



ANNUAL FINANCIAL OVERVIEW

FISCAL YEAR ENDED JUNE 30, 2025



Grand Haven
Area Public Schools



Table of Contents

2

Fiscal Year 2025 in Summary

4

Government Wide Revenues &
Expenditures

6

General Fund Revenues
& Expenditures

7

Government Wide Balance Sheet

8

General Fund Balance Sheet

9

Investments & Initiatives

11

Major Projects

Fiscal Year 2025 in Summary

As we review the district's financial performance over the past year, I want to share key insights on our current position along with the challenges and opportunities we face moving forward.

Investment Performance: In FY25, our investment portfolio generated \$757,998 in earnings, a slight decrease from the prior year but still a strong indicator of our diversified and conservative investment strategy. With a portfolio balanced across money market funds, U.S. Treasuries, and commercial paper, we continue to prioritize liquidity and stability while maximizing returns.

Enrollment Trends: Student enrollment remains one of the most critical challenges facing the district. Over the past five years, our full-time equivalent (FTE) count has declined from 5,995 in 2019–20 to 5,306 in 2023–24, with an additional decrease to 5,211 in 2024–25. This steady decline has a direct effect on our funding, as state aid is largely driven by student counts, and it also places added pressure on long-term planning for staffing, programming, and facility utilization. Looking further ahead, our most recent pupil count projections show general education enrollment dropping to 4,321 by the fall of 2029.

This trend highlights the ongoing impact enrollment has on district operations and finances. **Continued monitoring of enrollment patterns will be essential to inform staffing levels, program planning, and the use of district facilities.**

Financial Metrics: Total revenue for FY25 was \$97.6 million, while expenditures totaled \$103.3 million, resulting in a negative change in fund balance of \$5.7 million. The District's combined fund balance decreased to \$11.79 million, primarily due to capital project spending and enrollment decline. While the District's government-wide net position showed improvement, this is largely due to accounting changes in pension liability and does not reflect increased available resources.

Facilities & Deferred Maintenance: One of the most pressing issues facing our district is the aging infrastructure of our school facilities. **The average age of our buildings is 62 years, and we are currently facing over \$133 million in deferred maintenance needs.** These are critical concerns that must be addressed to ensure that our students have safe and conducive learning environments.

The first year of Sinking Fund projects will begin in fiscal year 2026. We will be focused on the first phase of District Public Announcement upgrades, air handlers at White Pines, elevator upgrades, and chromebooks for our students. These funds are critical to addressing infrastructure needs without diverting resources from classroom instruction.

Government-Wide Financial Statements:

At the end of 2025, the District has \$21.9 million in total assets across all governmental funds. The General Fund makes up the majority of this balance with \$19.1 million, while the 2020 Capital Projects Fund holds \$243,000 and the remaining \$2.6 million resides in nonmajor funds such as food service and student activities. Major assets include \$6.0 million in investments, \$10.4 million in intergovernmental receivables, and \$3.8 million in cash and cash equivalents. On the liability side, the District recorded \$10.1 million, with the largest obligations tied to accrued salaries and related items (\$6.2 million), accrued retirement (\$2.8 million), and unearned revenues (\$448,000).

After liabilities, the District’s total fund balance stands at \$11.8 million, with \$9.4 million in the General Fund, \$243,000 in the Capital Projects Fund, and \$2.1 million in nonmajor funds. Within the General Fund, resources are assigned for compensated absences and termination benefits (\$3.8 million), subsequent year expenditures (\$1.9 million), and an unassigned balance of \$2.9 million. The District’s General Fund fund balance decreased by close to \$900,000 from the prior year, reflecting the use of reserves to cover operational and program needs.

Looking Ahead: As we move forward, it is crucial that we address the challenges of declining enrollment, manage our expenses carefully, and tackle the significant deferred maintenance needs of our facilities. At the same time, we must continue to seek opportunities for growth and investment to ensure the long-term financial stability of our district. By working together, we can navigate these challenges and continue to provide the resources and support that our students and staff need to succeed.

Thank you for your continued commitment to our district’s financial health and for your dedication to our shared mission of excellence in education.

Sincerely,



Michael MacDonald
Executive Director of Business Services

Guiding principles for the financial stewardship of Grand Haven Area Public Schools are: Providing comprehensive K-12 program necessary to support an exceptional educational experience, providing the highest quality curriculum and instruction in a safe and supported environment for students and staff, assuring the support necessary to allow for intentional, continuous improvement, and stewardship of resources to maintain a reasonable fund balance now and in the future.

