
Wayne County Regional Educational Service
Agency

Financial Report
with Supplementary Information
June 30, 2024

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Wayne County Regional Educational Service Agency

Management's Discussion and Analysis

This section of Wayne County Regional Educational Service Agency's (the "Agency") annual financial report presents our discussion and analysis of the Agency's financial performance during the year ended June 30, 2024. Please read it in conjunction with the Agency's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Wayne County Regional Educational Service Agency financially as a whole. The agency-wide financial statements provide information about the activities of the whole Agency, presenting both an aggregate view of the Agency's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the Agency's operations in more detail than the agency-wide financial statements by providing information about the Agency's most significant funds - the General Fund, Act 18 Fund, Enhancement Millage Fund, Funded Projects Fund, and Medicaid Fund - with all other funds presented in one column as nonmajor funds. The reader of this report should understand that the Act 18 Fund, Enhancement Millage Fund, Funded Projects Fund, and Medicaid Fund function primarily as flow-through funds, wherein funds are collected and then distributed to local school districts, other organizations, and agencies. This report is composed of the following elements:

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

Basic Financial Statements

Agency-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Information for Major Funds

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

Schedules of Pension and OPEB Contributions

Other Supplementary Information

Reporting the Agency as a Whole - Agency-wide Financial Statements

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

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

Wayne County Regional Educational Service Agency

Management's Discussion and Analysis (Continued)

In addition, decreases in net position that emanate from those funds that are primarily distributive would not affect the Agency's operating financial health or financial position and would not hinder its ability to continue to provide services.

The statement of net position and the statement of activities report the governmental activities for the Agency, which encompass all of the Agency's services. Property taxes, unrestricted state ISD categorical funding, and state and federal grants finance most of these activities.

Reporting the Agency's Most Significant Funds - Fund Financial Statements

The Agency's fund financial statements provide detailed information about the most significant funds, not the Agency as a whole. Some funds are required to be established by state law. However, the Agency establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as voter-approved special education and enhancement millage funding and state and federal grants).

Governmental Funds

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

The Agency as a Whole

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

	Governmental Activities	
	2024	2023
	(in millions)	
Assets		
Current and other assets	\$ 503.9	\$ 456.9
Capital assets	33.7	19.4
Total assets	537.6	476.3
Deferred Outflows of Resources	24.2	31.7
Liabilities		
Current liabilities	163.1	120.6
Noncurrent liabilities	0.1	0.1
Net pension liability	66.7	80.1
Net OPEB liability	-	4.3
Total liabilities	229.9	205.1
Deferred Inflows of Resources	24.4	18.4
Net Position		
Net investment in capital assets	33.7	19.4
Restricted	308.4	307.5
Unrestricted	(34.6)	(42.4)
Total net position	\$ 307.5	\$ 284.5

Wayne County Regional Educational Service Agency

Management's Discussion and Analysis (Continued)

The above analysis focuses on net position. The change in net position of the Agency's governmental activities is discussed below. The Agency's net position was \$307.5 million at June 30, 2024. Net investment in capital assets totaling \$33.7 million compares the original cost, less depreciation of the Agency's capital assets, to long-term debt used to finance the acquisition of those assets. As of June 30, 2024, there was no outstanding debt. Restricted net position is reported separately to show legal constraints from enabling legislation that limit the Agency's ability to use that net position for day-to-day operations. The remaining amount of net position \$(34.6) million was unrestricted.

The \$(34.6) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations, mainly attributable to the impact of the recognition of the net pension and net OPEB liabilities. The unrestricted net position balance enables the Agency to meet working capital and cash flow requirements and provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

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

	Governmental Activities	
	2024	2023
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 10.9	\$ 9.2
Operating grants	324.1	274.2
General revenue:		
Taxes	274.3	256.9
State aid not restricted to specific purposes	15.5	18.7
Other	35.3	16.1
Total revenue	660.1	575.1
Expenses		
Instruction	1.0	0.3
Support services	57.9	50.5
Community services	0.5	0.1
Interdistrict payments	576.5	493.1
Depreciation expense (unallocated)	1.2	1.0
Total expenses	637.1	545.0
Change in Net Position	23.0	30.1
Net Position - Beginning of year	284.5	254.4
Net Position - End of year	<u>\$ 307.5</u>	<u>\$ 284.5</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$637.1 million. Certain activities were partially funded from those who benefited from the programs (\$10.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$324.1 million). We paid for the remaining public benefit portion of our governmental activities with \$274.3 million in taxes, \$15.5 million in state unrestricted categorical funding, and other revenue (i.e., interest and general entitlements).

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

Wayne County Regional Educational Service Agency

Management's Discussion and Analysis (Continued)

The Agency's Funds

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

As the Agency completed this year, the governmental funds reported a combined fund balance of \$339.7 million, which is an increase of \$4.0 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance increased by \$4.1 million to \$27.8 million. The change is mainly due to favorable interest rates resulting in better than expected interest income; lower than anticipated salaries and benefits that resulted mainly from unfilled positions; lower than expected purchased services, supplies, and capital outlay; and less than expected subsidies to the Cooperative Education Services Fund.

Budgetary Highlights

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

There were no significant revisions made to the 2023-2024 original Medicaid Fund revenue budgets. There were significant revisions made to the 2023-2024 original General Fund, Act 18 Fund, Enhancement Millage Fund, and Funded Projects Fund revenue budgets. Budgeted local revenue for the General Fund was increased by \$4.3 million due to updated estimates for tax collections and interest income. Budgeted state revenue for the General Fund was increased by \$2.6 million due to updated estimates for state aid. Budgeted local revenue for the Act 18 Fund was increased by \$16.8 million due to updated estimates for tax collections and interest income. Budgeted local revenue for the Enhancement Millage Fund was increased by \$6.6 million due to updated estimates for tax collections. Budgeted local revenue for the Funded Projects Fund was increased by \$16.4 million due to increases in award amounts for local grants. Budgeted state and federal revenue for the Funded Projects Fund was increased by \$109.5 million and \$41.4 million, respectively, due to updated grant award funding.

