

GRAND LEDGE PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
**(with required and additional
supplementary information)**

YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-12
BASIC FINANCIAL STATEMENTS.....	13
Government-wide Financial Statements	
Statement of Net Position.....	14
Statement of Activities.....	15
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	16-17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	19-20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Notes to Financial Statements	22-53
REQUIRED SUPPLEMENTARY INFORMATION	54
Budgetary Comparison Schedule - General Fund	55
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability.....	56
Schedule of the Reporting Unit's Pension Contributions.....	57
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability (Asset).....	58
Schedule of the Reporting Unit's OPEB Contributions.....	59
Notes to Required Supplementary Information	61
ADDITIONAL SUPPLEMENTARY INFORMATION	62
Nonmajor Governmental Fund Types	
Combining Balance Sheet.....	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64
Special Revenue Funds	
Combining Balance Sheet.....	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	66

TABLE OF CONTENTS

Page

Capital Projects Funds

Combining Balance Sheet 67

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 68

Long-term Debt

Schedules of Bonded Debt Service Requirements 69-73

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Grand Ledge Public Schools

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Ledge Public Schools 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.

Change in Accounting Principle

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

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 Grand Ledge Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grand Ledge Public Schools' 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 Grand Ledge Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2025 on our consideration of Grand Ledge Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Ledge Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Ledge Public Schools' internal control over financial reporting and compliance.

Maney Costain PC

October 13, 2025

GRAND LEDGE PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

Grand Ledge Public Schools, a K-12 School District is located in Eaton, Clinton and Ionia Counties, Michigan. The Management's Discussion and Analysis is intended to be the Grand Ledge Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2025.

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

Fund Financial Statements

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

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in the relevant funds including the Debt Funds, 2021, 2023, and 2024 Bond Capital Projects Funds, Capital Improvement (Sinking and General Capital Projects) Funds, and Special Revenue Funds comprised of Food Service, Community Education, Student/School Activities, and the Student Bookstore.

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

District-Wide Financial Statements

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

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

**GRAND LEDGE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Summary of Net Position

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

	<u>June 30, 2025</u>	<u>June 30, 2024*</u>
Current and other assets	\$ 68,540,156	\$ 85,836,055
Net other post employment benefits asset	13,448,874	1,808,067
Capital assets, net of depreciation/amortization	<u>182,515,488</u>	<u>162,025,524</u>
Total assets	<u>264,504,518</u>	<u>249,669,646</u>
Deferred outflows of resources	<u>29,647,490</u>	<u>41,395,821</u>
Other liabilities	14,538,249	14,751,893
Other noncurrent liabilities	157,540,664	162,698,731
Net pension liability	<u>77,583,230</u>	<u>105,318,801</u>
Total liabilities	<u>249,662,143</u>	<u>282,769,425</u>
Deferred inflows of resources	<u>45,261,659</u>	<u>31,582,633</u>
Net position		
Net investment in capital assets	53,161,113	49,548,890
Restricted	19,689,776	6,748,783
Unrestricted	<u>(73,622,683)</u>	<u>(79,584,264)</u>
Total net position	<u><u>\$ (771,794)</u></u>	<u><u>\$ (23,286,591)</u></u>

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

**GRAND LEDGE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Analysis of Financial Position

During fiscal year ended June 30, 2025, the District's net position increased by \$23,180,964. A few of the significant factors affecting net position during the year are discussed below:

A. Governmental Fund Operations

In the District's governmental funds, expenditures exceeded revenues by \$16,665,531 for the fiscal year ended June 30, 2025. When Other Financing Sources (Uses) are included, expenditures and other financing uses exceeded revenues and other financing sources by \$16,659,350 due to proceeds from sale of capital assets of \$6,181. See the section entitled Major Governmental Funds Budgeting and Operating Highlights below for further discussion of governmental fund operations.

B. Depreciation/Amortization Expense

The provisions of GASB Statement No. 34 require the District to maintain a record of annual depreciation/amortization expense and accumulated depreciation/amortization. The net increase in accumulated depreciation/amortization is a reduction in net position. Depreciation/amortization expense is recorded using a straight-line method over the estimated useful lives of the assets. In accordance with generally accepted accounting principles, depreciation/amortization expense is recorded based on the original cost of the asset less an estimated salvage value. For the year ended June 30, 2025, the depreciation/amortization expense was \$6,880,241.

C. Capital Acquisitions

Capital outlay for the year ended June 30, 2025 totaled \$27,370,205 primarily due to \$2.7 million in capital outlay expenditures in the 2021 Capital Projects Proposal I Fund, \$278,386 in capital outlay expenditures in the 2021 Capital Projects Proposal II Fund, \$13.5 million in capital outlay expenditures in the 2023 Capital Projects Fund, and \$8.3 million in capital outlay expenditures in the 2024 Capital Projects Fund. Capital outlay was offset by the current year's depreciation expense of \$6,880,241. The result was an increase in net position from capital outlay of \$20,489,964.

D. Debt Repayments and Issuance

The District repaid existing debt and issued no new debt during the fiscal year. This resulted in a net decrease the District's long-term principal obligations thus contributing to a decrease in the net position of the School District. The District repaid \$4,932,492 of long-term debt during the year ended June 30, 2025.

**GRAND LEDGE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Results of Operations

The results of this year's operations for the District as a whole are reported in the Statement of Activities. As the following table indicates, net position increased for the year ending June 30, 2025. With an increase in taxable values, and federal and state funding, total unrestricted and restricted revenue increased in 2025. The District also experienced an increase in operating expenses. Capital outlay spending continues as the District makes progress on the 2021, 2023, and 2024 capital project funds.

	<u>2025</u>	<u>2024*</u>
Revenue		
General revenue		
Property taxes, levied for general purposes	\$ 12,893,972	\$ 11,778,209
Property taxes, levied for debt service	11,705,196	10,662,675
Property taxes, levied for sinking fund	1,641,605	1,494,910
State of Michigan aid, unrestricted	39,292,076	37,381,789
Interest and investment earnings, net	3,335,102	2,580,570
Other general revenue	<u>358,625</u>	<u>453,367</u>
Total general revenue	69,226,576	64,351,520
Program revenue		
Charges for services	3,346,858	3,368,867
Operating grants and contributions	<u>30,848,938</u>	<u>29,464,944</u>
Total revenue	<u>103,422,372</u>	<u>97,185,331</u>
Expenses		
Instruction	36,392,621	38,972,604
Supporting services	24,858,039	27,018,135
Community services	2,235,470	2,718,405
Food services	2,650,479	2,644,057
School store	19,795	19,705
Student/school activities	422,283	444,572
Interest on long-term debt	6,782,480	6,013,428
Depreciation/Amortization - unallocated	<u>6,880,241</u>	<u>5,591,019</u>
Total expenses	<u>80,241,408</u>	<u>83,421,925</u>
Change in net position	<u><u>\$ 23,180,964</u></u>	<u><u>\$ 13,763,406</u></u>

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

The General Fund, and 2021, 2023, and 2024 Capital Projects and combined Debt Retirement Funds are reported separately as major funds in the fund financial statements. Funds reported as "Total Nonmajor Funds" in the fund financial statements include the Special Revenue Funds, and Non-Major Capital Project Funds.

**GRAND LEDGE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Major Funds

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

A. General Fund

As a percentage of total expenditures, the General Fund experienced an increase in fund equity of \$4,674,939 or 6.23% of total expenditures for the year ending June 30, 2025. The beginning fund balance was \$9,056,003 as of July 1, 2024 and the ending total fund balance was \$13,730,942 at June 30, 2025, which equates to 18.31% of total expenditures for the year.

B. 2021 Capital Projects Fund - Proposal I

Spending on the 2021 Proposal I bond project continued in the current fiscal year which translated to a decrease in fund balance of \$2,572,413. The beginning fund balance was \$3,187,074 as of July 1, 2024 and the ending total fund balance was \$614,661 at June 30, 2025.

C. 2021 Capital Projects Fund - Proposal II

Spending on the 2021 Proposal II bond project continued in the current fiscal year which translated to a decrease in fund balance of \$276,445. The beginning fund balance was \$276,445 as of July 1, 2024 and the ending total fund balance was \$0 at June 30, 2025.

D. 2023 Capital Projects Fund

Spending on the 2023 bond project continued in the current fiscal year which translated to a decrease in fund balance of \$12,603,262. The beginning fund balance was \$20,906,612 as of July 1, 2024 and the ending total fund balance was \$8,303,350 at June 30, 2025.

E. 2024 Capital Projects Fund

Spending on the 2024 bond project continued in the current fiscal year which translated to a decrease in fund balance of \$7,187,901. The beginning fund balance was \$24,480,361 as of July 1, 2024 and the ending total fund balance was \$17,292,460 at June 30, 2025.