Financial Overview:

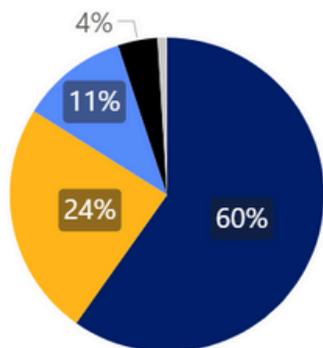
The District ended fiscal year 2025 with strong financial support, including \$25.2 million from local sources and \$57.6 million from state funding, which remains crucial to our financial health. Federal funding was lower at \$4.4 million, as COVID-19 relief funds were fully recognized in fiscal year 2024. Maintaining robust state and local revenue streams, driven by property values and enrollment, will be essential to our ongoing success.

Fund Revenues:

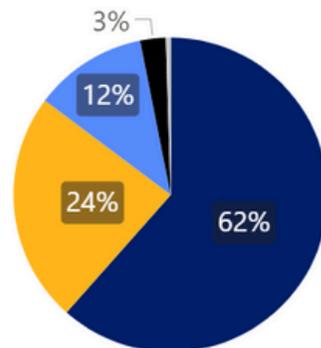
Different funds have varying revenue sources because each serves specific district needs. The General Fund relies on state and local sources for operations, while the Debt Service Fund is mainly supported by local revenues for bond payments. The Food Service Fund combines state, local, and federal funding for its operations, whereas funds like the Student Activity Fund and Capital Projects Fund rely on dedicated local sources for their specific purposes.

● State Sources ● Local Sources ● Intermediate Sources ● Federal Sources ● Other

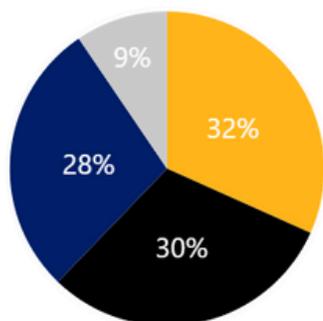
Total Governmental Funds



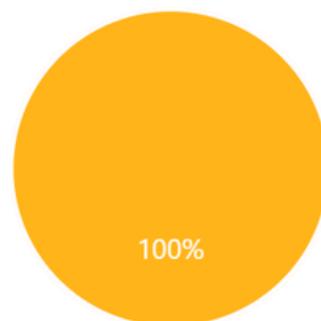
General Fund



Total Nonmajor Funds



2020 Capital Projects Fund



Financial Overview:

