16,537	8,417,863	79,793,722
Federal sources	3,434,932	-	-	746,782	4,181,714
Interdistrict	132,945	-	-	6,708,270	6,841,215
County-wide enhancement millage	4,985,864	-	-	-	4,985,864
Total revenue	103,125,162	415,655	10,801,694	34,088,818	148,431,329
Expenditures					
Current:					
Instruction	58,557,845	-	-	8,381,957	66,939,802
Support services	38,132,712	22,596	-	9,374,775	47,530,083
Athletics	2,781,154	-	-	-	2,781,154
Food services	-	-	-	2,076,713	2,076,713
Community services	717,885	-	-	2,591,488	3,309,373
Debt service:					
Principal	-	-	-	6,525,000	6,525,000
Interest	-	-	-	4,520,135	4,520,135
Other debt costs	-	179,690	-	2,500	182,190
Capital outlay	475,479	441,142	4,165,902	2,253,949	7,336,472
Interdistrict payments	1,195	-	-	850	2,045
Total expenditures	100,666,270	643,428	4,165,902	35,727,367	141,202,967
Excess of Revenue Over (Under) Expenditures	2,458,892	(227,773)	6,635,792	(1,638,549)	7,228,362
Other Financing Sources (Uses)					
Face value of debt issued	-	23,325,000	-	-	23,325,000
Proceeds from sale of capital assets	570,000	-	-	-	570,000
Premium on debt issued	-	1,721,179	-	-	1,721,179
Transfers in	1,535,033	-	-	-	1,535,033
Transfers out	-	-	-	(1,535,033)	(1,535,033)
Total other financing sources (uses)	2,105,033	25,046,179	-	(1,535,033)	25,616,179
Net Change in Fund Balances	4,563,925	24,818,406	6,635,792	(3,173,582)	32,844,541
Fund Balances - Beginning of year	14,644,236	-	-	14,307,907	28,952,143
Fund Balances - End of year	**$ 19,208,161**	**$ 24,818,406**	**$ 6,635,792**	**$ 11,134,325**	**$ 61,796,684**

See notes to financial statements.

Grosse Pointe Public School System

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

Year Ended June 30, 2026

Net Change in Fund Balances Reported in Governmental Funds	$	32,844,541
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		8,259,686
Depreciation expense		(7,686,644)
Net book value of assets disposed of		(93,996)
Revenue in support of pension contributions made subsequent to the measurement date		796,746
Issuing debt, net of premiums, provides current financial resources to governmental funds, but increase long-term liabilities in the statement of net position		(25,046,179)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium and outflows related to bond refundings are not expenses in the governmental funds		7,416,137
Interest expense is recognized in the government-wide statements as it accrues		(145,958)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		34,085,194
Arbitrage claims and similar costs that do not use current financial resources are not reported as expenditures in the governmental funds		(143,863)
Change in Net Position of Governmental Activities	**$**	**50,285,664**

See notes to financial statements.

Note 1 - Nature of Business

Grosse Pointe Public School System (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

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

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

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

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 project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2025 School Building and Site Bond Fund is used to record the bond proceeds and other revenue, the disbursement of money specifically designated for acquiring or constructing new school sites, buildings and equipment, and major remodeling and repairs.
- The 2024 Sinking Fund is used to record tax revenue and the disbursement of invoices specifically designated for building and grounds acquisition and repairs.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds account for food services (primary revenue sources from food sales and federal and state grants), school services (primary revenue sources from community swim, Kids Club, Camp O' Fun, and preschool tuition and federal grants), student activities (primary revenue sources from fundraising and donations earned and received by student groups), and the special education center programs (primary revenue sources from special education state and county funding). Any operating deficit generated by these activities is the responsibility of the General Fund.
- The 2021 School Building and Site Bond Fund is used to record the bond proceeds and other revenue, the disbursement of money specifically designated for acquiring or constructing new school sites, buildings and equipment, and major remodeling and repairs.
- The 2019 Sinking Fund is used to record tax revenue and the disbursement of invoices specifically designated for building and grounds acquisition and repairs.
- The debt service fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt. The fund is retained until the purpose for which it was created has been accomplished.

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.