F. Combined Debt Service Fund

The primary activity within this fund was related to the collection of tax millage collected for the service of the District's long-term debt, and the payment of principal and interest on this debt. This activity translated to an increase in fund balance of \$320,417. The beginning fund balance was \$2,123,012 as of July 1, 2024 and the ending total fund balance was \$2,443,429 at June 30, 2025.

GRAND LEDGE PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

Major Funds (continued)

G. Other Nonmajor Funds

Other nonmajor governmental funds experienced an increase in fund balance of \$985,315 during the year. The beginning fund balance on July 1, 2024 was \$12,335,304 and at June 30, 2025 the fund balance was \$13,320,619. The Sinking Fund, approved by voters in September of 2002, finished its thirteenth year. The fund balance in the sinking fund increased during 2024-2025 by \$999,138 for a total fund balance at year-end of \$4,903,267. Major uses of the sinking fund include the purchase of property and renovations to the existing capital infrastructure. The fund balance in the Food Service Fund increased during 2024-2025 by \$146,343 for a total fund balance at year-end of \$1,406,928. The District also maintains other special revenue funds, and a general capital projects fund.

Major Governmental Funds Budgeting and Operating Highlights

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

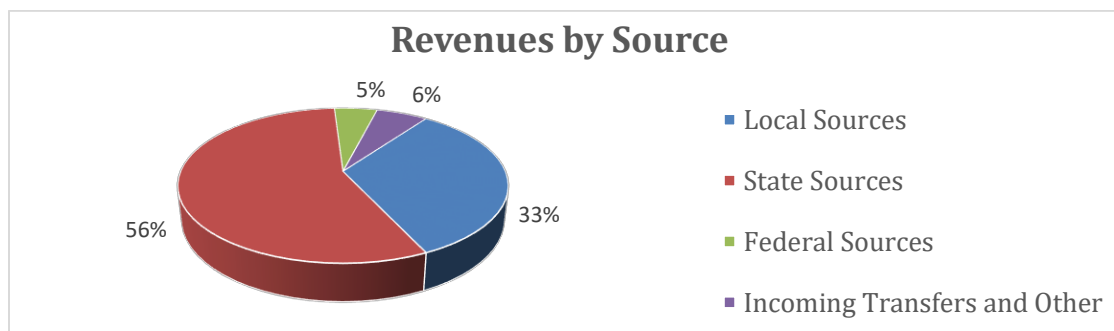
General Fund

In the General Fund, actual revenue was \$78.8 million. This is above the original budget estimate of \$76.5 million and below the final amended budgeted amount of \$78.9 million. The actual expenditures of the General Fund were \$75.0 million. This is below the original budget estimate of \$76.6 million and below the final amended budgeted amount of \$75.7 million, a variance of \$676,693 or 0.90% of expenditures.

The General fund revenues exceeded expenditures by \$3,846,559, for the year ending June 30, 2025. After adjusting for net sources of Other Financing Sources and Uses of \$828,380 revenues and other financing sources exceeded expenditures and other financing uses by \$4,674,939. The ending fund balance in the General Fund for the year ending June 30, 2025 was \$13,730,942, which is 18.31% of expenditures of 74,998,303. For the prior year which ended June 30, 2024, the fund balance was \$9,056,003, which was 12.80% of expenditures of \$70,744,046.

Governmental Fund Revenues

Revenues for all governmental funds totaled \$101.3 million for 2024-2025. The following graph illustrates the District's revenues by source as a percentage of total revenue:



**GRAND LEDGE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Fund Revenues (continued)

A. Unrestricted State Aid

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

Annually, the State of Michigan establishes the per student foundation allowance. For the year ended June 30, 2025, the foundation allowance for Grand Ledge Public Schools was established at \$9,608, resulting in no change from the funding level for 2023-2024. Student enrollment for state aid for the 2024-2025 year was 5,427, an increase of 125 full time equivalent students over the prior year.

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

<u>Year</u>	<u>Student Enrollment</u>	<u>Change from Prior Year</u>	<u>Foundation Allowance</u>	<u>Change from Prior Year</u>
2024 / 2025	5,427	125	\$ 9,608	\$ -
2023 / 2024	5,302	233	9,608	458
2022 / 2023	5,069	161	9,150	450
2021 / 2022	4,908	(381)	8,700	589
2020 / 2021	5,289	(92)	8,111	-
2019 / 2020	5,381	41	8,111	240
2018 / 2019	5,340	87	7,871	240
2017 / 2018	5,253	(14)	7,631	120
2016 / 2017	5,267	96	7,511	120
2015 / 2016	5,171	75	7,391	265

B. Property Taxes

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

The District levied 5.63 mills on all classes of property located within the District for retirement of bonded debt proposals approved by the voters in 1994, 2007, and 2018. This levy is not subject to millage reduction fractions and taxes are used to pay the principal and interest on bond obligations. The total amount collected for debt retirement was \$11.7 million for the year.

The District's sinking funds are used for the repairs and replacement of buildings and sites.

**GRAND LEDGE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Fund Expenditures

The chart below illustrates that the General Fund comprises 64% of all expenditures within the governmental funds of the District. As of June 30, 2025, expenditures were \$118.1 million for all District programs.

	Expenditures and Other Uses (in millions)	Percent of Total
General fund	\$ 75.0	64%
Other governmental funds	43.0	36%
Total	<u>\$ 118.0</u>	<u>100%</u>

Capital Asset and Debt Administration

A. Capital Assets

At June 30, 2025, the District had \$273.0 million invested in land, construction in progress, buildings, improvements, furniture and equipment, right to use asset, buses and other vehicles. Of this amount, \$90.5 million has been depreciated/amortized resulting in a net book value of \$182.5 million. The District's buildings range in years of construction from 1929 (Sawdon Administration Building) to 1996 (Willow Ridge Elementary and the Operations Center). The majority of the buildings were constructed in the 1950's and 1960's. The District is committed to timely repairs and maintenance of its facilities. Equipment purchases, taken in the aggregate, that are above the District's capitalization threshold of \$5,000 are capitalized accordingly.

	2025	2024
Land	\$ 4,963,232	\$ 4,963,232
Construction in progress	22,588,711	19,830,188
Land improvements	13,154,296	13,154,296
Buildings	17,110,024	17,110,024
Building improvements	184,610,777	162,718,376
Equipment, computers and furnishing	24,574,953	22,620,515
Right to use - subscription-based IT	898,551	460,704
Buses and other vehicles	<u>5,113,746</u>	<u>5,223,933</u>
Total	273,014,290	246,081,268
Less accumulated depreciation/amortization	<u>90,498,802</u>	<u>84,055,744</u>
Net capital assets	<u>\$ 182,515,488</u>	<u>\$ 162,025,524</u>

B. Long-Term Obligations

At June 30, 2025, the District had \$157.5 million in outstanding bonds, subscription-based IT arrangement, and other liabilities. The District collects revenues to meet its outstanding debt obligations across total property values. Therefore, total growth in valuation is an important element in determining the District's ability to retire bonded debt and/or to incur additional bonded debt as increased enrollment may require.

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

GRAND LEDGE PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Foundation Allowance: The State's per pupil foundation allowance for 2025-2026 is budgeted at \$10,000.

Student Enrollment: Student enrollment is budgeted at 5,427 students for the fall of 2025, which is unchanged from the fall of 2024.

State School Aid Budget Uncertainty: As of the date of these financial statements, the State of Michigan has not yet adopted a School Aid Budget for the 2025-2026 fiscal year. The lack of an approved budget creates uncertainty regarding the level and timing of State funding for the District. Any reductions or delays in State School Aid appropriations could have a material impact on the District's financial position or operations.

Federal Revenue Uncertainty: While Federal revenue comprises a relatively small percentage of the District's total funding, it supports specific programs and services that benefit students. Uncertainty at the federal level regarding future appropriations or program funding could result in reduced allocations. Even modest reductions in these funds may require the District to adjust the scope of funding sources for affected programs.

Sinking Fund: The District currently levies a Sinking Fund millage of .7921 which was renewed for a period of 10 years on the November 2024 ballot. The current Sinking Fund levy is restricted to building and site improvements but the Sinking Fund levy that begins in tax year 2025 expands the allowable uses to include technology and vehicles. The Sinking Fund renewal, and particularly the expanded uses, will reduce the expenditures required to be paid for with District operating dollars.

Capital Projects: In November 2018, voters approved a request to issue \$148,125,000 in bonded debt to finance improvements to existing facilities, technology upgrades and the purchase of buses. The bonds were issued in four series between 2019 and 2024. Work on the Series 1 issuance was completed in 2022-23. Series 2 projects are scheduled to be completed in early in the 2025-26 fiscal year. Series 3 and 4 projects began in 2023-24 and will continue into the 2025-26 fiscal year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Chief Financial Officer, Grand Ledge Public Schools, 220 Lamson Street, Grand Ledge, Michigan 48837 or by telephone at (517) 925-5422.