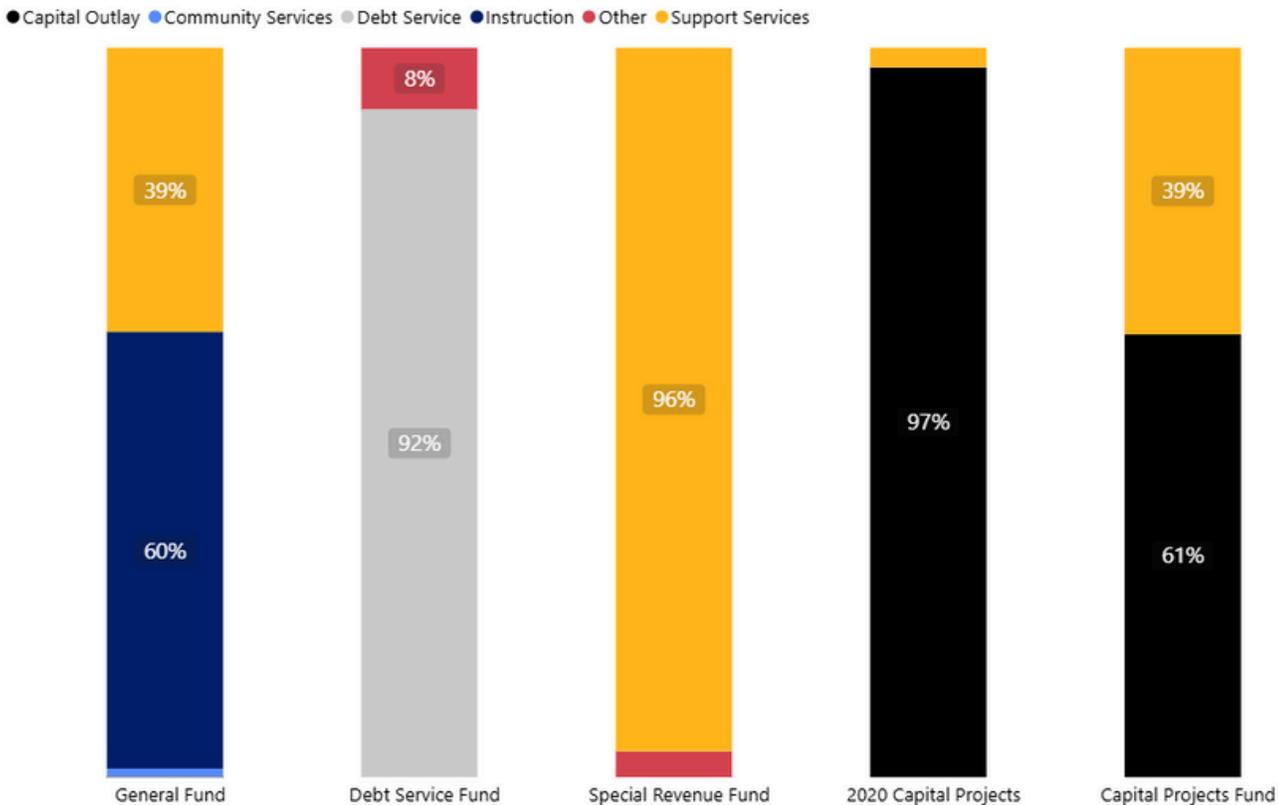
The District ended fiscal year 2025 with total expenditures across all funds equaling \$103.3 million. **Instruction** costs alone total \$55.2 million or 60% of all expenditures.

Supporting services costs made up 40% of all expenditures (examples of these costs are: transportation, operations, administration and technology). The District has experienced increased costs across all functions of the operation. Diligently finding ways to save costs or increase revenue will be key as the District works towards a structured budget.

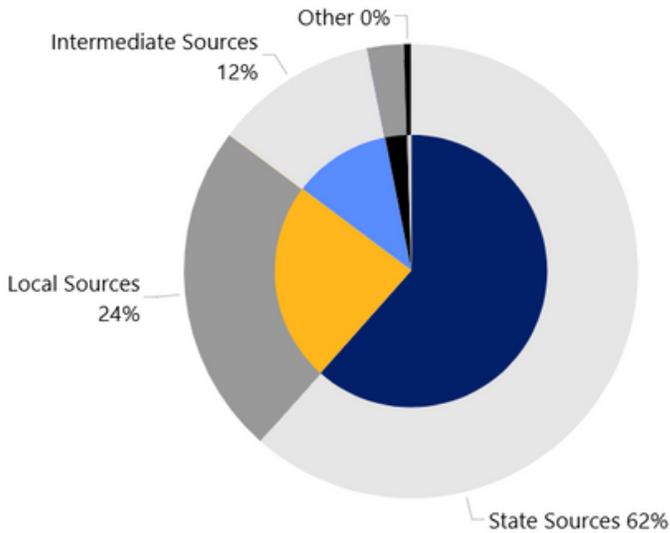
Fund Expenditures:

In fund accounting, expenditures are carefully tracked to ensure that funds are used only for their designated purposes. Each fund, such as a general fund, capital projects fund, or special revenue funds, have specific spending restrictions. For example, the general fund may cover routine operational expenses, while capital project funds are reserved for long-term investments like building construction. Restricted funds, tied to specific grants or donations, can only be spent on the intended purposes, such as educational programs. This system ensures accountability, compliance, and proper use of resources.