Note 2 - Significant Accounting Policies (Continued)

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

Basis of Accounting

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

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

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

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the 2025 and 2021 School Building and Site Bond funds are required to be set aside for construction or other allowable bond purchases.
- Unspent property taxes levied and held in the Debt Fund are required to be set aside for future bond principal and interest payments.
- Unspent property taxes levied and held in the sinking funds are required to be set aside for construction or allowable purchases.

Capital Assets

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

Note 2 - Significant Accounting Policies (Continued)

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

	Depreciable Life - Years
Buildings and equipment	7-50

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

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

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

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

Net Position

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

Net Position Flow Assumption

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

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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.

Property Tax Revenue

Properties are assessed as of December 1, and the related property taxes become a lien on February 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes.

Note 2 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The compensated absence liabilities are reported in the government-wide financial statements. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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.

Accounting Changes

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The implementation of this standard established new accounting and financial reporting requirements or modified existing requirements related to management's discussion and analysis and the budgetary comparison schedules reported as required supplementary information.

The implementation of this standard did not result in a change to the School District's total net position or fund balances; however, management's discussion and analysis and budgetary comparison schedule were modified to conform to the new presentation requirements of GASB Statement No. 103.

Upcoming Accounting Pronouncement

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2027.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds, except that capital outlay is budgeted by function. All annual appropriations lapse at fiscal year end. The budget document presents information by fund or 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. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

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 and investments are in accordance with statutory authority.

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

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits totaling approximately $41,197,482 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk. At June 30, 2026, the School District does not have investments with custodial credit risk.

Note 4 - Deposits and Investments (Continued)

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

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

Investment	Carrying Value	Weighted-average Maturity (Years)
Government and agency bonds	$ 11,725,470	1.19
U.S. Treasury notes	11,063,706	0.85
Total	$ 22,789,176	

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2026, the credit quality ratings of debt securities are as follows:

Investment	Carrying Value	Rating	Rating Organization
Government and agency bonds	$ 11,725,470	Aa1	Moody's
U.S. Treasury notes	11,063,706	Aa1	Moody's
Money market	2,121,643	Not rated	N/A
Bank investment pool	1,105,199	AAAmf	Moody's
Total	$ 26,016,018		

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. Although the School District places no limit on the amount that may be invested in any one issuer, the School District 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. At June 30, 2026, the School District did not hold any investments in a single issuer that represented more than 5 percent of total 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 4 - Deposits and Investments (Continued)

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 asset. 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 the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above 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 or liability.

The fair value of the government and agency bonds and treasury notes at June 30, 2026 were determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 5 - Unavailable/Unearned Revenue

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

At June 30, 2026, the School District had $3,521,144 of unearned revenue related to grant and categorical aid payments received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2025	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2026
Capital assets not being depreciated:					
Land and land improvements	$ 4,744,095	$ -	$ -	$ -	$ 4,744,095
Construction in progress	60,327	-	5,442,494	-	5,502,821
Subtotal	4,804,422	-	5,442,494	-	10,246,916
Capital assets being depreciated - Buildings and equipment	255,628,097	-	2,817,192	(93,996)	258,351,293
Accumulated depreciation - Buildings and equipment	116,438,585	-	7,686,644	-	124,125,229
Net capital assets being depreciated	139,189,512	-	(4,869,452)	(93,996)	134,226,064
Net governmental activities capital assets	$ 143,993,934	$ -	$ 573,042	$ (93,996)	$ 144,472,980

Depreciation expense was not charged to activities, as the School District considers its assets to benefit multiple activities, and allocation is not practical.

Note 6 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. The projects include the 2021 and 2025 School Building and Site Bond funds and the 2024 Sinking Fund. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitments
2024 Sinking Fund	$ 3,249,039	$ 6,482,764
2025 School Building and Site Bond Fund	-	6,731,567
2021 School Building and Site Bond Fund	$ 814,752	$ 105,124

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Fund Due From		
Fund Due To	General Fund	Nonmajor Funds	Total
2024 Sinking Fund	$ 5,546	$ -	$ 5,546
Nonmajor funds	3,001,979	59,164	3,061,143
Total	$ 3,007,525	$ 59,164	$ 3,066,689

These balances result from a pooled cash arrangement and the time lag between the dates that goods and services are provided for the funds and when the reimbursements between funds are made.