BASIC FINANCIAL STATEMENTS

GRAND LEDGE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,478,367
Investments	14,359,530
Receivables	
Accounts receivable	41,743
Intergovernmental receivables	11,494,256
Inventories	73,919
Prepays	115,223
Restricted cash - capital projects	333,399
Restricted investments - capital projects	34,643,719
Net other post employment benefits asset	13,448,874
Capital assets not being depreciated	27,551,943
Capital assets net of accumulated depreciation/amortization	<u>154,963,545</u>
TOTAL ASSETS	<u>264,504,518</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	566,751
Related to other postemployment benefits	3,860,790
Related to pensions	<u>25,219,949</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>29,647,490</u>
LIABILITIES	
Accounts payable	4,545,243
Arbitrage liability	597,760
Accrued salaries and related items	4,564,557
Accrued retirement	1,851,416
Intergovernmental payables	192,783
Accrued interest	1,105,794
Unearned revenue	1,680,696
Noncurrent liabilities	
Due within one year	5,485,320
Due in more than one year	152,055,344
Net pension liability	<u>77,583,230</u>
TOTAL LIABILITIES	<u>249,662,143</u>
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	17,558,774
Related to pensions	23,433,513
Related to state aid funding for pension benefits	<u>4,269,372</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>45,261,659</u>
NET POSITION	
Net investment in capital assets	53,161,113
Restricted for capital projects (sinking fund)	4,903,267
Restricted for debt service	1,337,635
Restricted for net other postemployment benefits	13,448,874
Unrestricted	<u>(73,622,683)</u>
TOTAL NET POSITION	<u><u>\$ (771,794)</u></u>

See notes to financial statements.

**GRAND LEDGE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 36,392,621	\$ -	\$ 19,493,355	\$ (16,899,266)
Support services	24,858,039	325,474	8,206,224	(16,326,341)
Community services	2,235,470	2,299,212	156,039	219,781
Food services	2,650,479	229,203	2,993,320	572,044
School store	19,795	16,078	-	(3,717)
Student/school activities	422,283	476,891	-	54,608
Interest on long-term debt	6,782,480	-	-	(6,782,480)
Unallocated depreciation/ amortization	6,880,241	-	-	(6,880,241)
Total governmental activities	<u>\$ 80,241,408</u>	<u>\$ 3,346,858</u>	<u>\$ 30,848,938</u>	<u>(46,045,612)</u>
General revenues				
Property taxes, levied for general purposes				12,893,972
Property taxes, levied for debt service				11,705,196
Property taxes, levied for sinking fund				1,641,605
Investment earnings, net				3,335,102
State sources - unrestricted				39,292,076
Other				358,625
Total general revenues				<u>69,226,576</u>
CHANGE IN NET POSITION				23,180,964
NET POSITION, beginning of year, as previously reported				(23,286,591)
Adjustment to beginning net position				(666,167)
NET POSITION, beginning of year, as restated				<u>(23,952,758)</u>
NET POSITION, end of year				<u>\$ (771,794)</u>

See notes to financial statements.

**GRAND LEDGE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	2021 Capital Projects Proposal I	2021 Capital Projects Proposal II	2023 Capital Projects	2024 Capital Projects	Combined Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 4,465,833	\$ -	\$ -	\$ -	\$ -	\$ 625,334	\$ 2,387,200	\$ 7,478,367
Investments	5,975,982	-	-	-	-	1,971,747	6,411,801	14,359,530
Receivables								
Accounts receivable	9,884	-	-	-	-	17,353	14,506	41,743
Intergovernmental receivables	11,236,465	-	-	-	-	-	257,791	11,494,256
Due from other funds	757,374	-	-	-	-	-	326,412	1,083,786
Inventories	16,899	-	-	-	-	-	57,020	73,919
Prepays	13,223	-	-	-	-	-	102,000	115,223
Restricted cash and cash equivalents	-	17,602	-	52,623	85,099	-	178,075	333,399
Restricted investments	-	597,059	-	9,936,306	19,331,383	-	4,778,971	34,643,719
TOTAL ASSETS	\$ 22,475,660	\$ 614,661	\$ -	\$ 9,988,929	\$ 19,416,482	\$ 2,614,434	\$ 14,513,776	\$ 69,623,942
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 462,202	\$ -	\$ -	\$ 1,685,579	\$ 2,124,022	\$ -	\$ 273,440	\$ 4,545,243
Accrued salaries and related items	4,533,218	-	-	-	-	-	31,339	4,564,557
Accrued retirement	1,844,586	-	-	-	-	-	6,830	1,851,416
Intergovernmental payables	-	-	-	-	-	169,005	23,778	192,783
Due to other funds	326,412	-	-	-	-	2,000	755,374	1,083,786
Unearned revenue	1,578,300	-	-	-	-	-	102,396	1,680,696
TOTAL LIABILITIES	8,744,718	-	-	1,685,579	2,124,022	171,005	1,193,157	13,918,481

See notes to financial statements.

	<u>General Fund</u>	<u>2021 Capital Projects Proposal I</u>	<u>2021 Capital Projects Proposal II</u>	<u>2023 Capital Projects</u>	<u>2024 Capital Projects</u>	<u>Combined Debt Service Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES								
(continued)								
FUND BALANCES								
Nonspendable								
Inventories	\$ 16,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,020	\$ 73,919
Prepays	13,223	-	-	-	-	-	102,000	115,223
Restricted for:								
Food service	-	-	-	-	-	-	1,257,173	1,257,173
Debt service	-	-	-	-	-	2,443,429	-	2,443,429
Capital projects	-	614,661	-	8,303,350	17,292,460	-	4,903,267	31,113,738
Committed								
Community service	-	-	-	-	-	-	452,577	452,577
School store	-	-	-	-	-	-	6,151	6,151
Student/school activity	-	-	-	-	-	-	587,665	587,665
Assigned for:								
Capital projects	-	-	-	-	-	-	5,954,766	5,954,766
Severance pay	1,409,067	-	-	-	-	-	-	1,409,067
Subsequent year expenditures	2,425,124	-	-	-	-	-	-	2,425,124
Unassigned								
General Fund	<u>9,866,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,866,629</u>
TOTAL FUND BALANCES	<u>13,730,942</u>	<u>614,661</u>	<u>-</u>	<u>8,303,350</u>	<u>17,292,460</u>	<u>2,443,429</u>	<u>13,320,619</u>	<u>55,705,461</u>
LIABILITIES AND FUND BALANCES	<u>\$ 22,475,660</u>	<u>\$ 614,661</u>	<u>\$ -</u>	<u>\$ 9,988,929</u>	<u>\$ 19,416,482</u>	<u>\$ 2,614,434</u>	<u>\$ 14,513,776</u>	<u>\$ 69,623,942</u>

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total governmental fund balances		\$ 55,705,461
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows on refunding		566,751
Deferred outflows of resources - related to pensions	\$ 25,219,949	
Deferred inflows of resources - related to pensions	(23,433,513)	
Deferred outflows of resources - related to other postemployment benefits	3,860,790	
Deferred inflows of resources - related to other postemployment benefits	(17,558,774)	
Deferred inflows of resources - related to state funding for pension benefits	<u>(4,269,372)</u>	
		(16,180,920)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		13,448,874
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	273,014,290	
Accumulated depreciation/amortization is	<u>(90,498,802)</u>	
		182,515,488
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
General obligation bonds		(138,770,000)
Bond premium		(17,091,756)
Note from direct borrowing		(269,841)
Compensated absences and termination benefits payable		(1,409,067)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(1,105,794)
Arbitrage liability		(597,760)
Net pension liability		<u>(77,583,230)</u>
Net position of governmental activities		<u><u>\$ (771,794)</u></u>

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	2021 Capital Projects Proposal I	2021 Capital Projects Proposal II	2023 Capital Projects	2024 Capital Projects	Combined Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES								
Local sources								
Property taxes	\$ 12,893,972	\$ -	\$ -	\$ -	\$ -	\$ 11,705,196	\$ 1,641,605	\$ 26,240,773
Investment earnings	374,163	82,003	1,941	851,602	1,161,126	161,733	702,146	3,334,714
Sales	-	-	-	-	-	-	2,117,823	2,117,823
Student/school activities	-	-	-	-	-	-	476,891	476,891
Other	667,387	6,611	-	-	-	-	426,670	1,100,668
Total local sources	13,935,522	88,614	1,941	851,602	1,161,126	11,866,929	5,365,135	33,270,869
State sources	54,516,627	-	-	-	-	3,987	1,953,406	56,474,020
Federal sources	4,467,583	-	-	-	-	-	1,195,953	5,663,536
Incoming transfers and other	5,925,130	-	-	-	-	-	-	5,925,130
TOTAL REVENUES	78,844,862	88,614	1,941	851,602	1,161,126	11,870,916	8,514,494	101,333,555
EXPENDITURES								
Current								
Instruction	44,610,332	-	-	-	-	-	-	44,610,332
Supporting services	29,949,211	-	-	-	-	-	-	29,949,211
Food service activities	-	-	-	-	-	-	2,937,982	2,937,982
Community service activities	21,625	-	-	-	-	-	2,452,102	2,473,727
School store	-	-	-	-	-	-	19,795	19,795
Student/school activities	-	-	-	-	-	-	422,283	422,283

See notes to financial statements.