Fiscal Year 2025 Expenditures



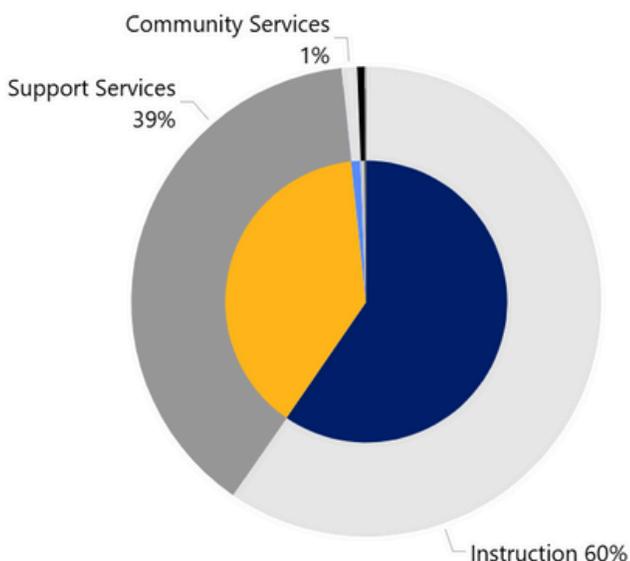
Fiscal Year 2025 General Fund Revenues



General Fund Expenditures

Grand Haven’s two main categories of spending: **Instruction** and **Support Services**. Instruction is the main function of K-12 districts and makes up over half of all general fund expenditures.

Fiscal Year 2025 General Fund Expenditures



General Fund Revenues

Grand Haven’s programs rely on three main sources of revenue: Local, State and Intermediate.

Total **local** revenue comprised of 24% of total general fund revenue. The majority of this is local property taxes (22% of total operating revenue). Total **state** revenue comprised of 62% of our total general fund revenue. The main areas of this revenue is per pupil based as well as special education funding. Total **intermediate** revenue comprised of 12% of total general fund revenue. The majority of this area is from the special education millage that is levied at the county level (this funds approximately 45-50% of Grand Haven’s special education programs).

The District’s general fund expenses for fiscal year 2025 totaled \$92.2 million, reflecting a continued commitment to instructional excellence and operational support. **Instructional costs** accounted for \$55.2 million, or approximately 60% of total expenditures. **Support services**, including transportation, operations, administration, and technology, made up the remaining 40%. Retirement costs, driven by the State of Michigan’s employer rate cap, remain significant. The District spent \$19.45 million on retirement costs this fiscal year. These retirement expenditures are a notable burden compared to non-K-12 employers due to the legacy pension obligations.

Aging facilities continue to impact operational costs. In FY25, repairs and maintenance totaled \$1.54 million.

Balance Sheet Structure:

The balance sheet for the District provides a snapshot of the district's financial position, detailing assets, liabilities, and the fund balance. Assets include cash, receivables, and capital assets like buildings and equipment. Liabilities are divided into current obligations, like accounts payable, and long-term obligations, such as bonds and pensions. The fund balance, reflecting net assets, is the difference between total assets and liabilities and is categorized by restrictions or intended use.

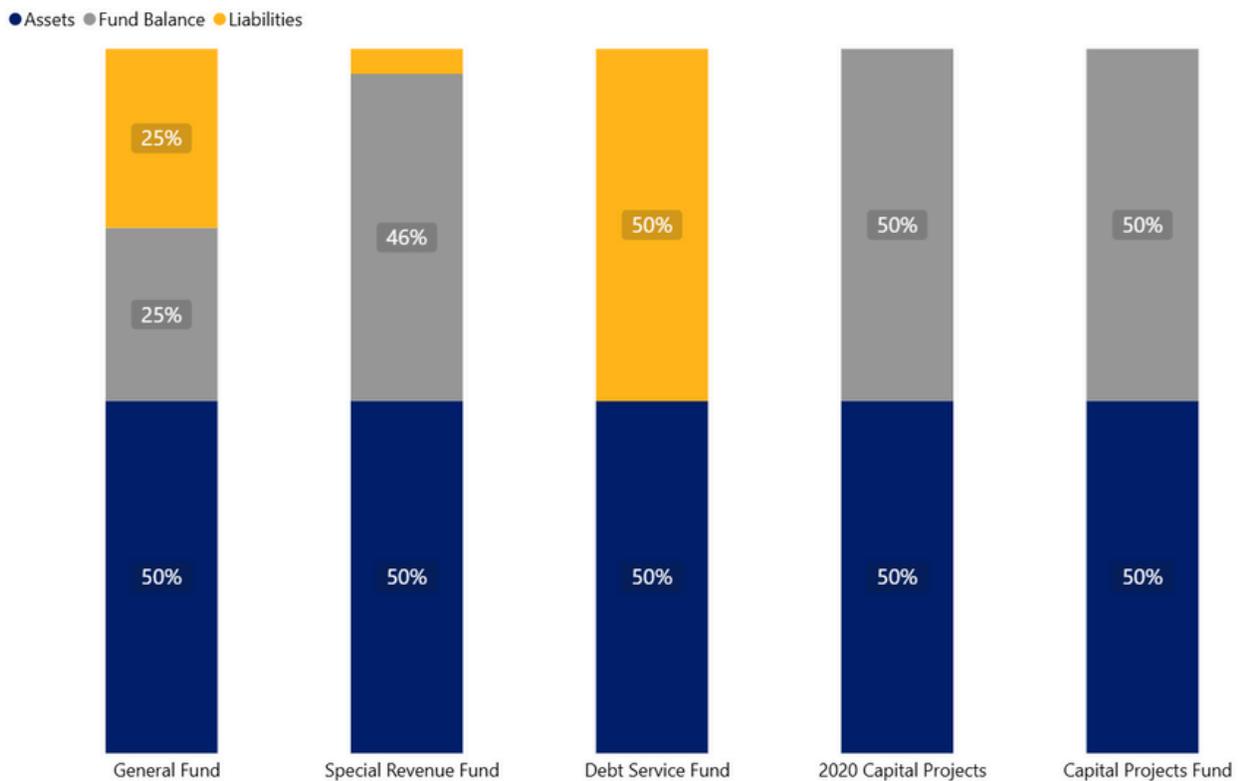
Debt:

In fiscal year 2025, the District made \$3.68 million in principal payments and \$125,625 in interest payments, totaling \$3.8 million in debt service. This is a significant reduction from the \$6.2 million paid in FY24, due to the retirement of prior bond obligations and the completion of the 2020 Capital Project Fund. As of June 30, 2025, the District has **no outstanding general obligation bonds**, and the remaining long-term obligations consist solely of compensated absences and termination benefits, totaling \$3.82 million.

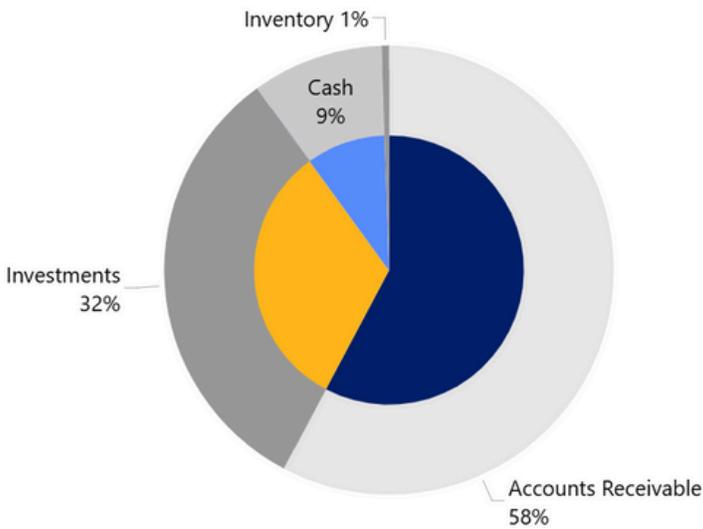
Fixed Assets:

At the end of fiscal year 2024, the District had \$146 million in capital assets. After accounting for depreciation, the net book value was \$57.4 million. At the end of fiscal year 2025, the net book value decreased to \$54.9 million.

Fiscal Year 2025 Balance Sheet



Fiscal Year 2025 General Fund Assets



General Fund Assets

The three major components of the District’s assets are: Accounts Receivable, Investments, and Cash.

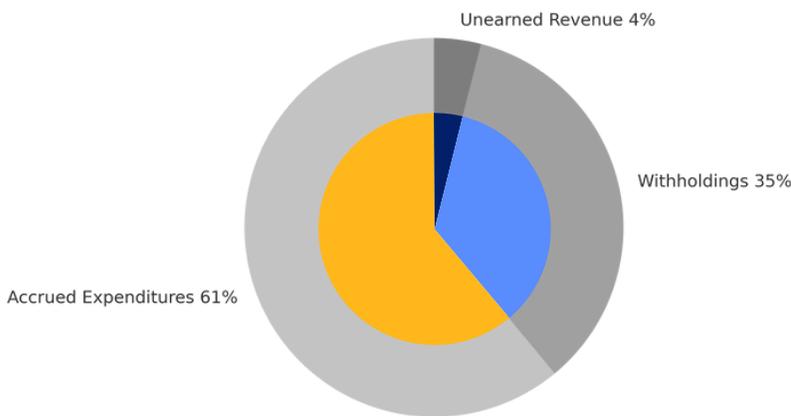
Accounts receivable is money that is owed to the District. The major component of this are related to grants. The District maintains a **healthy investment** balance so that the money on hand is generating additional funds that can be used for the operation of the District. The average balance during fiscal year 2025 was \$10.5 million with interest revenue surpassing \$560k. **Cash on hand** is limited to what is required to run the bi-weekly payroll.

General Fund Liabilities

The three major components of the District’s liabilities are: Accrued Expenditures, Withholdings, and Unearned Revenue.

Accrued expenditures and withholdings are related all to employee salaries and benefits.

Fiscal Year 2025 General Fund Liabilities



Accrued expenditures make up \$6.2 million of the District’s total liabilities. This line item consists of wages and benefits earned and still owed to employees (employees with a contract year of September through August).

Withholding accounts are specific accounts on the District's balance sheet where amounts are held back or "withheld" from certain transactions, typically for tax-related reasons. 98% of the District’s withholding account balance is related to retirement and payroll taxes. **Unearned revenue** for the District is all related to grants. It is money that the District has received, but has not fulfilled the obligations as of the end of the fiscal year.

Typically, unearned revenue occurs due to receiving grant revenue after the fiscal year has already ended, which can be caused by other governmental agencies having different fiscal years than the District.

Operating Fund Portfolio Performance Summary (as of 6/30/2025)

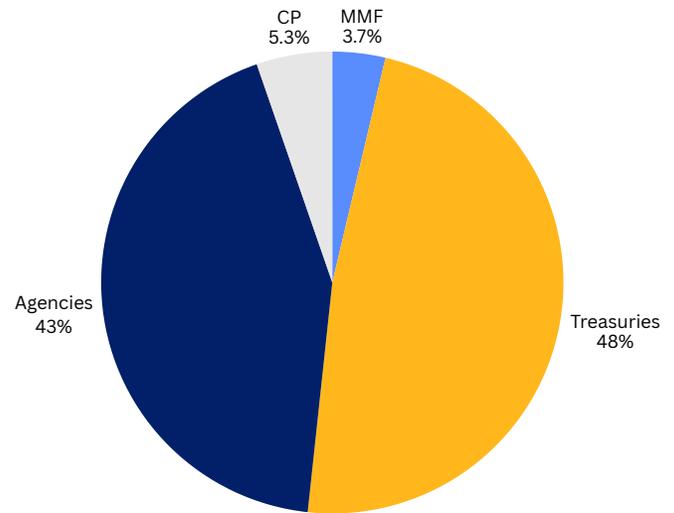
In FY 25, Operating Fund investments continue to grow and outperform historical rates.

Investment Vehicle	6/30/2025 Market Value	FY25 YTD Dividend & Interest Revenue	FY25 YTD Gains/Loses	2024 1 yr	2023 2 yr	2022 3 yr
Money Market Funds	\$204K	\$168K	0	5.54%	5.02%	3.00%
US Treasuries	\$2.75M	\$153K	\$10K	3.80%	1.32%	1.47%
US Agencies	\$2.51M	\$125K	\$ -	0.00%	0.00%	0.00%
Commercial Paper	\$399K	\$106K	\$ -	5.44%	5.22%	1.13%

Investment Vehicle	6/30/2025 Market Value	Allocation
MMF	\$204,378	3.7%
US Treasuries	\$2,783,934	48%
US Agencies	\$2,510,185	43%
Commercial Paper	\$398,947	5.3%

FY 2025 Portfolio Allocation

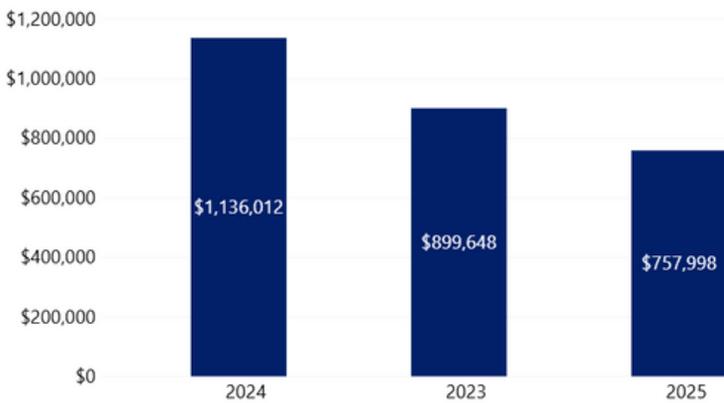
The \$5.85M Operating Fund Portfolio is diversified across short-term (MMF and CP) and stable (US Treasuries/Agencies) investments, which provides a balance of risk and income.