Budgeted expenditures in the General Fund were increased by \$4.9 million to account for a one-time building acquisition and updates to estimates for purchased services. Budgeted expenditures in the Act 18 Fund were increased by \$49.3 million to account for updated estimates for reimbursements to local school districts for operating special education center programs and for anticipated capital outlay for renovations to a building housing a special education center program. Budgeted expenditures in the Enhancement Millage Fund were increased by \$7.7 million to account for estimated distribution of tax collections. Budgeted expenditures in the Funded Projects Fund were increased by \$165.9 million to account for updated grant award funding.

There were significant variances between the final budget and actual amounts in the General Fund related to interdistrict payments due to higher than expected reimbursements to local districts. There were significant variances between the final budget and actual amounts in the Medicaid Fund related to interdistrict payments and transfers out due to greater than expected prior year Medicaid settlements.

Wayne County Regional Educational Service Agency

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024 and 2023, the Agency had \$33.7 million and \$19.4 million, respectively, invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$14.3 million, or 74.1 percent, from last year.

	2024	2023
Land	\$ 137,200	\$ 137,200
Construction in progress	11,980,551	475,853
Buildings and improvements	32,907,924	29,608,887
Furniture and equipment	5,769,978	5,165,219
Buses and other vehicles	90,696	-
Land improvements	3,112,158	3,112,158
Total capital assets	53,998,507	38,499,317
Less accumulated depreciation	20,302,691	19,147,597
Total capital assets - Net of accumulated depreciation	<u>\$ 33,695,816</u>	<u>\$ 19,351,720</u>

This year's additions of \$15,512,207 included the purchase of the Annex property and renovations of a building housing a special education center program. Some of these capital projects are in progress and will continue into the 2024-2025 fiscal year, including renovations of a building housing a special education center program. We anticipate capital additions will be approximately \$15,000,000 in the coming year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

Debt obligations include accrued vacation pay and sick leave. There were no outstanding bond obligations at June 30, 2024 and 2023.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the Agency's 2024-2025 fiscal year budget. One of the most important factors affecting the budget is the State of Michigan's allocation to the School Aid Fund. The June 30, 2025 budget was adopted in June 2024 based on early estimates of property tax revenue, state aid, and grant funding. State law requires the Agency to amend the budget if actual agency resources are not sufficient to fund original appropriations. The primary source of revenue for both the Act 18 Fund and the Enhancement Millage Fund is property taxes. As changes to taxable value and taxability occur, these funds will be directly affected. Any reductions due to personal property tax legislation will be made up in the Act 18 Fund via an allocation from the Michigan Department of Treasury.

Since the Agency's revenue is partially dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriations to public school districts, intermediate school districts, and regional educational service agencies. The State periodically holds a Revenue Estimating Conference to estimate revenue. The currently approved budget at the state, which was approved after the original budget development process, will provide for a modest increase to the Agency's unrestricted categorical funding in the coming year. The Agency has budgeted based on information available at the time but will revise accordingly to reflect these changes. Economic conditions have the potential to further impact state revenue in coming years. Reductions in programs and services could be required in order to bring future expenditures in line with projected future revenue if current increases are not maintained.

Wayne County Regional Educational Service Agency

Management's Discussion and Analysis (Continued)

Contacting the Agency's Management

This financial report is intended to provide our taxpayers, investors, and other stakeholders with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

Wayne County Regional Educational Service Agency

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 29,585,444
Receivables:	
Taxes	500
Accounts	828,429
Due from other governmental units	89,124,183
Prepays	568,060
Restricted assets (Note 4)	382,661,070
Net OPEB asset (Note 9)	1,166,011
Capital assets - Net (Note 6)	33,695,816
	<hr/>
Total assets	537,629,513
Deferred Outflows of Resources (Note 9)	
Deferred pension costs	19,528,533
Deferred OPEB costs	4,627,639
	<hr/>
Total deferred outflows of resources	24,156,172
Liabilities	
Accounts payable	88,240,064
Due to other governmental units	3,540,997
Accrued liabilities and other	1,334,188
Unearned revenue (Note 5)	69,766,570
Other current liabilities	177,787
Noncurrent liabilities:	
Due within one year	23,457
Due in more than one year	114,414
Net pension liability (Note 9)	66,669,093
	<hr/>
Total liabilities	229,866,570
Deferred Inflows of Resources (Note 9)	
Revenue in support of pension contributions made subsequent to the measurement date	4,063,196
Deferred pension cost reductions	10,283,728
Deferred OPEB cost reductions	10,079,591
	<hr/>
Total deferred inflows of resources	24,426,515
Net Position	
Net investment in capital assets	33,695,816
Restricted:	
Special education	307,212,242
Net OPEB asset (Note 9)	1,166,011
Unrestricted	(34,581,469)
	<hr/>
Total net position	<u><u>\$ 307,492,600</u></u>

Wayne County Regional Educational Service Agency

Statement of Activities

Year Ended June 30, 2024

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 1,005,977	\$ -	\$ 1,005,977	\$ -
Support services	57,948,002	10,878,316	45,324,688	(1,744,998)
Community services	502,539	-	502,539	-
Interdistrict payments	576,462,044	-	277,257,089	(299,204,955)
Depreciation expense (unallocated)	1,168,111	-	-	(1,168,111)
Total primary government	\$ 637,086,673	\$ 10,878,316	\$ 324,090,293	(302,118,064)
General revenue:				
Taxes:				
Levied for general purposes				9,179,369
Levied for special education (ISD)				167,167,164
Levied for enhancement millage				97,935,310
State aid not restricted to specific purposes				15,476,024
Interest and investment gains				21,155,752
Payment in lieu of taxes from the Treasury				5,510,950
Other				8,682,038
Total general revenue				<u>325,106,607</u>
Change in Net Position				22,988,543
Net Position - Beginning of year				<u>284,504,057</u>
Net Position - End of year				<u>\$ 307,492,600</u>