	General Fund	2021 Capital Projects Proposal I	2021 Capital Projects Proposal II	2023 Capital Projects	2024 Capital Projects	Combined Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)								
Current (continued)								
Capital outlay	\$ 91,583	\$ 2,661,027	\$ 278,386	\$ 13,454,864	\$ 8,349,027	\$ -	\$ 874,558	\$ 25,709,445
Payments to other districts	256,413	-	-	-	-	-	-	256,413
Debt service								
Principal repayment	62,492	-	-	-	-	4,870,000	-	4,932,492
Interest expense	6,647	-	-	-	-	6,678,431	-	6,685,078
Other	-	-	-	-	-	2,068	260	2,328
TOTAL EXPENDITURES	<u>74,998,303</u>	<u>2,661,027</u>	<u>278,386</u>	<u>13,454,864</u>	<u>8,349,027</u>	<u>11,550,499</u>	<u>6,706,980</u>	<u>117,999,086</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,846,559</u>	<u>(2,572,413)</u>	<u>(276,445)</u>	<u>(12,603,262)</u>	<u>(7,187,901)</u>	<u>320,417</u>	<u>1,807,514</u>	<u>(16,665,531)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of capital assets	6,181	-	-	-	-	-	-	6,181
Transfers in	862,199	-	-	-	-	-	40,000	902,199
Transfers out	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(862,199)</u>	<u>(902,199)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>828,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(822,199)</u>	<u>6,181</u>
NET CHANGE IN FUND BALANCES	4,674,939	(2,572,413)	(276,445)	(12,603,262)	(7,187,901)	320,417	985,315	(16,659,350)
FUND BALANCES								
Beginning of year	<u>9,056,003</u>	<u>3,187,074</u>	<u>276,445</u>	<u>20,906,612</u>	<u>24,480,361</u>	<u>2,123,012</u>	<u>12,335,304</u>	<u>72,364,811</u>
End of year	<u>\$ 13,730,942</u>	<u>\$ 614,661</u>	<u>\$ -</u>	<u>\$ 8,303,350</u>	<u>\$ 17,292,460</u>	<u>\$ 2,443,429</u>	<u>\$ 13,320,619</u>	<u>\$ 55,705,461</u>

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net change in fund balances total governmental funds **\$ (16,659,350)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:

Depreciation/amortization expense	(6,880,241)
Capital outlay	27,370,205

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable, beginning of the year	1,086,425
Accrued interest payable, end of the year	(1,105,794)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

Payments on debt	4,932,492
Amortization of deferred charge on refunding	(47,229)
Amortization of bond premium	877,017
Arbitrage liability	(403,536)

Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued compensated absences and termination benefits, beginning of the year, as restated	1,423,792
Accrued compensated absences and termination benefits, end of the year	(1,409,067)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Pension related items	6,877,298
Other postemployment benefits related items	5,036,637

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:

State aid funding, beginning of year	6,351,687
State aid funding, end of year	<u>(4,269,372)</u>

Change in net position of governmental activities	<u>\$ 23,180,964</u>
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GRAND LEDGE PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter two are excluded from the government-wide financial statements.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The 2021 Proposal I 2021 Proposal II, 2023, and 2024 *Capital Projects Funds* account for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects. The capital projects funds include capital project activities funded with bonds. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The 2023 and 2024 funds are not yet considered substantially complete, and subsequent year audits are expected. The 2021 Proposal I and 2021 Proposal II funds are substantially completed.

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The District issued \$30,090,000 of bonds on June 3, 2021, \$23,220,000 of bonds on June 1, 2023, and \$24,710,000 on May 30, 2024 at which time all funds were available for the intended purpose of the bond issue. Beginning with the year of bond issuance, the District has reported annual construction activity in the 2021, 2023, and 2024 capital projects funds, respectively.

The following is a summary of the cumulative revenues, expenditures, and other financing sources and uses for the 2021, 2023, and 2024 capital projects funds since inception:

	2021 Capital Projects Proposal I	2021 Capital Projects Proposal II	2023 Capital Projects	2024 Capital Projects
Revenues and other financing sources	<u>\$31,899,817</u>	<u>\$ 7,952,386</u>	<u>\$26,738,087</u>	<u>\$25,969,315</u>
Expenditures and other financing uses	<u>\$31,285,156</u>	<u>\$ 7,952,386</u>	<u>\$18,434,737</u>	<u>\$ 8,676,855</u>

The above revenue figures include the bond proceeds and premium of \$30,881,677, \$7,925,158, \$24,876,744, and \$24,847,403 for 2021 Capital Projects Proposal I, 2021 Capital Projects Proposal II, 2023 Capital Projects, and 2024 Capital Projects, respectively.

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

The District reports the following *Other Nonmajor Funds*:

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

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

The *General Capital Projects Fund* includes assets assigned for future capital purchases.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds.

While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

Budgetary Information

Budgetary Basis of Accounting

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

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

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

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

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

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

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

District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Inventories and Prepaid Items

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

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Land improvements	20 years
Buildings and building improvements	50 years
Equipment, computers, and furnishing	5 - 20 years
Right to use - subscription-based IT	3 - 6 years
School buses and other vehicles	8 years

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted Section 147c state aid deferred to offset deferred outflows related to Section 147c pension benefit contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

Subscription-based IT Arrangements (SBITA)

Lessee/subscriber: The District is a lessee for a noncancelable subscription of an IT arrangement. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

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

Key estimates and judgements related to SBITAs included how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

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

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

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term obligations on the statement of net position.

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

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

Fund	Mills
General Fund	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	5.63
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	.7921

Compensated Absences and Termination Benefits

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Long-term Obligations (continued)

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, \$8,056,005 of the District's bank balance of 8,347,194 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$7,811,766.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk (continued)

Investment Type	Fair Value	Weighted Average Maturity (Years)
Commercial Paper	\$ 3,890,592	0.4301
Federal Agency Bond Notes	5,393,857	0.2505
MILAF External Investment Pool - MAX	2,363,161	N/A
MILAF External Investment Pool - CMC	6,893	N/A
Morgan Stanley Institutional Liquidity Fund	19,983,240	0.1242
Michigan Class Investment Pool	17,365,506	0.1050
Total fair value	<u>\$ 49,003,249</u>	
Portfolio weighted average maturity		<u>0.1572</u>

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

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

Investment Type	Fair Value	Rating	Rating Agency
Commercial Paper	\$ 3,890,592	A-1	Standard & Poor's
Federal Agency Bond Notes	5,393,857	AAA	Standard & Poor's
MILAF External Investment Pool - MAX	2,363,161	AAAm	Standard & Poor's
MILAF External Investment Pool - CMC	6,893	AAAm	Standard & Poor's
Morgan Stanley Institutional Liquidity Fund	19,983,240	AAAm	Standard & Poor's
Michigan Class Investment Pool	17,365,506	AAAm	Standard & Poor's
Total	<u>\$ 49,003,249</u>		

Foreign Currency Risk

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

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

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

	Level 1	Level 2	Level 3	Balance at June 30, 2025
Investments by fair value level				
Commercial Paper	\$ -	\$ 3,890,592	\$ -	\$ 3,890,592
Federal Agency Bond Notes	-	5,393,857	-	5,393,857
	<u>\$ -</u>	<u>\$ 9,284,449</u>	<u>\$ -</u>	<u>\$ 9,284,449</u>

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

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

	<u>Amortized Cost</u>
MILAF External Investment Pool - MAX	\$ 2,363,161
MILAF External Investment Pool - CMC	<u>6,893</u>
	<u>\$ 2,370,054</u>

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value Per Share

The District holds shares or interests in the Michigan CLASS investment pool and the Morgan Stanley Institutional Liquidity Fund where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Morgan Stanley Institutional Liquidity Fund invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, and repurchase agreements. It purchases securities that are legally permissible under state statutes.