Cash and Cash Equivalents	Market Rate %	Average Rate %
MILAF+ CASH MGMT CLASS	4.15	4.18
MILAF+ MAX CLASS	4.28	4.31
GS FINANCIAL SQ GOVERNMENT INST 465	4.21	3.50
INVESCO STIT GOVT & AGENCY INST 504	4.23	3.70
FIDELITY INSTITUTIONAL TREASURY MMF	4.21	4.21
US TREASURY N/B	3.72	3.70
US AGENCIES	2.87	2.89
MI CLASS	4.37	4.40
COMMERCIAL PAPER	4.32	4.33

Investment Performance:

The District ended fiscal year 2025 with total investment earnings of \$757,998. While this represents a decrease from the prior year, it reflects continued strength in the District’s investment strategy, which prioritizes liquidity, safety, and modest returns.



Operating Efficiencies:

An operating efficiency is an improvement or optimization of a process to reduce cost, save time, and increase productivity.

For the fiscal year 2025, the "Invoice Automation" project stands out as a significant contributor to operational efficiency. This project saved approximately 3,920 hours, which resulted in approximately \$262,640 in annual efficiency savings.

During fiscal year 2025, the District converted to a new financial software. We anticipate to see similar operating efficiencies as the “Invoice Automation” project. The District continues to find new ways to improve operating procedures so that **more time can be put into the classrooms versus spent on administrative tasks**. One major unknown will be the impact of artificial intelligence on K-12 operations.

Operating Activities:

An operating activity is cost savings referring to the reduction in expenses associated with day-to-day functions.

In fiscal year 2025, the District recognized over \$336,261 in savings and additional revenue from the following: **banking change, liability insurance savings, credit card rebate, custodial supplies, and vended meals provided to WMAA.**

In fiscal year 2026, the District will continue to find savings or increased revenue from the software update.

Major projects completed in fiscal year 2025 were new generators at Lake Hills, Robinson, and the ESC, high school chiller, and playground structures at Griffin, Peach Plains, and Ferry. In fiscal year 2026, the District will be starting the first set of sinking fund projects. High priority projects are district wide elevator updates, district wide public announcement system upgrades, and chromebooks.

Generators:

Generators have been replaced at Robinson, Lake Hills, and the ESC. This will allow for operation to continue during a power outage. The generators had a 50+ week lead time.



High School Chiller:

The high school chiller has been completed at the High School. It will improve efficiency and reduce electric costs at the High School.



Playground Structures:

In the Fall of fiscal year 2025, playground structures were installed at Griffin, Ferry, and Peach Plains elementary. The three schools mentioned above were most affected by the removal of structures in the fall of 2023, which occurred due to safety code concerns. Long-term playground plans were developed in collaboration with building and community stakeholders during fiscal year 2024. **Depending on the final Master Plan, the playground plans will be revisited.**



Upcoming projects in fiscal year 2026 are the first set of sinking fund projects. High priority projects are district wide elevator updates, district wide public announcement system upgrades, and chromebooks. The district also wrapped up the White Pines Serving Area updates in August 2025.

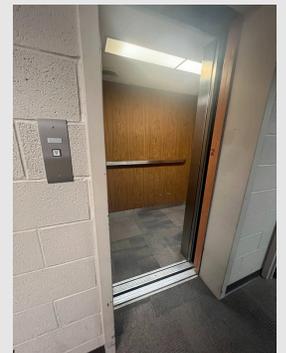
White Pines Serving Area:

The renovation to the White Pines serving area has been completed in time for school. This was started at the end of fiscal year 2025 and completed at the beginning of fiscal year 2026.



Elevator & Air Handlers:

The two major mechanical projects that will be done during fiscal year 2026 are elevators and air handlers. These are both part of the Sinking Fund list of projects.



District Public Announcement System:

The first phase of the updated District Public Announcement system will be completed in fiscal year 2026. The second and final phase will be in fiscal year 2027.