Wayne County Regional Educational Service Agency

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	Act 18 Fund	Enhancement Millage Fund	Funded Projects Fund	Medicaid Fund	Nonmajor Funds	Total Governmental Funds
Assets							
Cash and investments (Note 4)	\$ 28,061,120	\$ -	\$ -	\$ -	\$ -	\$ 1,524,324	\$ 29,585,444
Receivables:							
Taxes	500	-	-	-	-	-	500
Accounts	70,339	194,641	422	276,139	-	286,888	828,429
Due from other governmental units	2,175,030	15,241,644	-	70,814,231	-	893,278	89,124,183
Due from other funds (Note 7)	77,692	4,934,986	5,550,118	39,458,985	-	4,585,732	54,607,513
Prepays	518,403	812	48,845	-	-	-	568,060
Restricted assets (Note 4)	54,437,627	301,385,849	-	-	26,837,594	-	382,661,070
Total assets	\$ 85,340,711	\$ 321,757,932	\$ 5,599,385	\$ 110,549,355	\$ 26,837,594	\$ 7,290,222	\$ 557,375,199
Liabilities							
Accounts payable	\$ 908,457	\$ 11,912,150	\$ 5,599,385	\$ 47,921,880	\$ 21,379,520	\$ 518,672	\$ 88,240,064
Due to other governmental units	72,652	2,531,346	-	376,117	-	560,882	3,540,997
Due to other funds (Note 7)	54,437,627	92,194	-	-	77,692	-	54,607,513
Accrued liabilities and other	1,001,587	-	-	162,810	-	169,791	1,334,188
Unearned revenue (Note 5)	928,896	10,000	-	62,843,139	5,380,382	604,153	69,766,570
Other current liabilities	177,787	-	-	-	-	-	177,787
Total liabilities	57,527,006	14,545,690	5,599,385	111,303,946	26,837,594	1,853,498	217,667,119
Fund Balances (Deficit)							
Nonspendable - Prepays	518,403	812	48,845	-	-	-	568,060
Restricted - Special education center program	-	307,211,430	-	-	-	-	307,211,430
Committed:							
Capital projects	-	-	-	-	-	1,379,184	1,379,184
Cooperative educational activities	-	-	-	-	-	4,057,540	4,057,540
Custodial funds	66,887	-	-	-	-	-	66,887
Assigned:							
Budgeted appropriations	1,511,000	-	-	-	-	-	1,511,000
Encumbrances	152,180	-	-	-	-	-	152,180
Unassigned	25,565,235	-	(48,845)	(754,591)	-	-	24,761,799
Total fund balances (deficit)	27,813,705	307,212,242	-	(754,591)	-	5,436,724	339,708,080
Total liabilities and fund balances (deficit)	\$ 85,340,711	\$ 321,757,932	\$ 5,599,385	\$ 110,549,355	\$ 26,837,594	\$ 7,290,222	\$ 557,375,199

Wayne County Regional Educational Service Agency

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

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 339,708,080
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	53,998,507
Accumulated depreciation	<u>(20,302,691)</u>
Net capital assets used in governmental activities	33,695,816
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(137,871)
Net pension liability and related deferred inflows and outflows	(57,424,288)
Net OPEB liability (asset) and related deferred inflows and outflows	(4,285,941)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(4,063,196)</u>
Net Position of Governmental Activities	<u><u>\$ 307,492,600</u></u>

Wayne County Regional Educational Service Agency

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

Year Ended June 30, 2024

	General Fund	Act 18 Fund	Enhancement Millage Fund	Funded Projects Fund	Medicaid Fund	Nonmajor Funds	Total Governmental Funds
Revenue							
Local sources	\$ 10,433,910	\$ 182,411,811	\$ 102,332,853	\$ 9,477,028	\$ 22,749,152	\$ 226,061	\$ 327,630,815
State sources	15,629,170	48,798,904	1,497,279	144,867,228	-	1,565,152	212,357,733
Federal sources	-	-	-	107,889,007	-	-	107,889,007
Interdistrict sources	418,866	564,454	-	1,839,188	-	8,511,586	11,334,094
Total revenue	26,481,946	231,775,169	103,830,132	264,072,451	22,749,152	10,302,799	659,211,649
Expenditures							
Current:							
Instruction	-	-	-	1,013,041	-	-	1,013,041
Support services	13,162,148	2,497,181	-	25,579,423	564,412	17,755,251	59,558,415
Community services	-	-	-	502,539	-	-	502,539
Capital outlay	2,568,155	12,552,525	-	-	-	2,568,830	17,689,510
Interdistrict payments	286,369	220,953,613	103,830,132	235,878,254	15,130,701	382,975	576,462,044
Total expenditures	16,016,672	236,003,319	103,830,132	262,973,257	15,695,113	20,707,056	655,225,549
Excess of Revenue Over (Under) Expenditures	10,465,274	(4,228,150)	-	1,099,194	7,054,039	(10,404,257)	3,986,100
Other Financing Sources (Uses)							
Transfers in (Note 7)	1,193,046	6,985,537	-	-	-	11,105,189	19,283,772
Transfers out (Note 7)	(7,538,747)	(3,128,286)	-	(1,286,476)	(7,054,039)	(276,224)	(19,283,772)
Total other financing (uses) sources	(6,345,701)	3,857,251	-	(1,286,476)	(7,054,039)	10,828,965	-
Net Change in Fund Balances	4,119,573	(370,899)	-	(187,282)	-	424,708	3,986,100
Fund Balances (Deficit) - Beginning of year	23,694,132	307,583,141	-	(567,309)	-	5,012,016	335,721,980
Fund Balances (Deficit) - End of year	\$ 27,813,705	\$ 307,212,242	\$ -	\$ (754,591)	\$ -	\$ 5,436,724	\$ 339,708,080

Wayne County Regional Educational Service Agency

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

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ 3,986,100
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	15,512,207
Depreciation expense	(1,168,111)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(566,588)
Revenue in support of pension contributions made subsequent to the measurement date	1,430,155
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>3,794,780</u>
Change in Net Position of Governmental Activities	<u><u>\$ 22,988,543</u></u>

June 30, 2024

Note 1 - Nature of Business

Wayne County Regional Educational Service Agency (the "Agency") is a regional educational service agency in the state of Michigan that provides a broad spectrum of services and support to various school districts within Wayne County.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

The Agency has authorized three public school academies within the county. The Agency is responsible for overseeing the academies' compliance with all applicable laws. The academies pay the Agency an administrative fee each year, which is used to offset expenses related to services rendered and workshops attended by the academies. Revenue from the administrative fee is recognized as services are rendered by the Agency.