At the year ended June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan Class Investment Pool	\$ 17,365,506	\$ -	No restrictions	None
Morgan Stanley Institutional Liquidity Fund	19,983,240	-	No restrictions	None
Total	<u>\$ 37,348,746</u>	<u>\$ -</u>		

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

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

	Primary Government
Cash and cash equivalents	\$ 7,478,367
Investments	14,359,530
Restricted cash and cash equivalents	333,399
Restricted investments	<u>34,643,719</u>
	<u>\$ 56,815,015</u>

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2025
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,963,232	\$ -	\$ -	\$ 4,963,232
Construction in progress	19,830,188	20,894,692	18,136,169	22,588,711
Total assets not being depreciated	24,793,420	20,894,692	18,136,169	27,551,943
Capital assets, being depreciated/amortized				
Land improvements	13,154,296	-	-	13,154,296
Buildings	17,110,024	-	-	17,110,024
Building improvements	162,718,376	21,892,401	-	184,610,777
Equipment, computers and furnishing	22,620,515	1,954,438	-	24,574,953
Right to use - subscription-based IT	460,704	437,847	-	898,551
School buses and other vehicles	5,223,933	326,996	437,183	5,113,746
Subtotal	221,287,848	24,611,682	437,183	245,462,347
Accumulated depreciation/amortization				
Land improvements	5,700,117	672,229	-	6,372,346
Buildings	12,756,894	235,409	-	12,992,303
Building improvements	45,462,027	4,558,128	-	50,020,155
Equipment, computers and furnishing	16,868,730	858,505	-	17,727,235
Right to use - subscription-based IT	147,169	121,470	-	268,639
School buses and other vehicles	3,120,807	434,500	437,183	3,118,124
Total accumulated depreciation/amortization	84,055,744	6,880,241	437,183	90,498,802
Net capital assets being depreciated/amortized	137,232,104	17,731,441	-	154,963,545
Net governmental capital assets	\$ 162,025,524	\$ 38,626,133	\$ 18,136,169	\$ 182,515,488

Depreciation/amortization expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2025 consist of the following:

	Government- wide
State aid	\$ 9,934,193
Federal grants and other pass-through agencies	1,374,803
Other	<u>185,260</u>
	<u><u>\$ 11,494,256</u></u>

No allowance for doubtful accounts is considered necessary.

NOTE 5 - LONG-TERM OBLIGATIONS

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

	General Obligation Bonds	Direct Borrowing and Direct Placement	Compensated Absences*	Termination Benefits*	Total
Balance, July 1, 2024, as restated	\$ 161,608,773	\$ 332,333	\$ 1,241,793	\$ 181,999	\$ 163,364,898
Additions	-	-	-	-	-
Deletions	<u>5,747,017</u>	<u>62,492</u>	<u>8,503</u>	<u>6,222</u>	<u>5,824,234</u>
Balance, June 30, 2025	155,861,756	269,841	1,233,290	175,777	157,540,664
Due within one year	<u>5,310,000</u>	<u>66,420</u>	<u>95,300</u>	<u>13,600</u>	<u>5,485,320</u>
Due in more than one year	<u><u>\$ 150,551,756</u></u>	<u><u>\$ 203,421</u></u>	<u><u>\$ 1,137,990</u></u>	<u><u>\$ 162,177</u></u>	<u><u>\$ 152,055,344</u></u>

*The change in the compensated absences and termination benefits liabilities are presented as a net change.

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

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

General Obligations Bonds

Serial bond due in annual installments of \$1,210,000 to \$1,290,000 through May 1, 2037, with interest at 4.00% to 5.00%.	\$ 14,820,000
Serial bond due in annual installments of \$765,000 to \$4,430,000 through May 1, 2044, with interest at 5.00%.	50,915,000
Serial bond due in annual installments of \$205,000 to \$1,740,000 through May 1, 2047, with interest at 4.00% to 5.00%.	28,000,000
Serial bond due in semi-annual installments of \$260,000 to \$1,415,000 paid in November and May through November 1, 2047, with interest at 4.00% to 5.00%.	21,370,000
Serial bond due in semi-annual installments of \$195,000 to \$3,230,000 paid in November and May through November 1, 2048, with interest at 4.00% to 5.00%.	23,665,000
Plus premiums on bonds	<u>17,091,756</u>
Total general obligation bonds	<u>155,861,756</u>

Direct Borrowing and Direct Placement

Subscription-based IT arrangement due in annual installments of \$67,776, increasing 1% annually, through August 1, 2028, with imputed interest at 2.00%.	<u>269,841</u>
Compensated absences and termination benefits	<u>1,409,067</u>
Total general long-term obligations	<u><u>\$ 157,540,664</u></u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$269,841 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$15,600,000 of bonds outstanding are considered defeased.

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

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

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences and Termination Benefits	Total
	Principal	Interest	Principal	Interest		
2026	\$ 5,310,000	\$ 6,626,637	\$ 66,420	\$ 5,397	\$ -	\$ 12,008,454
2027	4,880,000	6,389,187	64,433	4,107	-	11,337,727
2028	4,140,000	6,170,537	68,453	2,780	-	10,381,770
2029	4,335,000	5,978,512	70,535	1,411	-	10,385,458
2030	4,535,000	5,774,312	-	-	-	10,309,312
2031 - 2035	26,565,000	25,369,210	-	-	-	51,934,210
2036 - 2040	34,200,000	18,019,133	-	-	-	52,219,133
2041 - 2045	40,560,000	8,792,276	-	-	-	49,352,276
2046 - 2048	14,245,000	978,028	-	-	-	15,223,028
	138,770,000	84,097,832	269,841	13,695	-	223,151,368
Premiums on bonds	17,091,756	-	-	-	-	17,091,756
Compensated absences and termination benefits	-	-	-	-	1,409,067	1,409,067
	<u>\$ 155,861,756</u>	<u>\$ 84,097,832</u>	<u>\$ 269,841</u>	<u>\$ 13,695</u>	<u>\$ 1,409,067</u>	<u>\$ 241,652,191</u>

Interest expense (all funds) for the year ended June 30, 2025 was approximately \$6,800,000.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

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

Receivable Fund		Payable Fund	
General fund	\$ 757,374	General fund	\$ 326,412
Other nonmajor funds	326,412	Combined debt service fund	2,000
	<u>\$ 1,083,786</u>	Other nonmajor funds	755,374
			<u>\$ 1,083,786</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

Pension Reform of 2017

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

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

Pension Reform of 2023

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

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

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

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

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

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

The District's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$14,657,000. Of the total pension contributions approximately \$14,114,000 was contributed to fund the Defined Benefit Plan and approximately \$543,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$536,000. Of the total OPEB contributions approximately \$182,000 was contributed to fund the Defined Benefit Plan and approximately \$354,000 was contributed to fund the Defined Contribution Plan.

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

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total pension liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position	\$ (71,283,482,728)	\$ (62,581,762,238)
Net pension liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate share	0.31690%	0.32540%
Net pension liability for the District	\$ 77,583,230	\$ 105,318,801

For the year ended June 30, 2025, the District recognized pension expense of \$7,232,966.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 8,088,512	\$ 5,684,397
Net difference between projected and actual plan investments earnings	-	14,806,169
Differences between expected and actual experience	2,104,888	842,952
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,959,065	2,099,995
Reporting Unit's contributions subsequent to the measurement date	13,067,484	-
	<u>\$ 25,219,949</u>	<u>\$ 23,433,513</u>

\$13,067,484 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

Year Ending June 30,	Amount
2026	\$ (1,613,957)
2027	450,923
2028	(5,998,559)
2029	(4,119,455)

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

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

The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total other postemployment benefits liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ (14,295,943,589)	\$ (11,789,347,341)
Net other postemployment benefits liability (asset)	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.31244%	0.31962%
Net other postemployment benefits liability (asset) for the District	\$ (13,448,874)	\$ (1,808,067)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$4,854,357.

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,937,428	\$ 337,633
Net difference between projected and actual plan investments earnings	-	2,546,026
Differences between expected and actual experience	-	14,251,700
Changes in proportion and differences between employer contributions and proportionate share of contributions	829,522	423,415
Reporting Unit's contributions subsequent to the measurement date	93,840	-
	<u>\$ 3,860,790</u>	<u>\$ 17,558,774</u>

\$93,840 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ending June 30,	Amount
2026	\$ (4,408,707)
2027	(2,576,952)
2028	(2,641,541)
2029	(2,511,865)
2030	(1,393,080)
2031	(259,679)

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

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

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

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

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

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

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

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

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

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

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 113,737,848	\$ 77,583,230	\$ 47,477,553

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

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	\$ (10,393,401)	\$ (13,448,874)	\$ (16,090,654)

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

	Other Postemployment Benefits		
	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	\$ (16,090,683)	\$ (13,448,874)	\$ (10,615,549)

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 8 - RISK MANAGEMENT

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

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

Self-funded dental and vision insurance programs were approved by the Board of Education and implemented for support personnel. All plans have limits on amounts for expenditures that will be reimbursed. This program is recorded in the general fund. The District has estimated a liability for any incurred and unreported claims.

NOTE 9 - TRANSFERS

The transfer of \$712,199 from the general capital project fund to the general fund was to draw funds for current capital needs of the district. The transfer of \$150,000 from the food service fund to the general fund was to reimburse the general fund for indirect costs. The transfer of \$40,000 from the general fund to the sinking fund was to reimburse the fund for a capital expenditure made.

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are as follows:

<u>Municipality</u>	<u>Taxes Abated</u>
Delta Township	\$ 71,576
City of Grand Ledge	53,657
City of Lansing	2,427,315
Oneida Township	<u>15,341</u>
	<u>\$ 2,567,889</u>

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no abatements made by the District.