The Special Education Center Programs Fund and School Services Fund transferred $1,154,186 and $380,847, respectively, to the General Fund to cover overhead and building use costs related to the operations of the various funds, which were paid by the General Fund.

Note 8 - Line of Credit

Under a revolving line of credit agreement with a bank, the School District has available borrowings of the lesser of $16,000,000 or 30 percent of the state school aid for the fiscal year ended June 30, 2026. Interest is payable monthly at a rate of (a) the daily adjusting Bloomberg Short-Term Bank Yield Index rate (BSBY), (b) the daily adjusting term SOFR plus a margin of 1.50 percent, or (c) the prime referenced rate (which shall not be less than 2.50 percent) plus 0.50 percent. The revolving line of credit is collateralized by 30 percent of the state school aid and matured on June 30, 2026. The School District is in the process of renewing the line of credit for the upcoming fiscal year.

The revolving line of credit agreement contained (1) a provision that, in an event of default, the note shall bear interest at 3 percent above the applicable rate and (2) a provision that, if the School District is unable to make payment or in the event of default, outstanding amounts are due immediately.

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2026 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	$ 89,645,000	$ 23,325,000	$ (6,525,000)	$ 106,445,000	$ 7,635,000
Unamortized bond premiums	11,828,613	1,721,179	(901,629)	12,648,163	901,629
Total bonds payable	101,473,613	25,046,179	(7,426,629)	119,093,163	8,536,629
Compensated absences	1,037,393	215,066	-	1,252,459	313,115
Claims and judgments - Self-insurance	2,253,299	12,355,276	(12,048,859)	2,559,716	2,559,716
Arbitrage rebate payable	220,607	143,863	-	364,470	364,470
Total governmental activities long-term debt	$ 104,984,912	$ 37,760,384	$ (19,475,488)	$ 123,269,808	$ 11,773,930

The School District had deferred outflows of $6,997 related to deferred charges on bond refundings at June 30, 2026.

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2026 are as follows:

Purpose	Year Issued	Interest Rates	Maturing on May 1	Outstanding
$65,760,000 Qualified General Obligation (2019 School Building and Site Bonds)	2019	4.00 - 5.00%	2039	$ 57,795,000
$37,300,000 Qualified General Obligation (2021 School Building and Site Bonds)	2021	3.00 - 5.00%	2041	27,000,000
$23,325,000 Qualified General Obligation (2025 School Building and Site Bonds)	2025	5.00%	2045	21,650,000
Total bonded debt				$ 106,445,000

Other Long-term Liabilities

The net pension liability and the net OPEB asset will be liquidated from the funds from which the individual employee salaries are paid.

Note 9 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities — Other Debt — Principal	Interest	Total
2027	$ 7,635,000	$ 4,893,750	$ 12,528,750
2028	5,210,000	4,549,200	9,759,200
2029	5,435,000	4,288,700	9,723,700
2030	5,660,000	4,016,950	9,676,950
2031	5,890,000	3,733,950	9,623,950
2032-2036	32,750,000	14,383,250	47,133,250
2037-2041	31,145,000	6,803,600	37,948,600
Thereafter	12,720,000	1,628,000	14,348,000
Total	$ 106,445,000	$ 44,297,400	$ 150,742,400

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 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.

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

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.

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, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2025 - September 30, 2026	15.21% - 26.08%	0.00% - 3.83%

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

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, 2026 were $21,638,427, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2026, the School District's required and actual pension contributions include an allocation of $6,183,253 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS 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, 2026 were $1,980,135, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2026, the School District reported a liability of $102,825,298 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. 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, 2025 and 2024, the School District's proportion was 0.51 and 0.55 percent, respectively, representing a change of (5.94) percent.

Net OPEB Asset

At June 30, 2026, the School District reported an asset of $33,276,280 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2026 was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. 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, 2025 and 2024, the School District's proportion was 0.55 and 0.52 percent, respectively, representing a change of 5.42 percent.

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

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

For 2026, the School District recognized pension recovery of $7,662,927, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,982,719	$ (915,856)
Changes in assumptions	3,690,695	(5,434,564)
Net difference between projected and actual earnings on pension plan investments	-	(24,573,044)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	104,682	(17,337,613)
The School District's contributions to the plan subsequent to the measurement date	16,800,299	-
Total	$ 24,578,395	$ (48,261,077)

The $6,183,253 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, 2027. 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
2027	$ (9,920,193)
2028	(14,902,420)
2029	(11,617,998)
2030	(4,042,370)
Total	$ (40,482,981)

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, 2026, the School District recognized OPEB recovery of $11,226,765.