Report Presentation

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

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

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

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

Basis of Accounting

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

June 30, 2024

Note 2 - Significant Accounting Policies (Continued)

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

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

Fund Accounting

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, and a capital projects fund. The Agency reports the following funds as major governmental funds:

- **General Fund** - The General Fund is the Agency's primary operating fund. It accounts for all financial resources of the Agency except those required to be accounted for in another fund.
- **Act 18 Fund** - The Act 18 Fund is a special revenue fund used to account for all financial resources relating to the operation of special education center programs in Wayne County. The fund derives its revenue primarily from property taxes and also from state aid. Any operating surplus generated by these activities is retained by the fund. Any operating deficit generated by these activities is the responsibility of the General Fund.
- **Enhancement Millage Fund** - The Enhancement Millage Fund is a special revenue fund used to account for all specific resources relating to the collection and remittance of the voter-approved millage fund to the local districts. The fund derives its revenue from property taxes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- **Funded Projects Fund** - The Funded Projects Fund is a special revenue fund used to record all transactions associated with federal and state grants. Any operating deficit generated by these activities is the responsibility of the General Fund.
- **Medicaid Fund** - The Medicaid Fund is a special revenue fund used to account for specific resources relating to the operation of the Agency's Medicaid Outreach and Medicaid Fee for Services programs. The fund derives its revenue from federal grants. Any operating deficit generated by these activities is the responsibility of the General Fund.

Note 2 - Significant Accounting Policies (Continued)

Additionally, the Agency reports the following nonmajor governmental fund types:

- **Special Services Fund** - The Special Services Fund is a special revenue fund that provides consultant and staff development support for constituent districts to foster free and appropriate special education services for the eligible handicapped population of Wayne County. The fund derives its revenue primarily from state aid special education categorical revenue. Any operating deficit generated by these activities is the responsibility of the General Fund.
- **Cooperative Education Services Fund** - The Cooperative Education Services Fund is a special revenue fund used to account for all financial resources derived from providing services to local constituent districts for computer services, assessment technology, production services, and resource services. Any operating deficit generated by these activities is the responsibility of the General Fund.
- **Capital Projects Fund** - The Capital Projects Fund is used to account for nonroutine capital items and is funded through transfers from the General Fund.

Interfund Activity

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

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

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for pooled investments in MILAF and commercial paper with a maturity of less than 270 days, which are valued at amortized cost.

Prepaid Items

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

Restricted Assets

The unspent cash proceeds and related interest of the Act 18 Fund are designated to fund the future operations of special education center programs in Wayne County and are classified as restricted assets. Additionally, the portion of General Fund cash that is due to other funds, as well as the cash and investments included in the Medicaid special revenue fund, has been classified as restricted assets.

Note 2 - Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, land improvements, buildings, and equipment, are reported in the applicable governmental activities column in the agency-wide financial statements. Capital assets are defined by the Agency as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation. Capital assets received from dissolved districts are recorded at the existing book value at the time of the transaction. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized.

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

	Depreciable Life - Years
Buildings, building additions, and land improvements	20-50
Furniture and other equipment	5-10

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Agency has deferred inflows of resources related to revenue in support of pension contributions made subsequent to the measurement date, deferred pension and OPEB plan cost reductions.

Net Position

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

Net Position Flow Assumption

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

June 30, 2024

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Nonspendable fund balance represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for specific purposes. The Agency 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 Agency's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the Agency that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year for approximately 50 percent of the taxes that are due on September 14 and on December 1 for the remainder of the property taxes that are due on February 14. The final collection date is February 28, after which they are added to the county tax rolls.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. As of June 30, 2024, the allowance for uncollectible amounts is insignificant.

Grants and Contributions

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

June 30, 2024

Note 2 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

The liability for compensated absences reported in the agency-wide statements includes anticipated termination benefits to be paid to employee groups. A liability for this amount is reported in governmental funds as it comes due for payment.

The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Use of Estimates

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

Upcoming Accounting Pronouncements

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

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

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

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function or object depending on the form that was adopted by the Board of Education. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Agency to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. Total assigned fund balance related to encumbrances is approximately \$152,000 at June 30, 2024.

Excess of Revenue and Expenditures Over Appropriations in Budgeted Funds

During the year, the Agency incurred expenditures that differed significantly from the amounts budgeted as follows:

	Budget	Actual
General Fund - Interdistrict payments	\$ 252,000	\$ 286,369
Medicaid Fund - Interdistrict payments	12,336,400	15,130,701
Total	\$ 113,844,400	\$ 119,247,202

Fund Deficit

The Agency has accumulated a fund balance deficit in the Funded Projects Fund due to the timing of revenue not collected to fund expenditures due to local districts. The funds were requested, and reimbursement is expected in November 2024.

Note 4 - Deposits and Investments

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

The Agency has designated one bank for the deposit of its funds.

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

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency's investment policy requires that financial institutions be evaluated and only those institutions with an acceptable estimated risk level be used as depositories. At year end, the Agency had no bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. Investments held through MILAF are not insured.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Agency will do business using the criteria established in the investment policy. The Agency does not hold investments with custodial risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Agency's investment policy does restrict investment maturities to 12 months for U.S. government securities and agencies, certificates of deposit, and repurchase agreements. The policy further restricts investment maturities for federal instrumentalities to 397 days, commercial paper to 270 days, and bankers' acceptances to 180 days. The Agency's policy minimizes interest rate risk by requiring the investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations. This allows the Agency to avoid the need to sell securities in the open market; invest operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limit the average maturity in accordance with the Agency's cash requirements.