NOTE 11 - CONTINGENT LIABILITIES

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

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

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

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

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

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

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - ADJUSTMENTS TO NET POSITION

During fiscal year 2025, the changes to or within the financial reporting entity resulted in adjustments to beginning net position, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Governmental Activities		
	Net Position	Compensated Absences	Termination Benefits
Net position, as previously reported	\$ (23,286,591)	\$ 595,289	\$ 162,336
Change in accounting principle (GASB 101)	(666,167)	646,504	19,663
Net position, as restated	<u><u>\$ (23,952,758)</u></u>	<u><u>\$ 1,241,793</u></u>	<u><u>\$ 181,999</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**GRAND LEDGE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ 12,646,376	\$ 13,808,244	\$ 13,935,522	\$ 127,278
State sources	55,484,655	54,714,905	54,516,627	(198,278)
Federal sources	4,674,970	4,567,588	4,467,583	(100,005)
Incoming transfers and other	<u>3,723,837</u>	<u>5,818,670</u>	<u>5,925,130</u>	<u>106,460</u>
TOTAL REVENUES	<u>76,529,838</u>	<u>78,909,407</u>	<u>78,844,862</u>	<u>(64,545)</u>
EXPENDITURES				
Current				
Instruction				
Basic programs	33,876,155	34,077,846	33,873,111	204,735
Added needs	<u>11,096,440</u>	<u>10,736,378</u>	<u>10,737,221</u>	<u>(843)</u>
Total instruction	<u>44,972,595</u>	<u>44,814,224</u>	<u>44,610,332</u>	<u>203,892</u>
Supporting services				
Pupil	6,215,075	5,846,939	5,715,205	131,734
Instructional staff	3,191,297	3,126,153	3,091,335	34,818
General administration	688,836	920,578	905,882	14,696
School administration	4,194,866	4,019,154	4,024,879	(5,725)
Business services	815,418	974,891	950,985	23,906
Operation/maintenance	8,017,423	8,058,513	7,890,652	167,861
Pupil transportation	4,696,892	4,353,191	4,298,758	54,433
Central	2,153,742	2,097,787	2,028,129	69,658
Athletics	<u>938,483</u>	<u>1,014,667</u>	<u>1,043,386</u>	<u>(28,719)</u>
Total supporting services	<u>30,912,032</u>	<u>30,411,873</u>	<u>29,949,211</u>	<u>462,662</u>
Community services	<u>25,966</u>	<u>29,860</u>	<u>21,625</u>	<u>8,235</u>
Payments to other school districts	<u>195,402</u>	<u>256,415</u>	<u>256,413</u>	<u>2</u>
Capital outlay	<u>461,195</u>	<u>93,485</u>	<u>91,583</u>	<u>1,902</u>
Debt service	<u>68,454</u>	<u>69,139</u>	<u>69,139</u>	<u>-</u>
TOTAL EXPENDITURES	<u>76,635,644</u>	<u>75,674,996</u>	<u>74,998,303</u>	<u>676,693</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(105,806)</u>	<u>3,234,411</u>	<u>3,846,559</u>	<u>612,148</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	862,199	862,199	-
Transfers out	(275,541)	(40,000)	(40,000)	-
Proceeds from sale of capital assets	<u>36,700</u>	<u>6,500</u>	<u>6,181</u>	<u>(319)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>111,159</u>	<u>828,699</u>	<u>828,380</u>	<u>(319)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,353</u>	<u>\$ 4,063,110</u>	<u>4,674,939</u>	<u>\$ 611,829</u>
FUND BALANCE				
Beginning of year			<u>9,056,003</u>	
End of year			<u>\$ 13,730,942</u>	

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's proportion of net pension liability (%)	0.31690%	0.32540%	0.32358%	0.30846%	0.30136%	0.30436%	0.31055%	0.30924%	0.29706%	0.29989%
Reporting Unit's proportionate share of net pension liability	\$ 77,583,230	\$ 105,318,801	\$ 121,693,162	\$ 73,028,801	\$ 103,516,260	\$ 100,794,276	\$ 93,356,527	\$ 80,137,878	\$ 74,114,212	\$ 73,248,599
Reporting Unit's covered-employee payroll	\$ 33,552,131	\$ 32,558,937	\$ 32,043,734	\$ 28,621,618	\$ 26,992,587	\$ 26,623,895	\$ 26,425,708	\$ 26,065,957	\$ 25,411,906	\$ 25,047,090
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	231.23%	323.47%	379.77%	255.15%	383.50%	378.59%	353.28%	307.44%	291.65%	292.44%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required pension contributions	\$ 14,113,785	\$ 12,904,539	\$ 14,903,783	\$ 10,949,091	\$ 8,962,829	\$ 8,193,929	\$ 7,982,606	\$ 8,105,353	\$ 7,166,476	\$ 6,508,076
Pension contributions in relation to statutorily required contributions	<u>14,113,785</u>	<u>12,904,539</u>	<u>14,903,783</u>	<u>10,949,091</u>	<u>8,962,829</u>	<u>8,193,929</u>	<u>7,982,606</u>	<u>8,105,353</u>	<u>7,166,476</u>	<u>6,508,076</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (pension)	\$ 35,440,694	\$ 32,990,917	\$ 32,622,739	\$ 31,851,990	\$ 27,495,900	\$ 27,230,502	\$ 26,459,231	\$ 26,368,179	\$ 26,353,064	\$ 24,781,377
Pension contributions as a percentage of covered-employee payroll	39.82%	39.12%	45.69%	34.37%	32.60%	30.09%	30.17%	30.74%	27.19%	26.26%

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

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (asset) (%)	0.31244%	0.31962%	0.32814%	0.31362%	0.30292%	0.30273%	0.31008%	0.30865%
Reporting Unit's proportionate share of net other postemployment benefits liability (asset)	\$ (13,448,874)	\$ (1,808,067)	\$ 6,950,297	\$ 4,787,035	\$ 16,228,114	\$ 21,729,350	\$ 24,648,294	\$ 27,332,217
Reporting Unit's covered-employee payroll	\$ 33,552,131	\$ 32,558,937	\$ 32,043,734	\$ 28,621,618	\$ 26,992,587	\$ 26,623,895	\$ 26,425,708	\$ 26,425,708
Reporting Unit's proportionate share of net other postemployment benefits liability/asset as a percentage of its covered-employee payroll	40.08%	5.55%	21.69%	16.73%	60.12%	81.62%	93.27%	103.43%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers)	143.08%	105.04%	83.09%	87.33%	59.44%	48.48%	42.95%	36.39%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required other postemployment benefits contributions	\$ 181,954	\$ 2,699,578	\$ 2,608,112	\$ 2,656,683	\$ 2,374,534	\$ 2,288,907	\$ 2,169,967	\$ 2,249,686
Other postemployment benefits contributions in relation to statutorily required contributions	<u>181,954</u>	<u>2,699,578</u>	<u>2,608,112</u>	<u>2,656,683</u>	<u>2,374,534</u>	<u>2,288,907</u>	<u>2,169,967</u>	<u>2,249,686</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (OPEB)	\$ 35,440,694	\$ 32,990,917	\$ 32,622,739	\$ 31,851,990	\$ 27,495,900	\$ 27,230,502	\$ 26,459,231	\$ 26,368,179
Other postemployment benefits contributions as a percentage of covered-employee payroll	0.51%	8.18%	7.99%	8.34%	8.64%	8.41%	8.20%	8.53%

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

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

NOTE 1 - PENSION INFORMATION

Benefit Changes

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

Changes in Assumptions

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

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

NOTE 2 - OPEB INFORMATION

Benefit Changes

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

Changes in Assumptions

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

- 2024 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

**GRAND LEDGE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 2 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

ADDITIONAL SUPPLEMENTARY INFORMATION

**GRAND LEDGE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2025**

	Special Revenue	Capital Projects	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 2,131,647	\$ 255,553	\$ 2,387,200
Investments	-	6,411,801	6,411,801
Accounts receivable	14,506	-	14,506
Intergovernmental receivables	257,791	-	257,791
Due from other funds	284,133	42,279	326,412
Inventories	57,020	-	57,020
Prepays	102,000	-	102,000
Restricted cash and cash equivalents	-	178,075	178,075
Restricted investments	-	4,778,971	4,778,971
TOTAL ASSETS	<u>\$ 2,847,097</u>	<u>\$ 11,666,679</u>	<u>\$ 14,513,776</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 201,160	\$ 72,280	\$ 273,440
Accrued salaries and related	31,339	-	31,339
Accrued retirement	6,830	-	6,830
Intergovernmental payables	-	23,778	23,778
Due to other funds	42,786	712,588	755,374
Unearned revenue	102,396	-	102,396
TOTAL LIABILITIES	<u>384,511</u>	<u>808,646</u>	<u>1,193,157</u>
FUND BALANCES			
Nonspendable			
Inventories	57,020	-	57,020
Prepays	102,000	-	102,000
Restricted for:			
Food service	1,257,173	-	1,257,173
Capital projects	-	4,903,267	4,903,267
Committed			
Community service	452,577	-	452,577
School store	6,151	-	6,151
Student/school activities	587,665	-	587,665
Assigned for:			
Capital projects	-	5,954,766	5,954,766
TOTAL FUND BALANCES	<u>2,462,586</u>	<u>10,858,033</u>	<u>13,320,619</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,847,097</u>	<u>\$ 11,666,679</u>	<u>\$ 14,513,776</u>