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

At June 30, 2026, 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	$ -	$ (22,782,518)
Changes in assumptions	4,441,076	(352,924)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,676,043)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	275,707	(2,134,758)
Employer contributions to the plan subsequent to the measurement date	1,392,802	-
Total	$ 6,109,585	$ (29,946,243)

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

Years Ending	Amount
2027	$ (6,583,344)
2028	(6,668,211)
2029	(6,145,112)
2030	(4,048,212)
2031	(1,377,415)
Thereafter	(407,166)
Total	$ (25,229,460)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2025 are based on the results of an actuarial valuation as of September 30, 2024 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.50% - 7.75%	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. The total pension liability and OPEB liability as of September 30, 2025 are based on the results of an actuarial valuation date of September 30, 2024 and rolled forward using generally accepted actuarial procedures, including the experience study.

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

Significant assumption changes since the prior measurement date, September 30, 2024, for the OPEB plan include an increase in the health care cost trend rate of 0.50 percentage points for members under 65. There were no significant benefit terms changes for the pension plan since the prior measurement date of September 30, 2024.

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2025. 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 (Pension)	Target Allocation (OPEB)	Long-term Expected Real Rate of Return
Domestic equity pools	21.00 %	16.00 %	5.80 %
Private equity pools	16.00	16.00	9.30
International equity pools	14.00	11.00	5.60
Fixed-income pools	15.00	26.00	2.50
Real estate and infrastructure pools	8.00	5.00	7.00
Absolute return pools	13.00	15.00	4.40
Real return/opportunistic pools	9.00	7.00	7.00
Short-term investment pools	4.00	4.00	1.30
Total	100.00 %	100.00 %	- %

Long-term rates of return are net of administrative expense and inflation of 2.4 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	$ 162,263,992	$ 102,825,298	$ 53,320,475

Note 10 - 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 asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	$ 28,669,621	$ 33,276,280	$ 37,308,105

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 would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	$ 37,271,315	$ 33,276,280	$ 29,081,625

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, 2026, the School District reported a payable of $3,192,253 and $271,228 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2026.

Note 11 - 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, for which the School District carries commercial insurance. For medical benefits, the School District pays up to $200,000 per claim, with amounts greater than $200,000 covered by insurance. The School District is completely self-insured for both employee dental and vision claims. For workers' compensation and employer's liability, the School District is self-insured for losses up to $500,000 per claim. Losses above that amount for workers' compensation and employer's liability are covered by insurance.

The School District estimates claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2026	2025
Estimated liability - Beginning of year	$ 2,253,299	$ 3,315,069
Estimated claims incurred, including changes in estimates	12,355,276	10,894,838
Claim payments	(12,048,859)	(11,956,608)
Estimated liability - End of year	$ 2,559,716	$ 2,253,299