At year end, the Agency had the following investments:

Investment	Carrying Value	Weighted- average Maturity (Years)
Primary Government		
U.S. Treasury	\$ 46,046,949	1.25
Asian development bank notes	834,942	1.89
Federal mortgage-backed security	12,127,866	0.84
Federal collateralized mortgage obligations	1,018,085	0.17
Federal agency bonds*	18,098,180	0.50
Commercial paper	13,002,330	0.34
Total	<u>\$ 91,128,352</u>	

*Includes federal home loan bank notes, Freddie Mac notes, and federal farm credit bank notes

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Agency's investment policy further limits its investment choices to the top rating. As of June 30, 2024, the credit quality ratings are as follows:

Investment	Carrying Value	Rating	Rating Organization
Michigan Liquid Asset Fund (MILAF) - MAX Class	\$ 291,512,064	AAAm	Standard & Poor's
Michigan Liquid Asset Fund (MILAF) - Cash Management Class	25,205,314	AAAm	Standard & Poor's
National agency bonds	834,942	AAA	Standard & Poor's
Federal mortgage-backed security	12,127,866	AA+	Standard & Poor's
Federal collateralized mortgage obligations	1,018,085	AA+	Standard & Poor's
Federal agency bond*	18,098,180	AA+	Standard & Poor's
Commercial paper	13,002,330	A-1, A-1+	Standard & Poor's
Total	<u>\$ 361,798,781</u>		

*Includes federal home loan bank notes, Freddie Mac notes, and federal farm credit bank notes

Concentration of Credit Risk

The Agency's investment policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The Agency does not have any investments subject to concentration of credit risk.

Foreign Currency Risk

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

Fair Value Measurements

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

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

June 30, 2024

Note 4 - Deposits and Investments (Continued)

The Agency has the following recurring fair value measurements as of June 30, 2024:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2024		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-sale debt securities:			
U.S. Treasury	\$ -	\$ 46,046,949	\$ -
National agency bonds	-	834,942	-
Federal mortgage-backed security	-	12,127,866	-
Federal collateralized mortgage obligations	-	1,018,085	-
Federal agency bonds	-	18,098,180	-
Commercial paper	-	13,002,330	-
Total	\$ -	\$ 91,128,352	\$ -

Note 5 - Unearned Revenue

Governmental funds report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2024, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds Liability - Unearned
Grant and categorical aid payment received prior to meeting all eligibility requirements	\$ 62,843,139
Unspent Medicaid funds	5,380,382
Other	1,543,049
Total	\$ 69,766,570

Wayne County Regional Educational Service Agency

Notes to Financial Statements

June 30, 2024

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2023	Transfers	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 137,200	\$ -	\$ -	\$ -	\$ 137,200
Construction in progress	475,853	(475,853)	11,980,551	-	11,980,551
Subtotal	613,053	(475,853)	11,980,551	-	12,117,751
Capital assets being depreciated:					
Buildings and improvements	29,608,887	271,000	3,028,037	-	32,907,924
Furniture and equipment	5,165,219	204,853	412,923	(13,017)	5,769,978
Buses and other vehicles	-	-	90,696	-	90,696
Land improvements	3,112,158	-	-	-	3,112,158
Subtotal	37,886,264	475,853	3,531,656	(13,017)	41,880,756
Accumulated depreciation:					
Buildings and improvements	14,078,552	-	694,736	-	14,773,288
Furniture and equipment	4,451,656	-	316,434	(13,017)	4,755,073
Buses and other vehicles	-	-	5,669	-	5,669
Land improvements	617,389	-	151,272	-	768,661
Subtotal	19,147,597	-	1,168,111	(13,017)	20,302,691
Net capital assets being depreciated	18,738,667	475,853	2,363,545	-	21,578,065
Net governmental activities capital assets	\$ 19,351,720	\$ -	\$ 14,344,096	\$ -	\$ 33,695,816

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

Construction Commitments

The Agency has active construction projects at year end. The projects include the Beacon Remodeling Project and other various projects. At year end, the Agency's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Beacon Remodeling Project	\$ 10,987,576	\$ 10,777,456
Various projects	992,975	1,120,352
Total	\$ 11,980,551	\$ 11,897,808

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	Act 18 Fund	Medicaid Fund	
General Fund	\$ -	\$ -	\$ 77,692	\$ 77,692
Act 18 Fund	4,934,986	-	-	4,934,986
Enhancement Millage Fund	5,457,924	92,194	-	5,550,118
Funded Projects Fund	39,458,985	-	-	39,458,985
Nonmajor governmental funds	4,585,732	-	-	4,585,732
Total	\$ 54,437,627	\$ 92,194	\$ 77,692	\$ 54,607,513

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 7,538,747
Act 18 Fund	Nonmajor governmental funds	3,128,286
Funded Projects Fund	General Fund	849,865
	Nonmajor governmental funds	436,611
	Total Funded Projects Fund	1,286,476
Medicaid Fund	General Fund	67,813
	Act 18 Fund	6,985,537
	Nonmajor governmental funds	689
	Total Medicaid Fund	7,054,039
Nonmajor governmental funds	General Fund	275,368
	Nonmajor governmental funds	856
	Total nonmajor governmental funds	276,224
	Total	\$ 19,283,772

Transfers primarily represent the following activities:

- General Fund support for cooperative service programs and capital projects
- Act 18 Fund support for special education services in the nonmajor governmental funds
- Financial support to the General Fund, Act 18 Fund, and nonmajor governmental funds from the Funded Projects Fund and Medicaid Fund

Note 8 - Risk Management

The Agency is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Agency participates in the MAISL Trust risk pool for claims relating to property loss, torts, and errors and omissions and in the MAISL Workers' Compensation Trust pool for workers' compensation claims.