GRAND LEDGE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2025

	Special Revenue	Capital Projects	Total Nonmajor Funds
REVENUES			
Local sources			
Property taxes	\$ -	\$ 1,641,605	\$ 1,641,605
Sales	2,117,823	-	2,117,823
Student/school activities	476,891	-	476,891
Investment earnings, net	24,052	678,094	702,146
Other	426,670	-	426,670
Total local sources	3,045,436	2,319,699	5,365,135
State sources	1,953,406	-	1,953,406
Federal sources	1,195,953	-	1,195,953
TOTAL REVENUES	6,194,795	2,319,699	8,514,494
EXPENDITURES			
Current			
Food service activities	2,937,982	-	2,937,982
Community service activity	2,452,102	-	2,452,102
School store	19,795	-	19,795
Student/school activities	422,283	-	422,283
Capital outlay	-	874,558	874,558
Other	-	260	260
TOTAL EXPENDITURES	5,832,162	874,818	6,706,980
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	362,633	1,444,881	1,807,514
OTHER FINANCING SOURCES (USES)			
Transfers in	-	40,000	40,000
Transfers out	(150,000)	(712,199)	(862,199)
TOTAL OTHER FINANCING SOURCES (USES)	(150,000)	(672,199)	(822,199)
NET CHANGE IN FUND BALANCES	212,633	772,682	985,315
FUND BALANCES			
Beginning of year	2,249,953	10,085,351	12,335,304
End of year	\$ 2,462,586	\$ 10,858,033	\$ 13,320,619

**GRAND LEDGE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Food Service	Community Service	School Store	Student/ School Activities	Totals
ASSETS					
Cash and cash equivalents	\$ 1,263,674	\$ 272,788	\$ 6,189	\$ 588,996	\$ 2,131,647
Accounts receivable	14,506	-	-	-	14,506
Intergovernmental receivables	257,791	-	-	-	257,791
Due from other funds	-	280,791	-	3,342	284,133
Prepays	100,000	2,000	-	-	102,000
Inventories	49,755	-	7,265	-	57,020
TOTAL ASSETS	\$ 1,685,726	\$ 555,579	\$ 13,454	\$ 592,338	\$ 2,847,097
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 167,735	\$ 28,751	\$ 1	\$ 4,673	\$ 201,160
Accrued salaries and related items	3,194	28,145	-	-	31,339
Accrued retirement	507	6,323	-	-	6,830
Due to other funds	42,749	-	37	-	42,786
Unearned revenue	64,613	37,783	-	-	102,396
TOTAL LIABILITIES	278,798	101,002	38	4,673	384,511
FUND BALANCES					
Nonspendable					
Inventories	49,755	-	7,265	-	57,020
Prepays	100,000	2,000	-	-	102,000
Restricted for food service	1,257,173	-	-	-	1,257,173
Committed for:					
Community service	-	452,577	-	-	452,577
School store	-	-	6,151	-	6,151
Student/school activities	-	-	-	587,665	587,665
TOTAL FUND BALANCES	1,406,928	454,577	13,416	587,665	2,462,586
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,685,726	\$ 555,579	\$ 13,454	\$ 592,338	\$ 2,847,097

**GRAND LEDGE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	Food Service	Community Service	School Store	Student/ School Activities	Totals
REVENUES					
Local sources					
Sales	\$ 225,540	\$ 1,876,205	\$ 16,078	\$ -	\$ 2,117,823
Student/school activities	-	-	-	476,891	476,891
Investment earnings	11,802	5,097	2	7,151	24,052
Other	3,663	423,007	-	-	426,670
Total local sources	241,005	2,304,309	16,080	484,042	3,045,436
State sources	1,797,367	156,039	-	-	1,953,406
Federal sources	1,195,953	-	-	-	1,195,953
TOTAL REVENUES	3,234,325	2,460,348	16,080	484,042	6,194,795
EXPENDITURES					
Salaries	757,120	1,220,590	-	-	1,977,710
Benefits	376,927	769,747	-	-	1,146,674
Purchased services	375,689	39,684	-	-	415,373
Supplies and materials	1,363,832	195,480	10,741	-	1,570,053
Capital outlay	54,568	-	-	-	54,568
Other	9,846	226,601	9,054	422,283	667,784
TOTAL EXPENDITURES	2,937,982	2,452,102	19,795	422,283	5,832,162
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	296,343	8,246	(3,715)	61,759	362,633
OTHER FINANCING SOURCES (USES)					
Transfers out	(150,000)	-	-	-	(150,000)
NET CHANGE IN FUND BALANCES	146,343	8,246	(3,715)	61,759	212,633
FUND BALANCES					
Beginning of year	1,260,585	446,331	17,131	525,906	2,249,953
End of year	\$ 1,406,928	\$ 454,577	\$ 13,416	\$ 587,665	\$ 2,462,586

**GRAND LEDGE PUBLIC SCHOOLS
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	<u>Sinking Fund</u>	<u>General Capital Projects</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 255,553	\$ 255,553
Investments	-	6,411,801	6,411,801
Due from other funds	42,279	-	42,279
Restricted cash and cash equivalents	178,075	-	178,075
Restricted investments	4,778,971	-	4,778,971
	<u>4,778,971</u>	<u>-</u>	<u>4,778,971</u>
TOTAL ASSETS	<u><u>\$ 4,999,325</u></u>	<u><u>\$ 6,667,354</u></u>	<u><u>\$ 11,666,679</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 72,280	\$ -	\$ 72,280
Intergovernmental payables	23,778	-	23,778
Due to other funds	-	712,588	712,588
	<u>-</u>	<u>712,588</u>	<u>712,588</u>
TOTAL LIABILITIES	<u>96,058</u>	<u>712,588</u>	<u>808,646</u>
FUND BALANCES			
Restricted for capital projects	4,903,267	-	4,903,267
Assigned for capital projects	-	5,954,766	5,954,766
	<u>-</u>	<u>5,954,766</u>	<u>5,954,766</u>
TOTAL FUND BALANCES	<u>4,903,267</u>	<u>5,954,766</u>	<u>10,858,033</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,999,325</u></u>	<u><u>\$ 6,667,354</u></u>	<u><u>\$ 11,666,679</u></u>

**GRAND LEDGE PUBLIC SCHOOLS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	<u>Sinking Fund</u>	<u>General Capital Projects</u>	<u>Totals</u>
REVENUES			
Local sources			
Property taxes	\$ 1,641,605	\$ -	\$ 1,641,605
Investment earnings	192,351	485,743	678,094
	<u>1,833,956</u>	<u>485,743</u>	<u>2,319,699</u>
TOTAL REVENUES			
EXPENDITURES			
Capital outlay	874,558	-	874,558
Other	260	-	260
	<u>874,818</u>	<u>-</u>	<u>874,818</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>959,138</u>	<u>485,743</u>	<u>1,444,881</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	40,000	-	40,000
Transfers out	-	(712,199)	(712,199)
	<u>40,000</u>	<u>(712,199)</u>	<u>(672,199)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	999,138	(226,456)	772,682
FUND BALANCES			
Beginning of year	<u>3,904,129</u>	<u>6,181,222</u>	<u>10,085,351</u>
End of year	<u>\$ 4,903,267</u>	<u>\$ 5,954,766</u>	<u>\$ 10,858,033</u>

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS - 2016 REFUNDING
JUNE 30, 2025

\$24,230,000 Bonds Issued March 16, 2016.

Interest Due		Principal Due May 1	Debt Service Requirement for Fiscal Year	
May 1	November 1		June 30,	Amount
\$ 332,750	\$ 332,750	\$ 1,290,000	2026	\$ 1,955,500
306,950	306,950	1,280,000	2027	1,893,900
281,350	281,350	1,265,000	2028	1,827,700
256,050	256,050	1,250,000	2029	1,762,100
231,050	231,050	1,240,000	2030	1,702,100
206,250	206,250	1,225,000	2031	1,637,500
181,750	181,750	1,215,000	2032	1,578,500
151,375	151,375	1,215,000	2033	1,517,750
121,000	121,000	1,210,000	2034	1,452,000
90,750	90,750	1,210,000	2035	1,391,500
60,500	60,500	1,210,000	2036	1,331,000
30,250	30,250	1,210,000	2037	1,270,500
<u>\$ 2,250,025</u>	<u>\$ 2,250,025</u>	<u>\$ 14,820,000</u>		<u>\$ 19,320,050</u>

The above bonds dated March 16, 2016 have interest rates from 4.00% to 5.00%.