Note 12 - Tax Abatements

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

For the fiscal year ended June 30, 2026, the School District had no significant tax abatements.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual Amounts
Revenue					
Local sources	$ 22,442,554	$ 22,815,211	$ 372,657	$ 23,212,099	$ 396,888
State sources	74,818,093	72,061,289	(2,756,804)	71,359,322	(701,967)
Federal sources	2,458,903	3,509,818	1,050,915	3,434,932	(74,886)
Interdistrict	509,914	132,576	(377,338)	132,945	369
County-wide enhancement millage	4,168,365	4,697,699	529,334	4,985,864	288,165
Total revenue	104,397,829	103,216,593	(1,181,236)	103,125,162	(91,431)
Expenditures					
Current:					
Instruction:					
Basic programs	53,295,752	48,726,196	(4,569,556)	48,254,378	(471,818)
Added needs	8,793,834	10,601,611	1,807,777	10,314,985	(286,626)
Support services:					
Pupil	7,471,905	8,093,232	621,327	7,933,705	(159,527)
Instructional staff	3,618,424	4,131,866	513,442	3,857,567	(274,299)
General administration	1,429,080	2,056,326	627,246	2,084,700	28,374
School administration	7,123,659	6,682,907	(440,752)	6,511,762	(171,145)
Business	1,615,455	1,641,926	26,471	1,496,928	(144,998)
Operations and maintenance	12,506,025	12,134,688	(371,337)	11,937,776	(196,912)
Pupil transportation services	2,000,856	2,011,194	10,338	1,978,009	(33,185)
Central	3,496,918	3,425,078	(71,840)	2,780,640	(644,438)
Other	-	68,000	68,000	15,586	(52,414)
Athletics	3,082,074	3,002,484	(79,590)	2,781,154	(221,330)
Community activities	747,188	677,906	(69,282)	717,885	39,979
Interdistrict payments	-	-	-	1,195	1,195
Total expenditures	105,181,170	103,253,414	(1,927,756)	100,666,270	(2,587,144)
Excess of Revenue (Under) Over Expenditures	(783,341)	(36,821)	746,520	2,458,892	2,495,713
Other Financing Sources					
Proceeds from sale of capital assets	-	570,000	570,000	570,000	-
Transfers in	800,000	1,658,926	858,926	1,535,033	(123,893)
Total other financing sources	800,000	2,228,926	1,428,926	2,105,033	(123,893)
Net Change in Fund Balance	16,659	2,192,105	2,175,446	4,563,925	2,371,820
Fund Balance - Beginning of year	14,644,236	14,644,236	-	14,644,236	-
Fund Balance - End of year	**$ 14,660,895**	**$ 16,836,341**	**$ 2,175,446**	**$ 19,208,161**	**$ 2,371,820**

See notes to required supplementary information.

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

Last Ten Plan Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School District's proportion of the net pension liability	0.51328 %	0.54570 %	0.59007 %	0.61544 %	0.61147 %	0.60970 %	0.61927 %	0.62972 %	0.63725 %	0.64755 %
School District's proportionate share of the net pension liability	$102,825,298	$133,597,553	$190,981,004	$231,457,692	$144,768,360	$209,437,215	$205,081,334	$189,303,802	$165,138,568	$161,557,987
School District's covered payroll	$ 56,356,520	$ 54,591,807	$ 57,110,233	$ 58,905,778	$ 55,649,969	$ 53,470,601	$ 53,643,692	$ 53,068,689	$ 53,031,858	$ 54,125,669
School District's proportionate share of the net pension liability as a percentage of its covered payroll	182.46 %	244.72 %	334.41 %	392.93 %	260.14 %	391.69 %	382.30 %	356.71 %	311.40 %	298.49 %
Plan fiduciary net position as a percentage of total pension liability	79.44 %	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %

See notes to required supplementary information.

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

Last Ten Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 20,970,586	$ 22,102,603	$ 23,436,785	$ 27,924,550	$ 20,873,483	$ 18,521,283	$ 16,948,135	$ 16,534,798	$ 16,070,626	$ 15,335,525
Contributions in relation to the statutorily required contribution	20,970,586	22,102,603	23,436,785	27,924,550	20,873,483	18,521,283	16,948,135	16,534,798	16,070,626	15,335,525
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 58,418,631	$ 53,882,963	$ 55,073,086	$ 57,309,590	$ 56,280,255	$ 54,775,650	$ 53,767,679	$ 53,534,888	$ 52,842,572	$ 55,148,060
Contributions as a Percentage of Covered Payroll	35.90 %	41.02 %	42.56 %	48.73 %	37.09 %	33.81 %	31.52 %	30.89 %	30.41 %	27.81 %

See notes to required supplementary information.

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

Last Nine Plan Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.54739 %	0.51926 %	0.57229 %	0.60776 %	0.61719 %	0.60468 %	0.61474 %	0.62317 %	0.63704 %
School District's proportionate share of the net OPEB (asset) liability	$(33,276,280)	$(22,350,909)	$ (3,237,426)	$ 12,872,712	$ 9,420,706	$ 32,394,124	$ 44,124,183	$ 49,535,767	$ 56,412,508
School District's covered payroll	$ 56,356,520	$ 54,591,807	$ 57,110,233	$ 58,905,778	$ 55,649,969	$ 53,470,601	$ 53,643,692	$ 53,068,689	$ 53,031,858
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(61.66)%	(40.94)%	(5.67)%	21.85 %	16.93 %	60.58 %	82.25 %	93.34 %	106.37 %
Plan fiduciary net position as a percentage of total OPEB liability	164.94 %	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

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

Last Nine Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 1,544,326	$ 1,604,365	$ 4,524,488	$ 4,612,963	$ 4,586,391	$ 4,558,293	$ 4,320,556	$ 4,205,179	$ 3,816,674
Contributions in relation to the statutorily required contribution	1,544,326	1,604,365	4,524,488	4,612,963	4,586,391	4,558,293	4,320,556	4,205,179	3,816,674
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 58,418,631	$ 53,882,963	$ 55,073,086	$ 57,309,590	$ 56,280,255	$ 54,775,650	$ 53,767,679	$ 53,534,888	$ 52,842,572
Contributions as a Percentage of Covered Payroll	2.64 %	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

See notes to required supplementary information.

Budgetary Information

Significant variances between original and amended budget - During the year, there was a significant variance between the School District's original and amended budget as follows:

	Original Budget	Amended Budget	Variance
Instruction - Basic programs	$ 53,295,752	$ 48,726,196	$ 4,569,556

The amended budget for basic instruction was approximately $4.57 million lower than the original budget. This decrease reflected the realignment of costs from basic instruction to added needs instruction, along with reductions in budgeted health insurance and retirement costs. These reductions were partially offset by increases in supplies and purchased services.

The realignment contributed to a $1.81 million increase in the added needs instruction budget. Overall, total budgeted instruction expenditures decreased by approximately $2.76 million, including a $2.22 million reduction in health insurance costs, partly attributable to a one-time adjustment related to prior year health insurance costs.

The School District did not have any significant variances between the School District's actual expenditures and amended budget.

Pension Information

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

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

Benefit Changes

There were no changes of benefit terms in 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:

- 2025 - The health care cost trend rate used in the September 30, 2025 actuarial valuation increased by 0.50 percentage points for members under 65.

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.
- 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 periods from 2012 to 2017. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

Supplementary Information

Grosse Pointe Public School System

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2026

	Special Revenue Funds				Debt Service Fund	Capital Project Funds		
	School Services Fund	Food Service Fund	Student Activities Fund	Special Education Center Programs Fund	Debt Fund	2019 Sinking Fund	2021 School Building and Site Bond Fund	Total
Assets								
Cash and investments	$ -	$ 237,174	$ 2,623,150	$ -	$ -	$ -	$ -	$ 2,860,324
Receivables - Other receivables	-	64,441	15,511	-	-	-	-	79,952
Due from other funds	908,159	195,893	-	12,950	498,367	1,445,774	-	3,061,143
Restricted assets	-	-	-	-	4,751,804	-	1,105,199	5,857,003
Total assets	**$ 908,159**	**$ 497,508**	**$ 2,638,661**	**$ 12,950**	**$ 5,250,171**	**$ 1,445,774**	**$ 1,105,199**	**$ 11,858,422**
Liabilities								
Accounts payable	$ 8,132	$ -	$ 57,516	$ 103	$ -	$ 371,806	$ 136,565	$ 574,122
Due to other funds	-	-	59,164	-	-	-	-	59,164
Accrued liabilities and other	31,274	144	-	-	-	-	-	31,418
Other current liabilities	-	59,393	-	-	-	-	-	59,393
Total liabilities	39,406	59,537	116,680	103	-	371,806	136,565	724,097
Fund Balances								
Restricted:								
Debt service	-	-	-	-	5,250,171	-	-	5,250,171
Capital projects	-	-	-	-	-	1,073,968	968,634	2,042,602
Special education	-	-	-	12,847	-	-	-	12,847
Food service	-	437,971	-	-	-	-	-	437,971
Committed - Student activities	-	-	2,521,981	-	-	-	-	2,521,981
Assigned - School services	868,753	-	-	-	-	-	-	868,753
Total fund balances	868,753	437,971	2,521,981	12,847	5,250,171	1,073,968	968,634	11,134,325
Total liabilities and fund balances	**$ 908,159**	**$ 497,508**	**$ 2,638,661**	**$ 12,950**	**$ 5,250,171**	**$ 1,445,774**	**$ 1,105,199**	**$ 11,858,422**

Grosse Pointe Public School System

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

Year Ended June 30, 2026

	Special Revenue Funds				Debt Service Fund	Capital Project Funds		
	School Services Fund	Food Service Fund	Student Activities Fund	Special Education Center Programs Fund	Debt Fund	2019 Sinking Fund	2021 School Building and Site Bond Fund	Total
Revenue								
Local sources	$ 3,115,741	$ 238,107	$ 2,604,674	$ -	$ 11,888,803	$ 274,694	$ 93,884	$ 18,215,903
State sources	-	1,175,034	-	7,198,379	39,609	4,841	-	8,417,863
Federal sources	-	746,782	-	-	-	-	-	746,782
Interdistrict	-	-	-	6,708,270	-	-	-	6,708,270
Total revenue	3,115,741	2,159,923	2,604,674	13,906,649	11,928,412	279,535	93,884	34,088,818
Expenditures								
Current:								
Instruction	-	-	-	8,381,957	-	-	-	8,381,957
Support services	-	-	2,517,235	4,441,496	948	2,415,096	-	9,374,775
Food services	-	2,076,713	-	-	-	-	-	2,076,713
Community services	2,591,488	-	-	-	-	-	-	2,591,488
Debt service:								
Principal	-	-	-	-	6,525,000	-	-	6,525,000
Interest	-	-	-	-	4,520,135	-	-	4,520,135
Other debt costs	-	-	-	-	2,500	-	-	2,500
Capital outlay	-	-	-	-	-	789,326	1,464,623	2,253,949
Interdistrict payments	-	-	-	850	-	-	-	850
Total expenditures	2,591,488	2,076,713	2,517,235	12,824,303	11,048,583	3,204,422	1,464,623	35,727,367
Excess of Revenue Over (Under) Expenditures	524,253	83,210	87,439	1,082,346	879,829	(2,924,887)	(1,370,739)	(1,638,549)
Other Financing Uses - Transfers out	(380,847)	-	-	(1,154,186)	-	-	-	(1,535,033)
Net Change in Fund Balances	143,406	83,210	87,439	(71,840)	879,829	(2,924,887)	(1,370,739)	(3,173,582)
Fund Balances - Beginning of year	725,347	354,761	2,434,542	84,687	4,370,342	3,998,855	2,339,373	14,307,907
Fund Balances - End of year	**$ 868,753**	**$ 437,971**	**$ 2,521,981**	**$ 12,847**	**$ 5,250,171**	**$ 1,073,968**	**$ 968,634**	**$ 11,134,325**

Supplementary Information
Schedule of Bonded Indebtedness

June 30, 2026

Years Ended June 30	2019 School Building and Site Bonds Principal	2021 School Building and Site Bonds Principal	2025 School Building and Site Bonds Principal	Total
2027	$ 3,720,000	$ 1,340,000	$ 2,575,000	$ 7,635,000
2028	3,700,000	1,410,000	100,000	5,210,000
2029	3,850,000	1,485,000	100,000	5,435,000
2030	4,000,000	1,560,000	100,000	5,660,000
2031	4,150,000	1,640,000	100,000	5,890,000
2032	4,300,000	1,705,000	100,000	6,105,000
2033	4,450,000	1,760,000	135,000	6,345,000
2034	4,600,000	1,815,000	135,000	6,550,000
2035	4,750,000	1,870,000	145,000	6,765,000
2036	4,900,000	1,930,000	155,000	6,985,000
2037	5,050,000	1,985,000	165,000	7,200,000
2038	5,150,000	2,045,000	175,000	7,370,000
2039	5,175,000	2,105,000	275,000	7,555,000
2040	-	2,170,000	2,275,000	4,445,000
2041	-	2,180,000	2,395,000	4,575,000
2042	-	-	2,955,000	2,955,000
2043	-	-	3,100,000	3,100,000
2044	-	-	3,255,000	3,255,000
2045	-	-	3,410,000	3,410,000
Total remaining payments	**$ 57,795,000**	**$ 27,000,000**	**$ 21,650,000**	**$ 106,445,000**
Principal payments due	May 1	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	4.00% to 5.00%	3.00% to 5.00%	5.00%	
Original issue	**$ 65,760,000**	**$ 37,300,000**	**$ 23,325,000**	