Note 8 - Risk Management (Continued)

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

Note 9 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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

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

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

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

Note 9 - Michigan Public School Employees' Retirement System (Continued)

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

Contributions

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

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

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

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

The ranges of rates are as follows:

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

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

The Agency's required and actual pension contributions to the plan for the year ended June 30, 2024 were \$9,258,595, which includes the Agency's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the Agency's required and actual pension contributions include an allocation of \$4,063,196 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The Agency's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$2,000,686, which includes the Agency's contributions required for those members with a defined contribution benefit.

Note 9 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2024, the Agency reported a liability of \$66,669,093 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. The Agency's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2023 and 2022, the Agency's proportion was 0.206 and 0.213 percent, respectively, representing a change of (3.22) percent.

Net OPEB Asset

At June 30, 2024, the Agency reported an asset of \$(1,166,011) for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. The Agency's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2023 and 2022, the Agency's proportion was 0.206 and 0.203 percent, respectively, representing a change of 1.57 percent.

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

For 2024, the Agency recognized pension expense of \$8,446,481, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,104,540	\$ (102,126)
Changes in assumptions	9,033,965	(5,208,779)
Net difference between projected and actual earnings on pension plan investments	-	(1,364,265)
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	474,206	(3,608,558)
The Agency's contributions to the plan subsequent to the measurement date	7,915,822	-
Total	\$ 19,528,533	\$ (10,283,728)

The \$4,063,196 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2025	\$ 618,435
2026	(238,239)
2027	2,132,012
2028	(1,183,225)
Total	\$ 1,328,983

June 30, 2024

Note 9 - Michigan Public School Employees' Retirement System (Continued)

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

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

For the year ended June 30, 2024, the Agency recognized OPEB recovery of \$1,709,435.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (8,810,978)
Changes in assumptions	2,595,744	(312,577)
Net difference between projected and actual earnings on OPEB plan investments	3,555	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	627,799	(956,036)
Employer contributions to the plan subsequent to the measurement date	1,400,541	-
	\$ 4,627,639	\$ (10,079,591)
Total		

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

Years Ending	Amount
2025	\$ (1,977,608)
2026	(2,100,215)
2027	(1,005,662)
2028	(892,770)
2029	(591,825)
Thereafter	(284,413)
Total	\$ (6,852,493)

Note 9 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

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

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

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

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

Discount Rate

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

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

June 30, 2024

Note 9 - Michigan Public School Employees' Retirement System (Continued)

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

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

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the Agency	\$ 90,069,749	\$ 66,669,093	\$ 47,187,200

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability (asset) of the Agency	\$ 1,208,804	\$ (1,166,011)	\$ (3,206,931)

Note 9 - Michigan Public School Employees' Retirement System (Continued)

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the Agency	\$ (3,212,020)	\$ (1,166,011)	\$ 1,048,441

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2024, the Agency reported a payable of \$739,096 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024. There was no outstanding payable for the OPEB plan for the year ended June 30, 2024.

Note 10 - Tax Abatements

The Agency receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements, neighborhood enterprise zone tax relief, Obsolete Property Rehabilitation Act, and renaissance zone agreements granted by cities, villages, and townships within the boundaries of the Agency. 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. Neighborhood enterprise zone tax relief is intended to offer homeowners in specific geographic areas a tax abatement if they have completed qualifying improvements to their homes. The Obsolete Property Rehabilitation Act (PA 146 of 2000) provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the act. Finally, the renaissance zone is a collaborative program between the City of Detroit, Michigan; the County of Wayne, Michigan; and the State of Michigan to give tax incentives to residents and business owners. The program works to encourage economic stability and development within these designated areas.

For the fiscal year ended June 30, 2024, the Agency's property tax revenue was reduced by \$3,765,637 under these programs.

Required Supplementary Information

Wayne County Regional Educational Service Agency

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 4,899,400	\$ 9,196,000	\$ 10,433,910	\$ 1,237,910
State sources	12,930,200	15,555,900	15,629,170	73,270
Interdistrict sources	445,500	343,000	418,866	75,866
Total revenue	18,275,100	25,094,900	26,481,946	1,387,046
Expenditures				
Current -				
Instruction/Support/Community services:				
Salaries	6,693,800	6,745,890	6,429,616	(316,274)
Employee benefits	4,305,300	4,539,300	4,151,652	(387,648)
Purchased services	1,727,100	2,494,500	2,149,328	(345,172)
Supplies and materials	426,000	546,800	260,436	(286,364)
Other expense	113,700	860,100	171,116	(688,984)
Capital outlay	488,000	3,495,500	2,568,155	(927,345)
Interdistrict payments	239,500	252,000	286,369	34,369
Total expenditures	13,993,400	18,934,090	16,016,672	(2,917,418)
Excess of Revenue Over Expenditures	4,281,700	6,160,810	10,465,274	4,304,464
Other Financing Sources (Uses)				
Transfers in	1,050,000	1,100,000	1,193,046	93,046
Transfers out	(6,062,900)	(8,129,400)	(7,538,747)	590,653
Total other financing uses	(5,012,900)	(7,029,400)	(6,345,701)	683,699
Net Change in Fund Balance	(731,200)	(868,590)	4,119,573	4,988,163
Fund Balance - Beginning of year	23,694,132	23,694,132	23,694,132	-
Fund Balance - End of year	\$ 22,962,932	\$ 22,825,542	\$ 27,813,705	\$ 4,988,163

Wayne County Regional Educational Service Agency

Required Supplementary Information Budgetary Comparison Schedules - Major Special Revenue Funds Act 18 Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 153,644,800	\$ 170,397,100	\$ 182,411,811	\$ 12,014,711
State sources	39,932,400	39,998,600	48,798,904	8,800,304
Interdistrict sources	500,000	500,000	564,454	64,454
Total revenue	194,077,200	210,895,700	231,775,169	20,879,469
Expenditures				
Current -				
Support services:				
Salaries	-	14,000	17,369	3,369
Employee benefits	-	10,300	14,141	3,841
Purchased services	720,500	2,149,800	2,238,599	88,799
Supplies and materials	196,000	186,600	227,013	40,413
Other	-	100	59	(41)
Capital outlay	5,175,000	22,000,000	12,552,525	(9,447,475)
Interdistrict payments	196,938,730	227,975,100	220,953,613	(7,021,487)
Total expenditures	203,030,230	252,335,900	236,003,319	(16,332,581)
Excess of Over Revenue Expenditures	(8,953,030)	(41,440,200)	(4,228,150)	37,212,050
Other Financing Sources (Uses)				
Transfers in	5,600,000	5,600,000	6,985,537	1,385,537
Transfers out	(2,556,800)	(2,955,400)	(3,128,286)	(172,886)
Total other financing sources	3,043,200	2,644,600	3,857,251	1,212,651
Net Change in Fund Balance	(5,909,830)	(38,795,600)	(370,899)	38,424,701
Fund Balance - Beginning of year	307,583,141	307,583,141	307,583,141	-
Fund Balance - End of year	\$ 301,673,311	\$ 268,787,541	\$ 307,212,242	\$ 38,424,701

Wayne County Regional Educational Service Agency

Required Supplementary Information
Budgetary Comparison Schedules - Major Special Revenue Funds
(Continued)
Enhancement Millage Fund

Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over Final Budget</u>
Revenue				
Local sources	\$ 93,524,750	\$ 100,126,000	\$ 102,332,853	\$ 2,206,853
State sources	-	1,130,000	1,497,279	367,279
Total revenue	<u>93,524,750</u>	<u>101,256,000</u>	<u>103,830,132</u>	<u>2,574,132</u>
Expenditures - Interdistrict payments	<u>93,524,750</u>	<u>101,256,000</u>	<u>103,830,132</u>	<u>2,574,132</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Wayne County Regional Educational Service Agency

Required Supplementary Information Budgetary Comparison Schedules - Major Special Revenue Funds (Continued) Funded Projects Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 487,000	\$ 16,864,383	\$ 9,477,028	\$ (7,387,355)
State sources	90,584,300	200,102,040	144,867,228	(55,234,812)
Federal sources	97,100,100	138,528,191	107,889,007	(30,639,184)
Interdistrict sources	1,993,100	1,985,915	1,839,188	(146,727)
Total revenue	190,164,500	357,480,529	264,072,451	(93,408,078)
Expenditures				
Current -				
Support services:				
Salaries	5,575,200	15,312,508	9,288,851	(6,023,657)
Employee benefits	3,661,500	10,231,593	6,349,916	(3,881,677)
Purchased services	22,024,400	23,098,656	9,291,891	(13,806,765)
Supplies and materials	2,608,500	6,302,982	2,132,887	(4,170,095)
Other	336,800	58,088	31,458	(26,630)
Capital outlay	8,600	5,000	-	(5,000)
Interdistrict payments	154,198,500	299,285,298	235,878,254	(63,407,044)
Total expenditures	188,413,500	354,294,125	262,973,257	(91,320,868)
Excess of Revenue Over Expenditures	1,751,000	3,186,404	1,099,194	(2,087,210)
Other Financing Sources (Uses)				
Transfers in	-	1,092,000	-	(1,092,000)
Transfers out	(1,751,000)	(3,711,095)	(1,286,476)	2,424,619
Total other financing uses	(1,751,000)	(2,619,095)	(1,286,476)	1,332,619
Net Change in Fund Balance	-	567,309	(187,282)	(754,591)
Fund Balance (Deficit) - Beginning of year	(567,309)	(567,309)	(567,309)	-
Fund Balance (Deficit) - End of year	<u>\$ (567,309)</u>	<u>\$ -</u>	<u>\$ (754,591)</u>	<u>\$ (754,591)</u>

Wayne County Regional Educational Service Agency

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

Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue - Local sources	\$ 17,212,000	\$ 19,547,100	\$ 22,749,152	\$ 3,202,052
Expenditures				
Current -				
Support services:				
Salaries	292,600	312,600	315,834	3,234
Employee benefits	200,500	230,400	222,822	(7,578)
Purchased services	18,600	43,800	25,706	(18,094)
Supplies and materials	2,500	2,500	-	(2,500)
Other expenses	900	900	50	(850)
Interdistrict payments	<u>11,141,400</u>	<u>12,336,400</u>	<u>15,130,701</u>	<u>2,794,301</u>
Total expenditures	<u>11,656,500</u>	<u>12,926,600</u>	<u>15,695,113</u>	<u>2,768,513</u>
Excess of Revenue Over Expenditures	5,555,500	6,620,500	7,054,039	433,539
Other Financing Uses - Transfers out	<u>(5,555,500)</u>	<u>(6,620,500)</u>	<u>(7,054,039)</u>	<u>(433,539)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Wayne County Regional Educational Service Agency

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

	Last Ten Plan Years									
	Plan Years Ended September 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Agency's proportion of the net pension liability	0.20598 %	0.21285 %	0.22396 %	0.22512 %	0.20951 %	0.19230 %	0.18844 %	0.18541 %	0.17592 %	0.16605 %
Agency's proportionate share of the net pension liability	\$ 66,669,093	\$ 80,050,309	\$ 53,023,385	\$ 77,330,925	\$ 69,381,800	\$ 57,807,667	\$ 48,833,390	\$ 46,257,485	\$ 42,969,665	\$ 36,575,174
Agency's covered payroll	\$ 20,527,765	\$ 19,621,154	\$ 19,699,862	\$ 20,046,244	\$ 19,057,209	\$ 16,571,440	\$ 15,683,655	\$ 15,939,963	\$ 14,656,761	\$ 14,401,332
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	324.78 %	407.98 %	269.16 %	385.76 %	364.07 %	348.84 %	311.36 %	290.20 %	293.17 %	253.97 %
Plan fiduciary net position as a percentage of total pension liability	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

Wayne County Regional Educational Service Agency

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

	Last Ten Fiscal Years Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 9,042,671	\$ 9,626,688	\$ 7,357,081	\$ 6,790,344	\$ 6,178,809	\$ 5,472,678	\$ 4,840,836	\$ 4,415,050	\$ 4,165,866	\$ 3,191,933
Contributions in relation to the statutorily required contribution	9,042,671	9,626,688	7,357,081	6,790,344	6,178,809	5,472,678	4,840,836	4,415,050	4,165,866	3,191,933
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's Covered Payroll	\$ 22,573,440	\$ 20,705,299	\$ 19,718,120	\$ 19,734,977	\$ 19,934,549	\$ 18,438,547	\$ 16,133,454	\$ 15,675,485	\$ 15,093,099	\$ 14,878,808
Contributions as a Percentage of Covered Payroll	40.06 %	46.49 %	37.31 %	34.41 %	31.00 %	29.68 %	30.00 %	28.17 %	27.60 %	21.45 %

Wayne County Regional Educational Service Agency

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

	Last Seven Plan Years						
	Plan Years Ended September 30						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Agency's proportion of the net OPEB (asset) liability	0.20612 %	0.20293 %	0.21908 %	0.22672 %	0.21839 %	0.19493 %	0.18809 %
Agency's proportionate share of the net OPEB (asset) liability	\$ (1,166,011)	\$ 4,298,100	\$ 3,343,999	\$ 12,145,814	\$ 15,675,449	\$ 15,494,819	\$ 16,655,894
Agency's covered payroll	\$ 20,527,765	\$ 19,621,154	\$ 19,699,862	\$ 20,046,244	\$ 19,057,209	\$ 16,571,440	\$ 15,683,655
Agency's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.68)%	21.91 %	16.97 %	60.59 %	82.25 %	93.50 %	106.20 %
Plan fiduciary net position as a percentage of total OPEB liability	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Wayne County Regional Educational Service Agency

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

	Last Seven Fiscal Years						
	Years Ended June 30						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,854,504	\$ 1,666,611	\$ 1,606,869	\$ 1,642,295	\$ 1,601,861	\$ 1,448,353	\$ 1,165,275
Contributions in relation to the statutorily required contribution	<u>1,854,504</u>	<u>1,666,611</u>	<u>1,606,869</u>	<u>1,642,295</u>	<u>1,601,861</u>	<u>1,448,353</u>	<u>1,165,275</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's Covered Payroll	\$ 22,573,440	\$ 20,705,299	\$ 19,718,120	\$ 19,734,977	\$ 19,934,549	\$ 18,438,547	\$ 16,133,454
Contributions as a Percentage of Covered Payroll	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2024

Pension Information

Benefit Changes

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

Changes in Assumptions

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

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

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

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

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

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

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

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

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

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

Wayne County Regional Educational Service Agency

Notes to Required Supplementary Information

June 30, 2024

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

Other Supplementary Information

Wayne County Regional Educational Service Agency

Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Services Fund	Cooperative Education Services Fund	Capital Projects Fund	
Assets				
Cash and investments	\$ -	\$ -	\$ 1,524,324	\$ 1,524,324
Receivables:				
Accounts	-	286,888	-	286,888
Due from other governmental units	215,396	677,882	-	893,278
Due from other funds	697,391	3,888,341	-	4,585,732
Total assets	\$ 912,787	\$ 4,853,111	\$ 1,524,324	\$ 7,290,222
Liabilities				
Accounts payable	\$ 124,739	\$ 248,793	\$ 145,140	\$ 518,672
Due to other governmental units	560,882	-	-	560,882
Accrued liabilities and other	90,116	79,675	-	169,791
Unearned revenue	137,050	467,103	-	604,153
Total liabilities	912,787	795,571	145,140	1,853,498
Fund Balances				
Committed:				
Capital projects	-	-	1,379,184	1,379,184
Cooperative educational activities	-	4,057,540	-	4,057,540
Total fund balances	-	4,057,540	1,379,184	5,436,724
Total liabilities and fund balances	\$ 912,787	\$ 4,853,111	\$ 1,524,324	\$ 7,290,222

Wayne County Regional Educational Service Agency

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

Year Ended June 30, 2024

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Services Fund	Cooperative Education Services Fund	Capital Projects Fund	
Revenue				
Local sources	\$ -	\$ 210,395	\$ 15,666	\$ 226,061
State sources	1,565,152	-	-	1,565,152
Interdistrict sources	-	8,511,586	-	8,511,586
Total revenue	1,565,152	8,721,981	15,666	10,302,799
Expenditures				
Current:				
Salaries	1,897,087	5,756,207	-	7,653,294
Employee benefits	1,327,677	3,874,803	-	5,202,480
Purchased services	584,388	3,274,626	-	3,859,014
Supplies and materials	53,081	782,869	-	835,950
Other	8,592	157,185	-	165,777
Operations and maintenance	-	-	38,736	38,736
Capital outlay	492,156	699,452	1,377,222	2,568,830
Interdistrict payments	382,975	-	-	382,975
Total expenditures	4,745,956	14,545,142	1,415,958	20,707,056
Excess of Expenditures Over Revenue	(3,180,804)	(5,823,161)	(1,400,292)	(10,404,257)
Other Financing Sources (Uses)				
Transfers in	3,457,028	5,823,161	1,825,000	11,105,189
Transfers out	(276,224)	-	-	(276,224)
Total other financing sources	3,180,804	5,823,161	1,825,000	10,828,965
Net Change in Fund Balances	-	-	424,708	424,708
Fund Balances - Beginning of year	-	4,057,540	954,476	5,012,016
Fund Balances - End of year	<u>\$ -</u>	<u>\$ 4,057,540</u>	<u>\$ 1,379,184</u>	<u>\$ 5,436,724</u>