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS - 2019 BUILDING AND SITE
JUNE 30, 2025

\$52,145,000 Bonds Issued March 20, 2019.

Interest Due		Principal Due May 1	Debt Service Requirement for Fiscal Year	
May 1	November 1		June 30,	Amount
\$ 1,272,875	\$ 1,272,875	\$ 765,000	2026	\$ 3,310,750
1,253,750	1,253,750	865,000	2027	3,372,500
1,232,125	1,232,125	975,000	2028	3,439,250
1,207,750	1,207,750	1,185,000	2029	3,600,500
1,178,125	1,178,125	1,385,000	2030	3,741,250
1,143,500	1,143,500	1,580,000	2031	3,867,000
1,104,000	1,104,000	1,780,000	2032	3,988,000
1,059,500	1,059,500	1,985,000	2033	4,104,000
1,009,875	1,009,875	2,150,000	2034	4,169,750
956,125	956,125	2,320,000	2035	4,232,250
898,125	898,125	2,495,000	2036	4,291,250
835,750	835,750	2,680,000	2037	4,351,500
768,750	768,750	4,235,000	2038	5,772,500
662,875	662,875	4,370,000	2039	5,695,750
553,625	553,625	4,425,000	2040	5,532,250
443,000	443,000	4,430,000	2041	5,316,000
332,250	332,250	4,430,000	2042	5,094,500
221,500	221,500	4,430,000	2043	4,873,000
110,750	110,750	4,430,000	2044	4,651,500
<u>\$ 16,244,250</u>	<u>\$ 16,244,250</u>	<u>\$ 50,915,000</u>		<u>\$ 83,403,500</u>

The above bonds dated March 20, 2019 have an interest rate of 5.00%.

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS - 2021 BUILDING AND SITE
JUNE 30, 2025

\$30,090,000 Bonds Issued June 3, 2021.

Interest Due		Principal Due May 1	Debt Service Requirement for Fiscal Year	
May 1	November 1		June 30,	Amount
\$ 685,900	\$ 685,900	\$ 205,000	2026	\$ 1,576,800
681,800	681,800	335,000	2027	1,698,600
675,100	675,100	420,000	2028	1,770,200
666,700	666,700	505,000	2029	1,838,400
656,600	656,600	620,000	2030	1,933,200
644,200	644,200	735,000	2031	2,023,400
629,500	629,500	810,000	2032	2,069,000
609,250	609,250	1,015,000	2033	2,233,500
583,875	583,875	1,250,000	2034	2,417,750
552,625	552,625	1,455,000	2035	2,560,250
516,250	516,250	1,590,000	2036	2,622,500
476,500	476,500	1,715,000	2037	2,668,000
433,625	433,625	1,695,000	2038	2,562,250
391,250	391,250	1,735,000	2039	2,517,500
347,875	347,875	1,735,000	2040	2,430,750
304,500	304,500	1,740,000	2041	2,349,000
261,000	261,000	1,740,000	2042	2,262,000
217,500	217,500	1,740,000	2043	2,175,000
174,000	174,000	1,740,000	2044	2,088,000
130,500	130,500	1,740,000	2045	2,001,000
87,000	87,000	1,740,000	2046	1,914,000
43,500	43,500	1,740,000	2047	1,827,000
<u>\$ 9,769,050</u>	<u>\$ 9,769,050</u>	<u>\$ 28,000,000</u>		<u>\$ 47,538,100</u>

The above bonds dated June 3, 2021 have interest rates from 4.00% to 5.00%.

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS - 2023 BUILDING AND SITE
JUNE 30, 2025

\$23,220,000 Bonds Issued June 29, 2023.

Interest Due		Principal Due		Debt Service Requirement for Fiscal Year	
May 1	November 1	May 1	November 1	June 30,	Amount
\$ 493,375	\$ 501,500	\$ 1,415,000	\$ 325,000	2026	\$ 2,734,875
449,875	458,000	1,155,000	325,000	2027	2,387,875
412,875	421,000	1,155,000	325,000	2028	2,313,875
374,000	384,000	995,000	400,000	2029	2,153,000
334,125	349,125	690,000	600,000	2030	1,973,250
296,875	316,875	400,000	800,000	2031	1,813,750
264,375	286,875	260,000	900,000	2032	1,711,250
234,500	257,875	-	935,000	2033	1,427,375
214,625	234,500	-	795,000	2034	1,244,125
197,625	214,625	-	680,000	2035	1,092,250
181,375	197,625	-	650,000	2036	1,029,000
165,500	181,375	-	635,000	2037	981,875
150,125	165,500	-	615,000	2038	930,625
131,000	150,125	-	765,000	2039	1,046,125
111,000	131,000	-	1,000,000	2040	1,242,000
84,500	111,000	-	1,325,000	2041	1,520,500
62,200	84,500	-	1,115,000	2042	1,261,700
40,000	62,200	-	1,110,000	2043	1,212,200
30,000	40,000	-	500,000	2044	570,000
20,000	30,000	-	500,000	2045	550,000
10,000	20,000	-	500,000	2046	530,000
-	10,000	-	500,000	2047	510,000
<u>\$ 4,257,950</u>	<u>\$ 4,607,700</u>	<u>\$ 6,070,000</u>	<u>\$ 15,300,000</u>		<u>\$ 30,235,650</u>

The above bonds dated June 29, 2023 have interest rates from 4.00% to 5.00%.

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS - 2024 BUILDING AND SITE
JUNE 30, 2025

\$24,710,000 Bonds Issued May 30, 2024.

Interest Due		Principal Due		Debt Service Requirement for Fiscal Year	
May 1	November 1	May 1	November 1	June 30,	Amount
\$ 524,356	\$ 524,356	\$ 1,310,000	\$ -	2026	\$ 2,358,712
498,156	498,156	920,000	-	2027	1,916,312
479,756	479,756	-	-	2028	959,512
479,756	479,756	-	-	2029	959,512
479,756	479,756	-	-	2030	959,512
479,756	479,756	-	-	2031	959,512
479,756	479,756	-	-	2032	959,512
479,756	479,756	195,000	-	2033	1,154,512
471,556	475,856	-	215,000	2034	1,162,412
465,806	471,556	-	230,000	2035	1,167,362
459,681	465,806	-	245,000	2036	1,170,487
453,181	459,681	-	260,000	2037	1,172,862
447,581	453,181	-	280,000	2038	1,180,762
441,497	447,581	-	295,000	2039	1,184,078
434,072	441,497	-	360,000	2040	1,235,569
425,678	434,072	-	395,000	2041	1,254,750
420,209	425,678	725,000	250,000	2042	1,820,887
393,413	404,350	880,000	500,000	2043	2,177,763
351,113	373,613	1,405,000	1,000,000	2044	3,129,726
290,250	319,500	3,135,000	1,300,000	2045	5,044,750
192,713	219,713	3,230,000	1,200,000	2046	4,842,426
90,788	120,038	2,190,000	1,300,000	2047	3,700,826
12,263	41,513	545,000	1,300,000	2048	1,898,776
<u>\$ 9,250,849</u>	<u>\$ 9,454,683</u>	<u>\$ 14,535,000</u>	<u>\$ 9,130,000</u>		<u>\$ 42,370,532</u>

The above bonds dated May 30, 2024 have interest rates from 4.00% to 5.00%.



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

To the Board of Education
Grand Ledge Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Ledge Public Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Grand Ledge Public Schools' basic financial statements, and have issued our report thereon dated October 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grand Ledge Public Schools' 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 Grand Ledge Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Grand Ledge Public Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Grand Ledge Public Schools' 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*.

Purpose of This Report

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

Maney Costeiran PC

October 13, 2025



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October 13, 2025

To the Board of Education
Grand Ledge Public Schools

In planning and performing our audit of the financial statements of Grand Ledge Public Schools as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Grand Ledge Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated October 13, 2025 on the financial statements of Grand Ledge Public Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendations. Our comment is summarized as follows.

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Grand Ledge Public Schools develop a plan to spend down the excess by June 30, 2025 and submit the plan to MDE.

This report is intended solely for the information and use of management, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC



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October 13, 2025

To the Board of Education
Grand Ledge Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Ledge Public Schools for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Grand Ledge Public Schools are described in Note 1 to the financial statements. As described in Note 14 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101 *Compensated Absences*, during the year ended June 30, 2025. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by Grand Ledge Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 of the governmental activities were:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's calculation of the accrued compensated absences and termination benefits are based on current hourly rates, historical usage, and policies regarding payment of sick and vacation banks.

Management's estimate of the discount rate used for subscription-based IT arrangements (SBITAs), the SBITA term and SBITA payments are based on Grand Ledge Public Schools' incremental borrowing rate and consideration of the noncancelable period of the SBITA and reasonably certain SBITA options.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 13, 2025.

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 Grand Ledge Public Schools' 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.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Grand Ledge Public Schools' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of Grand Ledge Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC